

Newborn Town Inc.

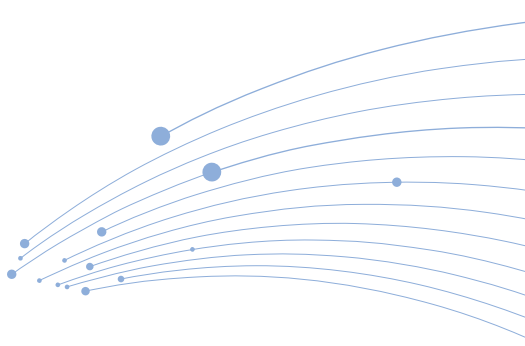
赤子城科技有限公司

Stock Code: 9911

(Incorporated in the Cayman Islands with limited liability)

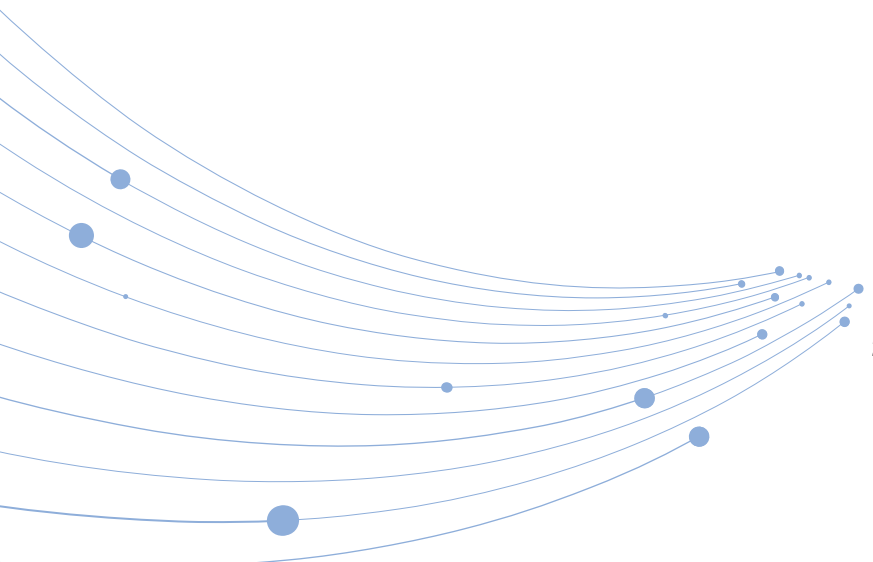
2025 ANNUAL REPORT





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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. LIU Chunhe (Chairman)
Mr. LI Ping
Mr. YE Chunjian
Mr. SU Jian

Independent Non-executive Directors

Mr. CHI Shujin
Ms. CHEN Sichao
Mr. CHEN Yuyu

COMPANY SECRETARY

Mr. SONG Pengliang

AUTHORISED REPRESENTATIVES

Mr. LI Ping
Mr. SONG Pengliang

AUDIT COMMITTEE

Mr. CHI Shujin (Chairman)
Ms. CHEN Sichao
Mr. CHEN Yuyu

REMUNERATION COMMITTEE

Ms. CHEN Sichao (Chairman)
Mr. SU Jian
Mr. CHEN Yuyu

NOMINATION COMMITTEE

Mr. LIU Chunhe (Chairman)
Ms. CHEN Sichao
Mr. CHI Shujin

AUDITOR

KPMG
Public Interest Entity Auditor registered in
accordance with the Accounting and
Financial Reporting Council Ordinance
8th Floor, Prince's Building
Central
Hong Kong

REGISTERED OFFICE

The offices of Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong Science Park
Pak Shek Kok, Sha Tin, New Territories
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

6/F, Tower B, Xiaoyun Road 33rd Building
Chaoyang District
Beijing
PRC

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation
Limited
1 Queen's Road Central
Central
Hong Kong

Industrial and Commercial Bank of China Limited
Beijing Academy of Sciences Sub-branch
2A Xinkexiangyuan
Haidian District
Beijing
PRC

LEGAL ADVISERS

As to Hong Kong law:

Haiwen & Partners LLP
Room 601-602 & 610-616,
6/F, One International Finance Centre,
No. 1 Harbour View Street,
Central,
Hong Kong

As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services
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STOCK CODE

09911

COMPANY'S WEBSITE

www.newborntown.com

BUSINESS HIGHLIGHT



Pan-audience social networking business

Diverse-audience social networking business

Innovative business

Significant growth in revenue and significant increase in profits



Revenue amounted to RMB**6.89** billion increased by **35.3%** year-on-year



Profit for the year amounted to RMB**0.96** billion increased by **22.3%** year-on-year



Profit attributable to equity shareholders of the Company amounted to RMB**0.93** billion increased by **94.6%** year-on-year



Adjusted EBITDA amounted to RMB**1.21** billion increased by **26.1%** year-on-year

Strong development of flagship products and accelerated expansion of global layout



Revenue increased more than **80%** year-on-year
Profit increased more than **100%** year-on-year



Revenue increased more than **70%** year-on-year
Profit increased more than **100%** year-on-year

MENA

Core product business scale increased nearly **50%** year-on-year

Latin America

SUGO's monthly revenue surged more than **300%** within the year

Japan

TopTop climbed to **No. 6** on the App Store's Free Games chart

Continuous evolution of AI capabilities and enhanced efficiency across the entire business chain

Token consumption in 2025 increased more than 30 times year-on-year

Application Layer	AI+Social networking	AI+Entertainment	AI+Gaming	...
Platform Layer	Siyu AI · Intelligent data platform	KIVI AI · Intelligent design platform	...	Amplifying operational efficiency
Model Layer	Boomiix · Self-developed multimodal algorithm model			Optimizing social networking ecosystem
	User behavior profiling User preference recognition User value measurement			Enhancing social networking efficiency

Unit: RMB

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 December				
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers	6,888,950	5,091,527	3,307,799	2,799,698	2,359,816
Gross profit	3,847,279	2,607,667	1,722,083	1,057,907	1,003,320
Profit/(loss) before income tax	955,186	784,841	772,758	287,379	(393,881)
Profit/(loss) for the year	963,705	787,773	760,612	287,335	(387,125)
Non-IFRS measures ⁽¹⁾					
Adjusted EBITDA ⁽²⁾	1,214,806	963,144	674,638	374,688	357,067
Profit attributable to equity shareholders of the Company adjusted ⁽³⁾	1,158,748	582,467	377,023	168,546	85,932

Notes:

- (1) We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. The use of such measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.
- (2) Adjusted EBITDA is defined as operating profit adjusted by share-based compensation expenses, listing expenses, depreciation and amortisation.
- (3) Profit attributable to equity shareholders of the Company adjusted is defined as profit attributable to equity shareholders adjusted by share-based compensation expenses and gain on revaluation of equity method investee, which was attributed to equity shareholders of the Company.

	As at 31 December				
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
ASSETS					
Non-current assets	954,464	767,897	848,724	743,600	496,434
Current assets	3,439,714	2,815,091	1,942,132	976,617	1,125,994
Total assets	4,394,178	3,582,988	2,790,856	1,720,217	1,622,428
LIABILITIES					
Current liabilities	1,395,304	1,498,147	696,410	349,074	727,297
Non-current liabilities	424,486	429,956	146,951	133,133	55,037
Total liabilities	1,819,790	1,928,103	843,361	482,207	782,334
EQUITY					
Total equity	2,574,388	1,654,885	1,947,495	1,238,010	840,094
Total liabilities and equity	4,394,178	3,582,988	2,790,856	1,720,217	1,622,428

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2025, the Company continued to deepen its global market presence, accelerate AI empowerment, and expand its business scale. During the year, we “created positive emotional value” for users worldwide with a diverse portfolio of social entertainment products, and achieved outstanding operating performance by virtue of our exceptional product capabilities, sophisticated localised operations and in-depth AI technology empowerment.

For the year ended 31 December 2025, the Company's total revenue amounted to RMB6.89 billion, representing a year-on-year increase of 35.3%. Profit for the year amounted to RMB0.96 billion, representing a year-on-year increase of 22.3%; Adjusted EBITDA amounted to RMB1.21 billion, representing a year-on-year increase of 26.1%; Profit attributable to equity shareholders of the Company amounted to RMB0.93 billion, representing a year-on-year increase of 94.6%. Among these, the social networking business maintained rapid growth with revenue of RMB6.14 billion, representing a year-on-year increase of 32.9%, while the innovative business achieved revenue of RMB0.75 billion, representing a year-on-year increase of 59.3%.

In 2025, as the Company's product capabilities, technological strength and organizational capacity continued to grow, its pace of globalization accelerated in tandem. During the year, we further consolidated competitive barriers in advantageous markets such as the Middle East and North Africa (MENA) and Southeast Asia, and meanwhile accelerated expansion in emerging markets including Latin America and Europe, securing phased achievements. In June 2025, the Company's global headquarters was officially established in Hong Kong, marking a new phase in the Company's global strategy. Going forward, we will fully leverage the fulcrum role of the global headquarters in Hong Kong and closely collaborate with R&D and operation centers worldwide to further improve the Company's global layout.

Amid the global AI boom during the year, we further clarified our strategic direction and explored the in-depth integration of artificial intelligence with our business operations. On the one hand, our teams actively applied AI technology to empower the entire processes of product R&D, operations, marketing and customer acquisition; on the other hand, the Company made proactive layout for AI innovative products and explored the vast potential of the “AI + Social Entertainment” track.

While creating commercial value, the Company also actively fulfilled its social responsibilities globally. In 2025, we continued to advance public welfare initiatives such as the “TEEN in FOCUS” (赤子少年守護計劃): in Egypt, we donated books to impoverished children and materials and funds to orphanages; in Hong Kong, we donated intelligent reading pens to visually impaired children; in Vietnam, we provided materials and scholarships to typhoon-stricken schools to support campus reconstruction; in Thailand, we joined hands with charitable organizations to donate materials to impoverished children, among other initiatives.

In 2025, the Company provided funds to the RSU Trustee and Three D Partners Limited to purchase the Company's shares from the market at the prevailing market price pursuant to the RSU Award Scheme, with the aggregate funding amounting to approximately HK\$260 million. We are fully confident in the market prospects and the outlook of our business, and believe that such arrangement will facilitate the implementation of the RSU Award Scheme and align with the long-term interests of the Company and its Shareholders.

I hereby present the Company's financial performance and operational highlights for 2025, and outline the Company's strategy and outlook for 2026.

BUSINESS REVIEW

I. Social networking business: empowered by AI, accelerating global expansion

In 2025, the Company's social networking business maintained rapid development. Benefiting from the continuing in-depth applications of AI technology in its business, the product matrix grew robustly and the global layout achieved remarkable results. While consolidating competitive barriers in advantageous markets such as MENA and Southeast Asia, the Company took flagship products as the "pioneer", continuously intensified our layout in emerging markets, and secured positive progress in key countries across Latin America, Europe, East Asia and other regions.

As the core business of the Company, the pan-audience social networking segment maintained high-quality growth in 2025. SUGO, the companion-based social platform, and TopTop, the game-oriented social networking platform, continued their expansion momentum and achieved sustained and rapid growth in user scale and commercialization efficiency; MICO, the live-streaming social networking platform, and YoHo, the audio social networking platform, maintained leading positions in their respective niche segments and steadily contributed to the Company's revenue and profit.

In 2025, SUGO recorded a year-on-year revenue increase of over 80% and a profit increase of over 100%; TopTop achieved a year-on-year revenue increase of over 70% and a profit increase of over 100%. SUGO continued to lead the Company's social networking product matrix in monthly gross revenue, with significant improvements in multiple metrics including ARPU (Average Revenue Per User) and paying user ratio, emerging as a benchmark product in the global companion-based social networking track. The ecological advantages of TopTop's UGC (User-Generated Content) platform continued to stand out, with constant improvements in user stickiness and commercialization efficiency, gradually growing into "a national-level application" in certain markets.

By virtue of its accurate grasp of user pain points, continuously enhanced product capabilities, continuing in-depth localised operations and the extensive application of AI technology, the Company further expanded its leading edge in the MENA market for social networking products, which continuously validated the vast market potential of the region. In 2025, SUGO ranked sixth in Sensor Tower's MENA Social Networking Revenue Ranking, and TopTop saw a steady increase in penetration rate in the Gulf Cooperation Council (GCC) countries such as Saudi Arabia.

2025 was also a year in which the Company achieved remarkable results in global expansion. In Latin America, SUGO adjusted its product and operation strategies to adapt to the local industry ecosystem and user characteristics, with its monthly gross revenue at the end of the year increasing by more than 300% compared with the beginning of the year; in East Asia, TopTop, relying on its unique product positioning and precise localised strategies, successfully ranked among the top positions on Japan's App Store charts and was named "the Best Social Game Platform" at the Sensor Tower APAC Awards, a prestigious accolade for top mobile applications and games.

The Company's diverse-audience social networking business maintained steady development in 2025. During the period, we focused on deepening user lifecycle management, consolidating the foundation of the business, and exploring long-term development paths in a broader market scope. By advancing the development of an ecological platform integrating "social networking + community", we actively tapped into the needs of young users and enhanced the depth of user social interaction and community activity. HeeSay, the Company's global diverse-audience social networking platform, further boosted its brand influence in core markets through brand and public welfare initiatives such as HeeSay GALA and HeeCares.

II. Innovative business: forward-looking layout, accelerating the formation of new growth drivers

During the Reporting Period, the Company's innovative business developed at an accelerated pace, emerging as one of the important drivers for the Company's performance growth. Since contributing revenue for the first time in 2024, the Company's niche games business has entered the revenue generation phase. At present, flagship games have entered the stage of long-term operation and profit recovery, steadily contributing to the Company's profit. Meanwhile, benefiting from the continuing in-depth integration of AI applications into the entire processes of product R&D and operations as well as the replication of successful experience by the game team, the game R&D efficiency has been significantly improved, with the R&D cycle of new products cut by approximately half compared with previous periods, and the development of new games has been progressing smoothly.

In addition, the Company's social e-commerce business maintained steady development. In 2025, Heer Health (荷爾健康) further consolidated its professional barriers in the field of HIV prevention and treatment and sexual health services, and expanded its product categories simultaneously. In 2025, Heer Health cooperated with insurance companies and pharmaceutical enterprises to launch China's first critical illness insurance specifically targeted at people living with HIV, providing an innovative solution to the "difficulty of obtaining insurance coverage" for this group. Moreover, as the only representative of internet health service platforms, Heer Health participated in the formulation of the Standards for Non-Occupational Post-Exposure Prophylaxis Services for HIV led by the National Disease Control and Prevention Administration, leveraging its professional capabilities to facilitate the popularization and standardization of HIV post-exposure prophylaxis.

In 2025, the Company increased the deployment and application of AI technology, with the daily AI call volume registering a continuous surge. The annual token consumption saw a year-on-year increase of more than 30 times compared with 2024, significantly outpacing the average growth rate of token consumption by China's enterprise-level large models. The AI penetration in business processes such as R&D and algorithms also remained at a high level.

At present, AI technology is deeply integrated into all business scenarios of the Company. Boomiix, our self-developed multimodal algorithm model, has undergone continuous upgrades, effectively improving the accuracy of social matching and the level of operational intelligence; "Siyu AI", the AI intelligent data platform launched during the year, has drastically shortened the response cycle of complex processes such as data query, anomaly analysis and report generation; KIVI, the Company's self-developed AI intelligent design platform, has also been continuously optimised, greatly improving the response speed and content richness in key design processes including virtual gifts, event pages and advertising materials. Meanwhile, the Company launched Aippy, an AI creative content community, entering the consumer-grade AI application track to explore new possibilities for creating positive emotional value through AI.

STRATEGY AND OUTLOOK

I. Advance the social "diversified matrix" strategy, and accelerate global market expansion

In 2026, the Company will adhere to the diversified product matrix strategy, continuously strengthen the overall competitiveness of the product matrix, and actively pursue market expansion. While deepening penetration in key markets, we will seek greater growth potential in the global market.

At the product level, we will continue to promote the systematic improvement of capabilities in product operation, technological innovation, marketing and customer acquisition, and further expand the leading position of core products in their respective niche segments. Meanwhile, we will keep exploring innovative opportunities in niche segments, incubate more new products in line with the new global trends in social entertainment and user needs, and continuously expand the product matrix. We believe that the social entertainment industry is undergoing a new round of transformation, and the younger iteration of user groups, the boom in AI technology and changes in the industry landscape are bringing new opportunities for participating enterprises.

At the market level, we will continue to take flagship products as "the forerunner" to intensify efforts in expanding into new markets, and meanwhile consolidate competitive barriers in advantageous markets. In regions with a prominent Matthew Effect such as MENA and Southeast Asia, we will leverage our localised advantages to further expand market share and widen the gap with latecomers; in high-growth or high-value new markets such as Latin America, Europe, Japan, South Korea and North America, we will continue to exert efforts, adjust products according to local conditions, accumulate market insights, and pursue greater growth in user scale and commercial value.

Through the synergy between product innovation and market expansion, we are confident in further expanding the user scale and market coverage of SUGO in 2026 and building it into a next-generation mainstream social platform loved by global users; For TopTop, on the one hand, we will continue to expand its penetration rate in advantageous countries such as the GCC and build it into a veritable "national-level application" in these regions; on the other hand, we will accelerate its exploration in markets such as Japan, South Korea, Europe and the United States to verify the Company's expansion path in developed countries and further complete the global market layout.

At the same time, the Company will continue to deepen organizational restructuring, talent development and cultural building within the organization, and with enhanced organizational capacity, we will embrace broader global competition and seize the more extensive opportunities in the global social entertainment industry.

CHAIRMAN'S STATEMENT

II. Achieve rapid growth of innovative businesses, and effectively expand market scale

The Company will continue to advance the development of innovative businesses including AI applications, niche games, social e-commerce and short dramas, and drive the Company's revenue growth and further enhance profitability with a more diverse range of business formats.

In 2026, while continuously improving the operational efficiency of flagship games, we will accelerate the layout of new games and drive the commercial launch of key new games. According to the AppMagic Report, the merge-and-match (二合) track is one of the fastest-growing niche categories in the global mobile game market. Its characteristics such as broad market space and long user lifecycle are highly compatible with the Company's strengths in "long-term operation" models. Going forward, we will continue to iterate products, optimize commercialization measures and create more "evergreen" games suitable for long-term operation.

Meanwhile, the social e-commerce business will leverage its own advantages, root itself in the industrial ecosystem, continuously expand product categories and optimize service experience, so as to consolidate Heer Health's leading position in the field of HIV prevention and treatment and sexual health services. While consolidating its professional advantages, the social e-commerce team will also continuously expand business boundaries to facilitate the in-depth development of the "Internet Healthcare + Health Management" cause.

III. Firmly increase investment in AI, and seize new opportunities in "AI + Social Entertainment"

The Company's investment in AI technology is long-term and unwavering. We will firmly increase investment in AI technology and intensify recruitment of outstanding talents in the AI field to facilitate the continuous improvement of the Company's technology infrastructure, positioning AI technology as a capability "amplifier" for localised operations, scale growth, product refinement and compliance upgrading.

We will continue to iterate the Boomiix algorithm model, drive the functional upgrading of Siyu AI, optimize the content output efficiency of the KIVI platform, and strengthen the operational support of the AI infrastructure and tools for the Company's entire range of businesses. In the field of AI applications, we will also intensify exploration and investment, actively incubate innovative AI products, and integrate investment and M&A activities to seize opportunities in the global social entertainment market in the AI era.

We believe that the boom in AI technology is not only subverting the operational logic of organizations but also reshaping human social entertainment methods. We will pursue in-depth exploration and proactive layout, and based on the global user insights accumulated through years of in-depth operation and the multilingual and multimodal social data precipitated with the growth of the product matrix, strive to create innovative products, seize the new round of transformation in the global social entertainment industry driven by the AI wave, and "create positive emotional value" for global users on a broader scale.

BUSINESS MODEL

The Company is a fast-growing developer of mobile applications and provider of online social entertainment services empowered by AI technologies. The Company mainly generates revenue through monetising self-developed mobile applications. Leveraging a product matrix covering pan-audience and niche audience, combined with AI-driven precision marketing and global localised operations, the Company acquires users across multiple global regions and builds a large-scale social ecosystem. By deploying AI technologies to optimise social matching, content supply and operational efficiency, the Company creates interactive scenarios tailored to regional demands, improves user retention and engagement, and acquires highly loyal users effectively. The core social networking business primarily monetises via virtual item purchases, premium membership value-added services and feature payments. Innovative businesses adopt diversified monetisation models, including in-app purchases and advertisements in niche games, paid viewing and advertisements for short dramas, as well as sales and supporting services of health products through social e-commerce. AI technologies have further elevated the overall payment conversion efficiency and the commercial value per user.

During the Reporting Period, the Group delivered robust business growth and improved profitability, primarily driven by the effective execution of various operational initiatives. On the product front, core social products have undergone continuous iteration and optimisation, while the Group expanded innovative business layouts covering niche games, social e-commerce, short dramas and AI applications to enrich monetisation scenarios and diversify revenue streams. On the market front, the Group consolidated its leading presence in core markets including MENA and Southeast Asia with deepened localised operations, and prioritised expansion in high-growth regions such as Latin America, Japan and South Korea to drive incremental user scale and revenue growth. On the technology front, AI technologies are fully integrated into core links including user acquisition, daily operations and R&D, enhancing user experience and payment conversion efficiency whilst optimising the overall cost structure. On the operation and organisational front, the global network of localised operation centres supports tailored adaptation to regional market needs. The rollout of equity incentive and optimisation of organisational structure align the interests of core teams, laying a solid foundation for sustained long-term business growth.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW AND COMPETITIVE POSITION

In 2025, driven by technological innovation and upgraded user demands, the global social entertainment market maintained steady growth. According to the overseas revenue ranking list of Chinese non-game enterprises released by Diandian Data in December 2025, the Company ranked 4th⁽¹⁾. Leveraging the broad industry prospects, the Company has continuously expanded its presence in multiple high-growth market segments, including live-streaming social networking, audio social networking, game-oriented social networking, companion-based social networking, diverse-audience social networking and niche mobile games, while steadily enhancing the competitiveness of its core products and market position.

Among these, the Company's game-oriented social networking platform TopTop and companion-based social networking platform SUGO have continuously maintained a leading edge in vertical segments. According to Sensor Tower data, TopTop ranked 5th in the Middle East social networking application revenue rankings and entered the 18th position in Japan's social networking revenue rankings in the fourth quarter; SUGO ranked 6th in the Middle East social networking application revenue rankings, 16th in Southeast Asia's social networking revenue rankings and 19th in Latin America's social networking revenue rankings in 2025⁽²⁾.

As estimated by Global Growth Insights, the global game-oriented social networking market size is expected to reach US\$71.1 billion by 2035, representing a Compound Annual Growth Rate (CAGR) of approximately 12.2%⁽³⁾. In the companion-based social networking segment, SUGO boasts unique product formats and business models, and the Company has not identified any direct competitors with equivalent user scale and revenue scale to those of SUGO.

According to SkyQuest statistics, the global live-streaming industry represents a market size of US\$132.45 billion, which is projected to grow to US\$693.92 billion by 2033, with a CAGR exceeding 23%⁽⁴⁾. As the Company's first social networking product, MICO still holds a leading position in the live-streaming social networking segment across the MENA and Southeast Asian markets, ranking 22nd in the 2024 overseas revenue ranking list of Chinese non-game applications released by data.ai⁽⁵⁾.

In addition, the Company's audio social networking platform YoHo remains among the top-tier players in the audio social networking market of the MENA region. Diandian Data shows that YoHo frequently ranked in the top 10 of GooglePlay social networking application bestseller list in markets including Saudi Arabia, Oman and the United Arab Emirates in 2025⁽¹⁾.

Notes:

(1) <https://www.diandian.com>

(2) <https://sensortower.com>

(3) <https://www.researchandmarkets.com>

(4) <https://www.skyquestt.com/report/live-streaming-market>

(5) <https://cn.technode.com/post/2024-03-12/data-ai-feb-2024-china-non-game-maker-app-go-out-top-30/>

MANAGEMENT DISCUSSION AND ANALYSIS

In the diverse-audience social networking sector, the Company has further deepened its overseas layout. According to LGBT Capital data, the annual purchasing power of the global LGBTQ+ market reached US\$4.7 trillion in 2025⁽⁶⁾. At present, HeeSay, the Company's global diverse-audience social networking platform, has covered over 70 countries and regions, and its user scale ranks second among global LGBTQ+ communities as indicated by Shenwan Hongyuan Research Institute⁽⁷⁾.

In the niche game sector, merge games have become one of the fastest-growing niche segments of global mobile games in 2025. According to Sensor Tower data, this segment achieved a growth rate exceeding 110% for two consecutive years from 2023 to 2024, and maintained a high growth rate of 95% in 2025 with the market size exceeding US\$2.4 billion⁽²⁾. AppMagic data showed that Alice's Dream, the Company's niche game product, ranked 12th in the 2025 revenue rankings of merge game products⁽⁸⁾.

Notes:

- (6) <https://awm.alphafmc.com/blog/2025/06/04/why-lgbtq-finance-is-the-next-frontier-in-wealth-management/>
- (7) https://www.swsresearch.com/institute_sw/home
- (8) <https://www.36kr.com/p/3697346329882247>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

For the year ended 31 December 2025, our total revenue was approximately RMB6,889.0 million, representing an increase of approximately 35.3% as compared to approximately RMB5,091.5 million for the year ended 31 December 2024. Such growth was mainly driven by a rapid growth in user scale and commercialization efficiency, a significant improvement in the paid user rate for core products, and the proactive expansion of innovative businesses to diversify our business model. The following table sets forth a breakdown of our revenue by segments for the years indicated:

	Year ended 31 December				
	2025		2024		YoY change
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>	
Social networking business	6,142,266	89.2	4,622,757	90.8	32.9%
Innovative business	746,684	10.8	468,770	9.2	59.3%
Total	6,888,950	100.0	5,091,527	100.0	35.3%

Revenue from our social networking business was approximately RMB6,142.3 million for the year ended 31 December 2025, representing an increase of approximately 32.9% as compared to approximately RMB4,622.8 million for the year ended 31 December 2024, which was primarily attributable to (i) the Group's continued efforts to improve its product capabilities, refine localised operations, strengthen diversified product portfolio, and consolidated its position in key markets whilst expanding into new markets, which led to an increase in revenue; (ii) leveraging end-to-end AI capabilities, the Group improved the precision of social matching and content diversity, while proactively launching AI products to fuel steady revenue growth.

The revenue from our innovative business for the year ended 31 December 2025 was approximately RMB746.7 million, representing an increase of approximately 59.3% as compared to approximately RMB468.8 million for the year ended 31 December 2024, which was primarily attributable to the Group's proactive deployment of a diversified business portfolio, the in-depth integration of AI applications into the entire processes of product R&D and operations, continued advancement of the traffic diversion business, short dramas, social e-commerce business and other innovative operations, and the niche games developed by the Group also made steady contribution to revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF REVENUE

Our cost of revenue for the year ended 31 December 2025 was approximately RMB3,041.7 million, representing an increase of approximately 22.5%, as compared to approximately RMB2,483.9 million for the year ended 31 December 2024. The following table sets forth a breakdown of our cost of revenue by nature for the years indicated:

	Year ended 31 December				
	2025		2024		YoY change
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>	
Revenue sharing and commission fees	1,920,839	27.9	1,634,237	32.1	17.5%
Employee benefit expense	501,773	7.3	370,607	7.3	35.4%
Share-based compensation expenses	207,028	3.0	106,014	2.1	95.3%
Server capacity expense	144,314	2.1	114,399	2.2	26.1%
Cost of inventories	100,942	1.5	92,521	1.8	9.1%
Depreciation and amortisation	81,904	1.2	74,963	1.5	9.3%
Technical and other service fee	28,089	0.4	42,139	0.8	-33.3%
Short rental related expenses	20,311	0.3	14,596	0.3	39.2%
Travel expense	15,051	0.2	10,179	0.2	47.9%
Others	21,420	0.3	24,205	0.5	-11.5%
Total	3,041,671	44.2	2,483,860	48.8	22.5%

The following table sets forth a breakdown of our cost of revenue by segments for the years indicated:

	Year ended 31 December				
	2025		2024		YoY change
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	
Social networking business	2,801,312	92.1	2,318,409	93.3	20.8%
Innovative business	240,359	7.9	165,451	6.7	45.3%
Total	3,041,671	100.0	2,483,860	100.0	22.5%

MANAGEMENT DISCUSSION AND ANALYSIS

The cost of revenue for our social networking business was approximately RMB2,801.3 million for the year ended 31 December 2025, representing an increase by approximately 20.8% as compared to approximately RMB2,318.4 million for the year ended 31 December 2024, which was mainly attributable to the increased cost comprising revenue sharing and commission fees incurred by the social networking business, share-based compensation expenses, as well as employee benefit expenses.

The cost of revenue for our innovative business increased by approximately 45.3% to approximately RMB240.4 million for the year ended 31 December 2025 as compared to RMB165.5 million for the year ended 31 December 2024, which was mainly attributable to the increased cost comprising commission fees incurred by the short dramas business which the Group has been actively investing in and developing, as well as the increase in employee benefit expenses.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth our gross profit and gross profit margin for the years indicated:

	Year ended 31 December						YoY change in gross profit
	2025			2024			
	<i>Gross profit</i>	<i>%</i>	<i>Gross profit margin (RMB'000, except for percentages)</i>	<i>Gross profit</i>	<i>%</i>	<i>Gross profit margin</i>	
Social networking business	3,340,954	86.8	54.4%	2,304,348	88.4	49.8%	45.0%
Innovative business	506,325	13.2	67.8%	303,319	11.6	64.7%	66.9%
Total	3,847,279	100.0	55.8%	2,607,667	100.0	51.2%	47.5%

Our gross profit for the year ended 31 December 2025 was approximately RMB3,847.3 million, representing an increase of approximately 47.5% as compared to approximately RMB2,607.7 million for the year ended 31 December 2024. The gross profit of both social networking business and innovative business improved, driven by cost reduction and efficiency enhancement enabled by AI technology and continuous expansion of business models for innovative business. The gross profit of our social networking business increased to approximately RMB3,341.0 million for the year ended 31 December 2025 from approximately RMB2,304.3 million for the year ended 31 December 2024, which was mainly attributable to the fact that the Group leveraged AI technology in scale growth of global business, continuously expanding user scale and improving commercialization efficiency, which led to increases in both revenue and gross profit of our social networking business. The gross profit of our innovative business increased to approximately RMB506.3 million for the year ended 31 December 2025 from approximately RMB303.3 million for the year ended 31 December 2024, which was mainly attributable to the steady development of the Group's traffic diversion business and social e-commerce business, as well as contributions from niche games developed by the Group and its active investments in short dramas.

Our gross profit margin increased to approximately 55.8% for the year ended 31 December 2025 from approximately 51.2% for the year ended 31 December 2024. The gross profit margin of our social networking business increased to approximately 54.4% for the year ended 31 December 2025 from approximately 49.8% for the year ended 31 December 2024, which was mainly due to the fact that the AI technology is deeply integrated into business scenarios of the Group, greatly improving the response speed of complex processes, the level of operational intelligence and the operational efficiency of social products. The gross profit margin of our innovative business increased to approximately 67.8% for the year ended 31 December 2025 from approximately 64.7% for the year ended 31 December 2024, which was mainly due to the fact that the Group increased the deployment and application of AI technology, steadily improving the commercialization efficiency.

SELLING AND MARKETING EXPENSES

For the year ended 31 December 2025, our selling and marketing expenses were approximately RMB2,266.4 million, representing an increase of approximately 75.0% as compared to approximately RMB1,295.1 million for the year ended 31 December 2024, which was mainly attributable to intensified promotion efforts targeting our social networking products with second-mover advantages such as SUGO and TopTop.

RESEARCH AND DEVELOPMENT EXPENSES

For the year ended 31 December 2025, our R&D expenses were approximately RMB366.7 million, representing an increase of approximately 9.3% as compared to approximately RMB335.4 million for the year ended 31 December 2024, which was mainly attributable to the increase in our employee benefit expenses.

GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended 31 December 2025, our general and administrative expenses were approximately RMB263.9 million, representing an increase of approximately 10.4% as compared to approximately RMB239.0 million for the year ended 31 December 2024, which was mainly attributable to the increase in employee benefit expenses, as well as share-based compensation expenses.

OPERATING PROFIT

For the year ended 31 December 2025, our operating profit was approximately RMB884.8 million, representing an increase of approximately 21.4% as compared to an operating profit of approximately RMB728.9 million for the year ended 31 December 2024, which was mainly attributable to (i) an increase of approximately RMB1,239.6 million in our gross profit; (ii) an increase of approximately RMB971.3 million in our selling and marketing expenses; (iii) an increase of approximately RMB31.3 million in our R&D expenses; and (iv) an increase of approximately RMB24.9 million in our general and administrative expenses.

FINANCE INCOME

For the year ended 31 December 2025, we recorded net finance income of approximately RMB68.7 million as compared to net finance income of approximately RMB57.7 million for the year ended 31 December 2024. Such change was mainly attributable to the increase in interest income from our bank deposits.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX

For the year ended 31 December 2025, we recorded income tax credits of approximately RMB8.5 million as compared to income tax credits of approximately RMB2.9 million for the year ended 31 December 2024.

PROFIT FOR THE YEAR

As a result of the foregoing disclosed reasons, driven by growth in operating profit, and an increase in net financial income, our profit for the year increased by approximately 22.3% to approximately RMB963.7 million for the year ended 31 December 2025 from approximately RMB787.8 million for the year ended 31 December 2024.

NON-IFRS MEASURES

To supplement our consolidated statement of comprehensive income, which is presented in accordance with IFRS, we also use adjusted EBITDA and profit attributable to equity shareholders of the Company adjusted as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that this non-IFRS measure helps our investors in identifying underlying trends in our business and provides our investors useful information in understanding and evaluating our results of operation by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance, which is the same approach that our management takes when comparing our financial results across accounting periods. We also believe that this non-IFRS measure provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

We define adjusted EBITDA as operating profit adjusted by share-based compensation expenses, depreciation and amortisation. We define profit attributable to equity shareholders of the Company adjusted as profit attributable to equity shareholders adjusted by share-based compensation expenses and gain on revaluation of equity method investee, which was attributed to equity shareholders of the Company. When assessing our operating and financial performance, you should not consider adjusted EBITDA and profit attributable to equity shareholders of the Company adjusted in isolation from or as a substitute for our financial performance or financial position as reported in accordance with IFRS. The term adjusted EBITDA and profit attributable to equity shareholders of the Company adjusted are not defined under IFRS, and such term may not be comparable to other similarly titled measures used by other companies.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the reconciliation of our non-IFRS financial measure for the years indicated, to the nearest measures prepared in accordance with IFRS:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Operating profit	884,772	728,916
Add:		
Share-based compensation expenses ⁽¹⁾⁽²⁾	225,596 ⁽²⁾	138,423 ⁽¹⁾
Depreciation and amortisation	104,438	95,805
Adjusted EBITDA	1,214,806	963,144
Adjusted EBITDA growth	26.1%	42.8%

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit attributable to equity shareholders of the Company	934,534	480,310
Add:		
Share-based compensation expenses, which was attributed to equity shareholders of the Company	224,214	102,157
Adjusted profit attributable to equity shareholders of the Company	1,158,748	582,467
Growth rate of adjusted profit attributable to equity shareholders of the Company	98.9%	54.5%

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) In March 2021, March 2023, March 2024 and May 2024, the Board approved the grant of an aggregate of 957,333 RSUs, 2,441,170 RSUs, 4,778,877 RSUs and 659,668 RSUs respectively to certain employees and management pursuant to the RSU Schemes. In December 2024, the Board approved the grant of RSUs to certain employees and management, as the modification of a share incentive plan adopted by a subsidiary of the Company. Share-based compensation expenses were recognised based on the respective vesting periods of the grants under the RSU Schemes, and amounted to approximately RMB8,306,000 for the year ended 31 December 2024, tantamount to the economic benefits which certain employees and management obtained from the Company. For further details, please refer to the announcements dated 24 March 2021, 24 March 2023, 22 March 2024 and 21 May 2024 of the Company. A subsidiary of the Company has recognised share-based compensation expenses amounting to approximately RMB102,486,000 for the year ended 31 December 2024.

On 30 August 2021, the Board granted in aggregate 80,000,000 Share Options to 32 eligible persons. The grant comprises performance-based Share Options to grantees, which are generally vested within 10 years. Share Options of each grantee are to be vested in four tranches subject to the fulfilment of certain performance targets that are tied to the Company's ability to deliver on certain key indicators. The performance targets and whether and to what extent achieved were determined by the Board. For the aforementioned grants, evaluations were made on 31 December 2024 to assess the likelihood of the performance targets being met. Share-based compensation expenses amounting to approximately RMB27,631,000 were recognised for the year ended 31 December 2024.

- (2) In March 2023, March 2024, May 2024, March 2025 and May 2025, the Board approved the grant of an aggregate of 2,441,170 RSUs, 4,778,877 RSUs, 659,668 RSUs, 30,316,184 RSUs and 897,415 RSUs respectively to certain employees and management pursuant to the RSU Schemes. In December 2024, the Board approved the grant of RSUs to certain employees and management, as the modification of a share incentive plan adopted by a subsidiary of the Company. Share-based compensation expenses were recognised based on the respective vesting periods of the grants under the RSU Schemes, and amounted to approximately RMB215,371,000 for the year ended 31 December 2025, tantamount to the economic benefits which certain employees and management obtained from the Company. For further details, please refer to the announcements dated 24 March 2023, 22 March 2024, 21 May 2024, 20 March 2025 and 21 May 2025 of the Company.

On 30 August 2021, the Board granted in aggregate 80,000,000 Share Options to 32 eligible persons. The grant comprises performance-based Share Options, which are generally vested within 10 years. Share Options of each grantee are to be vested in four tranches subject to the fulfilment of certain performance targets that are tied to the Company's ability to deliver on certain key indicators. The performance targets and whether and to what extent achieved were determined by the Board. For the aforementioned grants, evaluations were made on 31 December 2025 to assess the likelihood of the performance targets being met. Share-based compensation expenses amounting to approximately RMB10,225,000 were recognised for the year ended 31 December 2025.

TREASURY POLICY

We had adopted a prudent financial management approach for our treasury policy. The Board closely monitors our Group's liquidity position to ensure that the liquidity structure of our assets and liabilities can meet our funding needs all the time.

CAPITAL STRUCTURE

We continued to maintain a healthy and sound financial position. Our total assets grew from approximately RMB3,583.0 million as at 31 December 2024 to approximately RMB4,394.2 million as at 31 December 2025, while our total liabilities decreased from approximately RMB1,928.1 million as at 31 December 2024 to approximately RMB1,819.8 million as at 31 December 2025. Liabilities-to-assets ratio decreased from approximately 53.8% as at 31 December 2024 to approximately 41.4% as at 31 December 2025, which is calculated as total liabilities divided by total assets.

FINANCIAL RESOURCES AND OPERATING CASH FLOW

We funded our cash requirement principally from capital contribution from the Shareholders and cash generated from our operations.

As at 31 December 2025, our cash and cash equivalents were approximately RMB2,558.0 million, compared with approximately RMB2,048.6 million as at 31 December 2024.

Compared with approximately RMB1,015.5 million for the year ended 31 December 2024, the cash generated from operations in 2025 increased to approximately RMB1,375.6 million.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

To preserve funds for future capital expenditure and new business opportunities, we continue to invest surplus cash in commercial bank wealth management products and funds issued by major and reputable financial institutions, which generate relatively low-risk income for us. We recognised such investments as financial assets measured at fair value through profit or loss of and manage such investments in accordance with our internal policies as disclosed in the Prospectus. As at 31 December 2025, the balance of such investments decreased to approximately RMB166.5 million, compared with approximately RMB239.3 million as at 31 December 2024. Such decrease was primarily attributable to the redemption of wealth management products.

CAPITAL EXPENDITURE

For the year ended 31 December 2025, our capital expenditure primarily consisted of expenditures on property and equipment as well as intangible assets, including purchases of computers, other office equipment, etc. Capital expenditure increased from approximately RMB9.4 million for the year ended 31 December 2024 to approximately RMB37.8 million for the year ended 31 December 2025.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investments as of 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

We did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

PLEDGE OF ASSETS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

We intend to pursue strategic investments or make acquisitions to create synergies with our own business. We aim to target companies that have competitive strengths in technology, data and other areas or participants in the upstream and downstream industries. We also intend to use the cash generated from our operating activities to fund such investment or acquisition.

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE RISK MANAGEMENT

We operate our business internationally and our major receipts and payments are denominated in the U.S. dollar. We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar and the Hong Kong dollar. Therefore, foreign exchange risk arises from future commercial transactions or recognised assets and liabilities that are not denominated in the respective functional currencies of our Group's entities. We manage foreign exchange risk by performing regular reviews of our foreign exchange exposures. We did not hedge against any fluctuations in foreign exchange during the year ended 31 December 2025.

OTHER PRINCIPAL RISKS AND UNCERTAINTIES

Our operations and future financial results could be materially and adversely affected by various risks. The following highlights the principal risks the Group is susceptible to and is not meant to be exhaustive:

- We face competition in the rapidly evolving industry and we may not be able to sustain continuous R&D and innovation, and may not be able to compete successfully against our existing and future competitors.
- If the mobile internet industry fails to continue to develop, our profitability and prospects may be materially and adversely affected.
- Any failure to retain existing advertisers and media publishers or to attract new advertisers and media publishers may negatively impact our revenue and business.
- We may be held liable for information or content displayed on, distributed by or linked from our mobile apps and may suffer a loss of users and damage to our reputation.
- Misappropriation or misuse of privacy information and failure to comply with laws and regulations on data protection, including the General Data Protection Regulation, could result in claims, changes to our business practices, monetary fines, increased cost of operations, or declines in users and customers, or otherwise harm our business.
- If we fail to prevent security breaches, cyber-attacks or other unauthorised access to our systems or our users' data, we may be exposed to significant consequences, including legal and financial exposure and loss of users and our reputation.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2025, we had a total of 1,785 full-time employees, mainly based in Beijing, Shenzhen, Chengdu, Hainan and Jinan. Among all employees, 1,051 are in R&D department, representing 58.88% of the total number of full-time employees. The number of employees employed by the Group varies from time to time depending on needs, and employees are remunerated with reference to market conditions and individual employees' performance, qualification and experience. The total employee benefit expenses of the Group during the Reporting Period were RMB1,382,336,000.

With a view to nurturing and retaining talents, the Group has formulated systematic recruitment procedures and offered competitive benefits and training opportunities. The remuneration policy and overall package of the employees are periodically reviewed by the Group. Employees will be rated according to their appraisals, which will determine the performance bonus and share awards they receive.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

As of the Latest Practicable Date, the brief information of the Directors and senior management of the Group is as follows.

DIRECTORS

As at the Latest Practicable Date, the Board currently comprises seven Directors, of which four are executive Directors and three are independent non-executive Directors.

The following table sets out information of the Directors.

Name	Age	Position	Date of Appointment as Director
Mr. LIU Chunhe	40	Executive Director and Chairman	12 September 2018
Mr. LI Ping	36	Executive Director	22 June 2019
Mr. YE Chunjian	34	Executive Director	1 April 2021
Mr. SU Jian	51	Executive Director	1 April 2021
Mr. CHI Shujin	41	Independent Non-executive Director	11 December 2019
Ms. CHEN Sichao	43	Independent Non-executive Director	27 December 2024
Mr. CHEN Yuyu	55	Independent Non-executive Director	29 August 2025

Mr. GAO Ming has tendered his resignation in respect of his position as an independent non-executive Director of the Company, a member of each of the Audit Committee and the Nomination Committee of the Board with effect from 29 August 2025. For further details, please refer to the announcement of the Company dated 29 August 2025.

EXECUTIVE DIRECTORS

Mr. LIU Chunhe (劉春河), former name LIU Zhonghua (劉中華), aged 40, is the founder of the Group. He currently serves as the chairman of the Board and executive Director of our Company. He also holds directorships in various subsidiaries of the Company, including Beijing Mico World Technology Co., Ltd., Solo X Technology Limited and Newborn Town International Enterprise Limited, who is responsible for the overall management, strategies planning and decision-making of our Company. Mr. LIU Chunhe acts in concert with Mr. LI Ping.

Mr. LIU Chunhe graduated from Shandong University (山東大學) majoring in electronic information science and technology and obtained his bachelor's degree in science in July 2007. In March 2010, he obtained his master's degree in communication and information system from Beijing University of Posts and Telecommunications (北京郵電大學).

Mr. LI Ping (李平), aged 36, is our co-founder, executive Director and chief executive officer of our Company. He joined the Group in July 2011 and is responsible for overall operation and management of our business. Mr. LI Ping also holds directorships in NewBornTown Mobile Technology, NewBornTown Network Technology, Shandong NewBornTown and Beijing Mico World Technology Co., Ltd.. Mr. LI Ping has been a director of Beijing Fantasy Dream Technology Co., Ltd.(北京奇幻夢想科技有限公司) since December 2020, an executive director and general manager of Hainan NewBornTown Network Technology Co., Ltd. (海南赤子城網絡技術有限公司) since January 2021, a director of Beijing Newborn Town Group Ltd. (北京赤子城集團有限公司) since January 2021 and a director of Beijing AFun Team Technology Ltd (北京阿凡提互娛科技有限公司) since August 2021. Mr. LI Ping acts in concert with Mr. LIU Chunhe.

Mr. LI Ping obtained his bachelor's degree in engineering from Hebei Normal University of Science and Technology (河北科技師範學院) in June 2011.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. YE Chunjian (葉椿建), aged 34, is an executive Director and the chief technology officer of our Company. He joined our Group in June 2014 and is responsible for the research and development of the social networking business. He has been a founding partner of Beijing Mico World Technology Co., Ltd. since February 2017, and serving as its director and manager since June 2018, whilst he has served an executive director and general manager of Hainan Jidu Kongjian Internet Technology Co., Ltd. (海南幾度空間網絡科技有限責任公司) since January 2019.

Mr. YE Chunjian graduated from Beijing University of Technology (北京工業大學) in July 2014 with a bachelor's degree in engineering.

Mr. SU Jian (蘇鑒), aged 51, is an executive director of the Company. He joined the Group in May 2014 and is responsible for the overall management, strategies planning and decision-making of Beijing Mico World Technology Co., Ltd. He has been serving as the chairman of the board and general manager of Shenzhen Yike Technology Co., Ltd. (深圳一刻科技有限公司) since June 2016, an executive director and general manager of Shenzhen Leyuyou Internet Technology Co., Ltd. (深圳樂娛游網絡科技有限公司) since April 2018, a director of Beijing Mico World Technology Co., Ltd. since June 2018.

Mr. SU Jian graduated from Zhengzhou University of Light Industry (鄭州輕工業大學) in July 1997 with a bachelor's degree in engineering.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHI Shujin (池書進), aged 41, was appointed as an independent non-executive Director of our Company in December 2019. He is responsible for providing independent advice and judgement to our Board. Mr. CHI Shujin has been the director and the chief financial officer of Beijing Siwei Zaowu Information Technology Holdings Co., Ltd. (北京思維造物信息科技股份有限公司) since September 2017.

Mr. CHI Shujin graduated from Beijing Jiaotong University (北京交通大學) in July 2007 majoring in science.

Ms. CHEN Sichao (陳思超), aged 43, was appointed as an independent non-executive Director of our Company in December 2024. She is responsible for providing independent advice and judgment to our Board. Ms. CHEN Sichao served as FX (Foreign Exchange) Trader at the Global Finance Department of the Bank of Communications Headquarters, from November 2005 to September 2007. Subsequently, from November 2007 to December 2008, she held the position of Product Manager at the Head Office of Bank of East Asia. Between December 2008 and July 2010, she was an Associate Director at the China Headquarters of Crédit Agricole, responsible for serving key corporate and financial institution clients in East China. From July 2010 to June 2013, Ms. CHEN served as the Chairperson of Yisi Art Co., Ltd., which is in the business of luxury collections, being in charge of its overall operations and strategic planning. Since June 2013, Ms. CHEN has been a Managing Partner at SparkLand Capital, a Silicon Valley-based fund, specialising in fund management and investments in innovative technologies.

Ms. CHEN Sichao holds a bachelor's degree in Engineering from Zhejiang University in the PRC in 2004, while she obtained a Master of Science degree from the University of Warwick in the United Kingdom in 2005. She was then conferred a Master of Business Administration degree by Cheung Kong Graduate School of Business in the PRC in 2013.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. CHEN Yuyu (陳玉宇), aged 55, was appointed as an independent non-executive Director of our Company in August 2025. He is responsible for providing independent advice and judgement to our Board.

Mr. CHEN Yuyu started his career as a chief clerk in the Macroeconomic Department of the National Economic System Reform Commission from September 1994 to December 1997. From July 2002 to July 2008, he served as an assistant professor in the Department of Applied Economics at the Guanghua School of Management, Peking University. From August 2008 to July 2013, he held the position of associate professor in the same department. Since August 2013, Mr. CHEN has been a professor in the Department of Applied Economics at the Guanghua School of Management, Peking University. Mr. CHEN served as an independent director of Guangdong Xinhui Meida Nylon Co., Ltd. (廣東新會美達錦綸股份有限公司) (a company listed on the Shenzhen Stock Exchange) from June 2017 to January 2024, an independent director of Zhanjiang Guolian Aquatic Products Co., Ltd. (湛江國聯水產開發股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300094) from November 2019 to January 2021, an independent director of Meizhou Hakka Bank Co., Ltd. (梅州客商銀行股份有限公司) from August 2017 to September 2023, and an external director of Haode Technology Co., Ltd. (浩德科技股份有限公司) from February 2016 to June 2024. Currently, Mr. CHEN serves as an independent non-executive Director in both CITIC Limited (中國中信股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 267) and Onewo Inc. (萬物雲空間科技服務股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 2602).

Mr. CHEN Yuyu graduated with a bachelor's degree in Economics from Peking University in the PRC in 1994, while he obtained a master degree in Economics from Australian National University in 1999 and was then conferred a doctorate degree in Economics by Australian National University in 2002.

SENIOR MANAGEMENT

Mr. LI Yongjie (李永傑), aged 42, is responsible for the Group's business operations and change management. Mr. LI Yongjie joined the Group in July 2017 as our vice president. He has been serving as the chief operating officer of the Group since April 2024.

Mr. LI Yongjie obtained his bachelor's degree in engineering from Shenyang University of Technology (瀋陽工業大學) in June 2005 and his master's degree in software engineering from Sun Yat-sen University (中山大學) in June 2007.

Mr. SONG Pengliang (宋朋亮), aged 38, is responsible for the Group's overall strategic and capital planning. Mr. SONG Pengliang joined the Group in March 2018 as our senior investment manager. From April 2021 to March 2023, he served as the acting chief financial officer of the Group. He has been serving as the senior vice president of the Group since April 2023.

Mr. SONG Pengliang obtained his bachelor's degree in engineering in July 2009 and master's degree in engineering in June 2012 from Beijing University of Technology (北京工業大學).

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Ms. LYU Xiaonan (呂曉楠), aged 44, is responsible for the Group's financial operations. Ms. LYU Xiaonan joined the Group in February 2018 as the finance director of the Group. She has been serving as the senior vice president of the Group since April 2023.

Ms. LYU Xiaonan was accredited as a Certified Public Accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in December 2013.

Ms. LYU Xiaonan obtained her bachelor's degree in economics from Zhengzhou University (鄭州大學) in June 2003 and later received her master's degree in economics from Central University of Finance and Economics (中央財經大學) in June 2007.

Ms. YU Xin (余欣), aged 45, is responsible for the Group's capital markets operation and investor relations. Ms. YU Xin joined the Group in June 2023 and has been serving as the vice president of the Group.

Ms. YU Xin obtained her bachelor's degree in business administration from Shanghai International Studies University in June 2002 and master's degree in business administration from University of Pennsylvania in June 2008.

COMPANY SECRETARY

Mr. SONG Pengliang (宋朋亮), aged 38, was appointed as our joint company secretary on 27 May 2019 and served as the sole company secretary of the Company since 31 July 2024.

DIRECTORS' REPORT

The Board is pleased to present this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is a global social networking entertainment company. The pan-audience social networking business is the Company's core business, as characterised by its unparalleled development speed, the most deep-seated efforts, and the most thorough cognitive methodology. The Company conducts in-depth development of the open-end social networking sector in the global market, fully empowering the entire business chain including product research and development, marketing and customer acquisition, and local operations with AI technologies, establishing a technology foundation for globalised and scaled development, and successfully building a diversified product portfolio: the live streaming social networking platform MICO, the audio social networking platform YoHo, the companion-based social networking platform SUGO, the game-oriented social networking platform TopTop, and LGBTQ+ platforms Blued and Heesay, among other products. Among which late-launched products such as SUGO and TopTop maintain expansion momentum while early-launched products such as MICO and YoHo continuously solidify their advantages in respective segments. The Company actively explores innovative business realms in the direction of social networking entertainment, creating high-quality games such as "Mergeland-Alice's Adventure".

The Company is committed to meeting the diverse social and entertainment needs of its global users through a rich range of products, such that everyone around the world can enjoy a better social networking entertainment life.

The activities and particulars of the Company's subsidiaries are shown under note 19 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" on pages 11 to 23 in this annual report.

RESULTS OF OPERATIONS

The financial results of the Group for the year ended 31 December 2025 are set out in the section headed "Management Discussion and Analysis" on pages 11 to 23 in this annual report.

FINANCIAL SUMMARY

The five year financial summary and financial summary of the Group are set out on page 5 in this annual report.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2025.

BUSINESS REVIEW

A review of the Group's business for the year ended 31 December 2025, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group since the end of the financial year ended 31 December 2025, and an indication of likely future developments in the Group's business can be found in the sections headed "Chairman's Statement" on pages 6 to 10, "Management Discussion and Analysis" on pages 11 to 23 and "Corporate Governance Report" on pages 82 to 98 in this annual report. In addition, a discussion on relationships with its key stakeholders is included in the section headed "Management Discussion and Analysis".

All references herein to other sections or reports in this annual report form part of this directors' report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2025, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group pays heed to the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business, including that of health and safety, workplace conditions, employment and the environment. The Group has implemented environmental protection measures and has also encouraged staff to be environmental friendly at work by utilising resources such as electricity and paper according to actual needs, so as to reduce energy consumption and minimise unnecessary wastage.

The Group constantly provides users with high-quality, healthy and safe products, building fair and transparent cooperative relationships with suppliers, and creating a business environment with honesty, integrity and sustainability. The Group seeks its own development while paying due attention to community needs. We actively give back to society, and fulfil our social responsibilities.

For details of the Company's environmental policies and performance, and the important relationship between the Company and its employees, customers and suppliers, please refer to the environmental, social and governance report of the Company for the year ended 31 December 2025, published on the website of the Stock Exchange and the website of the Company in accordance with the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the Group's five largest customers in aggregate accounted for approximately 6.39 % of the Group's total revenue. The Group's largest customer accounted for 4.87% of the Group's total revenue.

During the year ended 31 December 2025, the Group's five largest suppliers in aggregate accounted for approximately 51.26% of the Group's total purchase. The Group's largest supplier accounted for 29.11% of the Group's total purchase.

During the year ended 31 December 2025, to the best of the knowledge of the Directors, none of the Directors, their associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital, excluding treasury Shares) had an interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2025 are set out in note 28 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2025 are set out in note 33b and consolidated statement of changes in equity to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's distributable reserves were approximately RMB4,979.3 million.

BANK BORROWING

As at 31 December 2025, the Group did not have any short-term or long-term bank borrowings and had no outstanding, utilised or unutilised banking facilities.

DIRECTORS' REPORT

LOAN AND GUARANTEE

During the year ended 31 December 2025, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, chief executives of the Company, the controlling Shareholders (as defined under the Listing Rules) or their respective connected persons.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the year ended 31 December 2025, save as disclosed under the section headed "Share Option Scheme" in this annual report, at no time during the year under review was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

DIRECTORS

As of the Latest Practicable Date, the Board currently consists of the following seven Directors:

Executive Directors:

Mr. LIU Chunhe (Chairman)
Mr. LI Ping (Executive Director and Chief Executive Officer)
Mr. YE Chunjian (Executive Director and Chief Technology Officer)
Mr. Su Jian (Executive Director and Mico Chief Executive Officer)

Independent Non-executive Directors:

Mr. CHI Shujin
Ms. CHEN Sichao
Mr. CHEN Yuyu (appointed on 29 August 2025)

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out in this annual report in the section headed "Profile of Directors and Senior Management" on pages 24 to 27.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors are independent during the Relevant Period.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENTS

Mr. LIU Chunhe entered into a service contract with the Company on 12 September 2024. The service contract was for an initial fixed term of three years (subject to re-nomination and re-election by the Company in annual general meeting), until termination.

Mr. LI Ping entered into a service contract with the Company on 22 June 2023. The service contract was for an initial fixed term of three years (subject to re-nomination and re-election by the Company in annual general meeting), until termination.

Mr. YE Chunjian and Mr. SU Jian respectively entered into a service contract with the Company on 1 April 2024. Each service contract was for an initial fixed term of three years (subject to re-nomination and re-election by the Company in annual general meeting), until termination.

Mr. CHI Shujin has entered into a letter of appointment with the Company for a term of three years commencing from the Listing Date (subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association), until terminated.

Ms. CHEN Sichao has entered into a letter of appointment with the Company on 27 December 2024. She will hold office for a period of three years commencing from 27 December 2024 (subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association), until terminated.

Mr. CHEN Yuyu has entered into a letter of appointment with the Company on 29 August 2025. He will hold office for a period of three years commencing from 29 August 2025 (subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association), until terminated.

Mr. GAO Ming has entered into a letter of appointment with the Company on 26 August 2024 and this letter of appointment terminated on 29 August 2025 as Mr. GAO Ming resigned as an independent non-executive Director of the Company.

Save as disclosed above, none of the Directors has entered into, or has proposed to enter into, a service contract with the Group which is not determinable by the employer within one year without payment of compensation (excluding statutory compensation).

EMOLUMENT OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in notes 12a & 8a to the consolidated financial statements of this annual report.

For the year ended 31 December 2025, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended 31 December 2025.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2025, by our Group to or on behalf of any of the Directors.

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of, or at any time during the year ended 31 December 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Saved as disclosed in the section headed "Connected Transactions" on pages 64 to 79, there were no transactions, arrangements or contracts of significance subsisted in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, during the year or at the end of 31 December 2025.

PERMITTED INDEMNITY PROVISIONS

The Articles of Association provides that every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, and against any loss in respect of his personal liability for the payment of any sum primarily due from the Company. Directors liability insurance is in place to protect the directors of the Company or its subsidiaries against potential costs and liabilities arising from claims brought against them.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) ("SFO") which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/ Nature of interest	Number of Shares and underlying Shares ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾
Mr. LIU Chunhe ⁽³⁾⁽⁵⁾	Interest in a controlled corporation ⁽³⁾	238,706,646	16.89%
	Concert party ⁽⁵⁾	341,828,420	24.19%
	Beneficial owner ⁽⁶⁾	24,000,000	1.70%
Mr. LI Ping ⁽⁴⁾⁽⁵⁾	Interest in a controlled corporation ⁽⁴⁾	73,121,774	5.18%
	Concert party ⁽⁵⁾	341,828,420	24.19%
	Beneficial owner ⁽⁶⁾	6,000,000	0.42%
Mr. SU Jian	Beneficial owner/Interest in a controlled corporation ⁽⁷⁾	159,460,810	11.29%
Mr. YE Chunjian	Beneficial owner ⁽⁸⁾	6,000,000	0.42%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,412,958,391 Shares in issue as of 31 December 2025.
- (3) The Shares are registered under the name of Spriver Tech Limited, the issued share capital of which is owned as to 100% by Mr. LIU Chunhe. Accordingly, Mr. LIU Chunhe is deemed to be interested in all the Shares held by Spriver Tech Limited for the purpose of Part XV of the SFO.

DIRECTORS' REPORT

- (4) The Shares are registered under the name of Parallel World Limited, the issued share capital of which is owned as to 100% by Mr. LI Ping. Accordingly, Mr. LI Ping is deemed to be interested in all the Shares held by Parallel World Limited for the purpose of Part XV of the SFO.
- (5) Mr. LIU Chunhe and Mr. LI Ping are parties acting in concert (having the meaning ascribed thereto in the Takeovers Code). Accordingly, Mr. LIU Chunhe, Spriver Tech Limited, Mr. LI Ping, Parallel World Limited are each deemed to be interested in the Shares held by them under the SFO.
- (6) On 30 August 2021, Mr. LIU Chunhe and Mr. LI Ping were granted 24,000,000 and 6,000,000 Share Options respectively by the Company under the Share Option Scheme adopted by the Company on 31 May 2021. The grant of 24,000,000 Share Options to Mr. LIU Chunhe and 6,000,000 Share Options to Mr. LI Ping was approved by the independent Shareholders at an extraordinary general meeting on 31 March 2022.
- (7) On 30 August 2021, Mr. SU Jian was granted 9,000,000 Share Options by the Company under the Share Option Scheme. 150,460,810 Consideration Shares have been issued and allotted to JZZT under the Share Purchase Agreement (as supplemented by the supplemental agreement). As at the Latest Practicable Date, JZZT is owned as to 47.69% and 52.31% by Travelspace Limited and other shareholders. Among which, Travelspace Limited is wholly owned by Mr. SU Jian, an executive Director of the Company. Hence, Mr. SU Jian, Travelspace Limited are deemed, under the SFO, to be interested in the 150,460,810 Shares held by JZZT.
- (8) On 30 August 2021, Mr. YE Chunjian was granted 6,000,000 Share Options by the Company under the Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in or debentures of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate, or had exercised any such right.

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

As of 31 December 2025, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾
BGFG ⁽³⁾	Beneficial owner ⁽³⁾	125,966,383	8.92%
JZZT ⁽⁴⁾	Beneficial owner ⁽⁴⁾	150,460,810	10.65%
TMF Trust (HK) Limited ⁽⁵⁾	Trustee ⁽⁵⁾	155,166,486	10.98%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,412,958,391 Shares in issue as of 31 December 2025.
- (3) BGFG is directly and wholly owned by Mr. Wang Xinming. Mr. Wang Xinming is therefore deemed to be interested in all the Shares held by BGFG under the SFO.
- (4) As at the Latest Practicable Date, JZZT is owned as to 47.69% and 52.31% by Travelspace Limited and other shareholders. Among which, Travelspace Limited is wholly owned by Mr. SU Jian, an executive Director of the Company. Hence, Mr. SU Jian, Travelspace Limited are deemed, under the SFO, to be interested in the 150,460,810 Shares held by JZZT.
- (5) TMF Trust (HK) Limited, being the trustee of the Company's Employee RSU Scheme, Management RSU Scheme, RSU Award Scheme and NBT RSU Scheme, directly holds the entire issued share capital of each of Bridge Partners Limited, Three D Partners Limited and JJQJ Partners Limited, which in turn holds Shares for the benefit of eligible participants pursuant to the said share schemes. As of the Latest Practicable Date, 10,493,430 Shares are held by Bridge Partners Limited pursuant to the Management RSU Scheme 122,745,126 Shares are held in aggregate by Three D Partners Limited pursuant to the Employee RSU Scheme and the RSU Award Scheme and 21,927,930 Shares are held by JJQJ Partners Limited pursuant to the NBT RSU Scheme. Hence, TMF Trust (HK) Limited is deemed, under the SFO, to be interested in the 10,493,430 Shares, 122,745,126 Shares and 21,927,930 Shares held by Bridge Partners Limited, Three D Partners Limited and JJQJ Partners Limited, respectively.

Save as disclosed above, as of 31 December 2025, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO.

CONTRACT WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the controlling Shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries during the year or subsisted at the end of the year under review and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries was entered into during the year or subsisted at the end of the year under review.

NON-COMPETITION UNDERTAKINGS

As disclosed in the Prospectus, Mr. LIU Chunhe and Mr. LI Ping entered into a deed of non-competition with the Company on 11 December 2019 in favour of the Company (the "**Deed of Non-competition**"). Pursuant to the Deed of Non-competition, each of Mr. LIU Chunhe and Mr. LI Ping undertook to the Company that, he shall not and shall procure that none of their close associates not, subject to and except as mentioned in the Deed of Non-competition, directly or indirectly, carry on, be engaged in or interested in or otherwise be involved in any business which, wholly or partly, competes or proposes to compete with the mobile app development business, mobile advertising platform and related business carried on or to be carried on in the immediate or foreseeable future by the Group.

Each of Mr. LIU Chunhe and Mr. LI Ping has confirmed in writing to the Company of his compliance with the Deed of Non-competition for disclosure in this annual report during the financial year of 2025. No new business opportunity has been notified by them as at 31 December 2025. The independent non-executive Directors have reviewed the implementation of the Deed of Non-competition and are of the view that the non-competition undertakings thereunder have been complied with by each of Mr. LIU Chunhe and Mr. LI Ping for the year ended 31 December 2025.

RETIREMENT BENEFITS SCHEME

The Group has only defined contribution plans in which the Group has to make contribution to staff retirement scheme managed by Chinese local government authorities in accordance with the relevant rules and regulations. Contributions to these schemes are charged to the consolidated statement of comprehensive income as and when incurred. The Group has no legal or constructive obligations to pay further contributions. The employees of subsidiaries of the Group established in the PRC (excluding Hong Kong) participate in defined contribution retirement schemes managed by the local government authorities, whereby the Group is required to contribute to the schemes based on certain percentages of the employees' salaries. According to the provisions of the relevant plans, the Group shall not use any forfeited contributions to reduce the current level of contributions.

Details of the company's retirement and employee benefit plans are set out in note 8 to the consolidated financial statements.

RSU SCHEMES

Employee RSU Scheme

We adopted the Employee RSU Scheme on 11 December 2019, with revisions thereto made on the respective dates of 28 May 2020 and 21 May 2024 to incentivise employees and consultants (not being core connected persons of the Company under the Listing Rules) of the Group and to attract and retain skilled and experienced personnel for the future growth of the Group by providing them with the opportunity to own equity interests in the Company. The Company has appointed TMF Trust (HK) Limited as the Employee RSU Trustee to assist with the administration and facilitate the vesting of RSUs granted pursuant to the Employee RSU Scheme. A summary of the terms of the Employee RSU Scheme has been set out in the Appendix IV of the Prospectus, and the announcement dated 28 May 2020 and 21 May 2024 of the Company setting out the amendments to the Employee RSU Scheme.

Participants in the Employee RSU Scheme

Persons eligible to receive RSUs under the Employee RSU Scheme ("**Employee RSU Eligible Persons**") include existing employees and consultants (not being core connected persons of the Company under the Listing Rules) of the Company or any of their subsidiaries, excluding any person who is a Director, member of senior management, core connected persons of the Company or who is resident in a place where the award of the Shares and/or the vesting of the transfer of the Shares pursuant to the Employee RSU Scheme is not permitted under the laws and regulations of such place or where in the view of the Employee RSU Administrator or the Employee RSU Trustee as the case may be, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person. Consultants refer to any person that provides research, development, consultancy and other technical or operational support to the Group and has contributed or will contribute to the Group. The Employee RSU Administrator selects the Employee RSU Eligible Persons to receive RSUs under the Employee RSU Scheme at its discretion.

Maximum entitlement of each participant

There is no limit on the maximum entitlement of each participant under the Employee RSU Scheme (**"Employee RSU Participant"**).

Term of the Employee RSU Scheme

The Employee RSU Scheme shall be valid and effective for a period of ten (10) years, commencing from the date of the adoption of the Employee RSU Scheme (unless terminated earlier in accordance with its terms). As of the Latest Practicable Date, the remaining life of the Employee RSU Scheme is less than four(4) years.

Maximum number of Shares under the Employee RSU Scheme

Unless otherwise approved by Shareholders, the total number of Shares underlying RSUs (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the Employee RSU Scheme) under the Employee RSU Scheme shall not exceed 32,540,356 Shares, representing approximately 2.30% of the Company's issued share capital (excluding treasury shares) as at 31 December 2025.

Vesting of RSUs

The Employee RSU Administrator can determine the vesting criteria, conditions and time schedule for the vesting of the RSUs and such criteria, conditions and time schedule shall be stated in the Employee RSU Grant Letter.

Within a reasonable time after the vesting criteria, conditions and time schedule have been met, reached, fulfilled, satisfied or waived, the Employee RSU Administrator shall send a vesting notice (**"Employee RSU Vesting Notice"**) to each of the relevant Employee RSU Participants. The Employee RSU Vesting Notice will confirm the extent to which the vesting criteria, conditions and time schedule have been met, reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions with respect of those Shares) involved. The Employee RSU Scheme does not provide for the vesting period of awards granted under the Employee RSU Scheme.

Total number of Shares available for issue under the Employee RSU Scheme and % of issued share capital as of the Latest Practicable Date

No new Shares will be issued under the Employee RSU Scheme.

Exercise of the RSUs

RSUs held by an Employee RSU Participant that are vested as evidenced by the Employee RSU Vesting Notice may be exercised (in whole or in part) by the Employee RSU Participant serving an exercise notice in writing on the Employee RSU Trustee and the Company. The Employee RSU Scheme does not provide for the period within which the RSUs may be exercised by the grantees under the scheme.

Amounts to be paid on acceptance of RSUs

An Employee RSU selected person may accept an offer of the grant of RSUs in such manner as set out in the Employee RSU Grant Letter. Once accepted, the RSUs are deemed granted from the date of the Employee RSU Grant Letter. The amount to be paid on acceptance of RSUs is nil under the Employee RSU Scheme.

Basis of determining the purchase price

No purchase price is to be paid by the grantees for the RSUs granted under the Employee RSU Scheme.

Utilisation of Shares withheld

The Board has resolved, on 21 May 2024, to amend the Employee RSU Scheme such that Shares so withheld to satisfy personal income tax obligations that arose upon the respective vesting of the RSUs under the Employee RSU Scheme (that are equivalent in value to the tax obligation due and paid for by the Company) could be made available and transferrable afresh to satisfy the exercise of RSUs (as if they were on-market purchases funded by the Company).

DIRECTORS' REPORT

Details of the RSUs granted under the Employee RSU Scheme

As of 31 December 2025, details of the RSUs granted under the Employee RSU Scheme and still valid were as follows:

Grantees of RSUs	Number of RSUs unvested as at 1 January 2025	Granted during the year ended 31 December 2025	Dates of grant	The closing Price of Shares underlying RSUs on the grant date		Purchase price	Vesting period	RSUs vested during the year ended 31 December 2025	Weighted average closing price of Shares underlying RSUs immediately prior to the date of vesting		RSUs lapsed during the year ended 31 December 2025	RSUs cancelled during the year ended 31 December 2025	Number of RSUs unvested as at 31 December 2025	The closing price of Shares immediately before the grant date

5 highest paid employees of 2025 in aggregate

- 1 employee of the Company	523,248	0	23 March 2023	HK\$1.67	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2023, 20 July 2024, 20 July 2025 and 20 July 2026, respectively. No performance target is attached to the vesting of RSUs so granted.	264,000	HK\$11.10	0	0	259,248	HK\$1.56
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Grantees of RSUs	Number of RSUs unvested as at 1 January 2025	Granted during the year ended 31 December 2025	Dates of grant	The closing Price of Shares underlying RSUs on the grant date	Purchase price	Vesting period	Weighted average closing price of		RSUs vested during the year ended 31 December 2025	Shares underlying RSUs immediately prior to the date of vesting	RSUs lapsed during the year ended 31 December 2025	RSUs cancelled during the year ended 31 December 2025	Number of RSUs unvested as at 31 December 2025	The closing price of Shares immediately before the grant date
– 2 employees of the Company	669,248	0	21 March 2024	HK\$2.55	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2024, 20 July 2025, 20 July 2026 and 20 July 2027, respectively. No performance target is attached to the vesting of RSUs so granted.	224,000	HK\$11.10	0	0	445,248	HK\$2.60		
Sub-total	1,192,496	0					488,000		0	0	704,496			
Other employees														
– 31 employees of the Company	0	0	28 May 2020	HK\$1.65	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted shall be vested on 20 July 2020, 20 July 2021, 20 July 2022 and 20 July 2023, respectively. No performance target is attached to the vesting of RSUs granted.	0	HK\$11.10	0	0	0	HK\$1.65		

DIRECTORS' REPORT

Grantees of RSUs	Number of RSUs unvested as at 1 January 2025	Granted during the year ended 31 December 2025	Dates of grant	The closing Price of Shares underlying RSUs on the grant date	Purchase price	Vesting period	Weighted average closing price of		RSUs vested during the year ended 31 December 2025	Shares underlying RSUs immediately prior to the date of vesting	RSUs lapsed during the year ended 31 December 2025	RSUs cancelled during the year ended 31 December 2025	Number of RSUs unvested as at 31 December 2025	The closing price of Shares immediately before the grant date
- 5 employees of the Company	0	0	24 March 2021	HK\$4.33	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted will be vested on 20 July 2021, 20 July 2022, 20 July 2023 and 20 July 2024, respectively. No performance target is attached to the vesting of RSUs granted.	0	HK\$11.10	0	0	0	0	0	HK\$4.52
- 3 employees of the Company	572,147	0	23 March 2023	HK\$1.67	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2023, 20 July 2024, 20 July 2025 and 20 July 2026, respectively. No performance target is attached to the vesting of RSUs so granted.	288,000	HK\$11.10	0	0	0	0	284,147	HK\$1.56

DIRECTORS' REPORT

Grantees of RSUs	Number of RSUs unvested as at 1 January 2025	Granted during the year ended 31 December 2025	Dates of grant	The closing Price of Shares underlying RSUs on the grant date	Purchase price	Vesting period	Weighted average closing price of		RSUs vested during the year ended 31 December 2025	Shares underlying RSUs immediately prior to the date of vesting	RSUs lapsed during the year ended 31 December 2025	RSUs cancelled during the year ended 31 December 2025	Number of RSUs unvested as at 31 December 2025	The closing price of Shares immediately before the grant date
							RSUs	Shares						
							vested during the year ended 31 December 2025	underlying RSUs immediately prior to the date of vesting						
– 4 employees of the Company	1,338,496	0	21 March 2024	HK\$2.55	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2024, 20 July 2025, 20 July 2026 and 20 July 2027, respectively. No performance target is attached to the vesting of RSUs so granted.	448,000	HK\$11.10	0	0			890,496	HK\$2.60
– 4 employees of the Company	491,668	0	21 May 2024	HK\$3.93	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2024, 20 July 2025, 20 July 2026 and 20 July 2027, respectively. No performance target is attached to the vesting of RSUs so granted.	168,000	HK\$11.10	0	0			323,668	HK\$3.95
Sub-total	2,402,311	0					904,000		0	0			1,498,311	

DIRECTORS' REPORT

Grantees of RSUs	Number of RSUs unvested as at 1 January 2025	Granted during the year ended 31 December 2025	Dates of grant	The closing Price of Shares underlying RSUs on the grant date		Purchase price	Vesting period	RSUs vested during the year ended 31 December 2025	Weighted average closing price of Shares underlying RSUs immediately prior to the date of vesting		RSUs lapsed during the year ended 31 December 2025	RSUs cancelled during the year ended 31 December 2025	Number of RSUs unvested as at 31 December 2025	The closing price of Shares immediately before the grant date
Employees of the Company in aggregate (Based on respective dates of grant)	0	0	28 May 2020	HK\$1.65		N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted shall be vested on 20 July 2020, 20 July 2021, 20 July 2022 and 20 July 2023, respectively. No performance target is attached to the vesting of RSUs granted.	0	HK\$11.10		0	0	0	HK\$1.65
	0	0	24 March 2021	HK\$4.33		N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted will be vested on 20 July 2021, 20 July 2022, 20 July 2023 and 20 July 2024, respectively. No performance target is attached to the vesting of RSUs granted.	0	HK\$11.10		0	0	0	HK\$4.52

Grantees of RSUs	Number of RSUs unvested as at 1 January 2025	Granted during the year ended 31 December 2025	Dates of grant	The closing Price of Shares underlying RSUs on the grant date	Purchase price	Vesting period	Weighted average closing price of		RSUs vested during the year ended 31 December 2025	Shares underlying RSUs immediately prior to the date of vesting	RSUs lapsed during the year ended 31 December 2025	RSUs cancelled during the year ended 31 December 2025	Number of RSUs unvested as at 31 December 2025	The closing price of Shares immediately before the grant date
							RSUs	Shares						
							vested during the year ended 31 December 2025	underlying RSUs immediately prior to the date of vesting						
	1,095,395	0	23 March 2023	HK\$1.67	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2023, 20 July 2024, 20 July 2025 and 20 July 2026, respectively. No performance target is attached to the vesting of RSUs so granted.	552,000	HK\$11.10	0	0	543,395	HK\$1.56		
	2,007,744	0	21 March 2024	HK\$2.55	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2024, 20 July 2025, 20 July 2026 and 20 July 2027, respectively. No performance target is attached to the vesting of RSUs so granted.	672,000	HK\$11.10	0	0	1,335,744	HK\$2.60		

DIRECTORS' REPORT

Grantees of RSUs	Number of RSUs unvested as at 1 January 2025	Granted during the year ended 31 December 2025	The closing Price of Shares underlying RSUs on the grant date	Purchase price	Vesting period	RSUs vested during the year ended 31 December 2025	Weighted average closing price of	RSUs lapsed during the year ended 31 December 2025	RSUs cancelled during the year ended 31 December 2025	Number of RSUs unvested as at 31 December 2025	The closing price of Shares immediately before the grant date
							Shares underlying RSUs immediately prior to the date of vesting				
	491,668	0	21 May 2024	HK\$3.93	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2024, 20 July 2025, 20 July 2026 and 20 July 2027, respectively. No performance target is attached to the vesting of RSUs so granted.	HK\$11.10	0	0	323,668	HK\$3.95
Total	3,594,807	0				1,392,000		0	0	2,202,807	

Note: To the best of knowledge of the Directors, none of the grantees of the above grants is a connected person of the Company under Chapter 14A of the Listing Rules.

Since the adoption of the Employee RSU Scheme and as of 31 December 2025, no grant under the Employee RSU Scheme has been made to any of (i) the directors, chief executive or substantial shareholders of the Company, or their respective associates; (ii) any related entity participant or service provider with RSUs granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue of the Company; and (iii) any other participant with RSUs granted in excess of the 1% individual limit (with the aforementioned terms having the same meanings as ascribed thereto under the Listing Rules).

As at 1 January 2025, the aggregate number of Shares underlying the granted RSUs under the Employee RSU Scheme was 36,232,155 (of which 3,059,773 RSUs previously granted to the grantees under the Employee RSU Scheme were forfeited at the date of their resignation), representing approximately 2.57% of the issued share capital of the Company (excluding treasury Shares) as at 1 January 2025. 0 RSUs were granted and no RSUs were cancelled or lapsed during the year ended 31 December 2025, pursuant to the Employee RSU Scheme. As at 31 December 2025, the aggregate number of Shares underlying the granted RSUs under the Employee RSU Scheme was 36,232,155 (of which 3,059,773 RSUs previously granted to the grantees under the Employee RSU Scheme were forfeited at the date of their resignation), representing approximately 2.56% of the issued share capital of the Company (excluding treasury Shares) as at 31 December 2025. As at the respective dates of 1 January 2025 and 31 December 2025, the aggregate number of Shares underlying the unvested RSUs were 3,594,807 and 2,202,807. As at the respective dates of 1 January 2025 and 31 December 2025, the aggregate number of Shares underlying the RSUs vested under the Employee RSU Scheme were 29,577,575 and 30,969,575.

As at the respective dates of 1 January 2025 and 31 December 2025, the total number of Shares underlying the RSUs available for grant under the RSU Employee Scheme were 6,745,527 and 6,924,350 Shares, representing approximately 0.48% and 0.49% of the issued share capital of the Company (excluding treasury Shares) and approximately 0.48% and 0.49% of the issued share capital of the Company (excluding treasury Shares) as of the Latest Practicable Date, respectively.

The number of Shares under the Employee RSU Scheme outstanding as at 1 January 2025, granted during the year, vested during the year, cancelled or lapsed during the year, and outstanding as at 31 December 2025 for the five highest paid individuals in 2025 in aggregate were 1,192,496, 0, 488,000, 0 and 704,496, respectively. The average weighted average closing price of the Shares immediately before the date on which such RSUs were vested in 2025, being 18 July 2025, was HK\$11.10.

The number of RSUs under the Employee RSU Scheme outstanding as at 1 January 2025, granted during the year, vested during the year, cancelled or lapsed during the year, and outstanding as at 31 December 2025 for other grantees (other than the Directors and the five highest paid individuals) in aggregate were 2,402,311, 0, 904,000, 0 and 1,498,311, respectively. The average weighted average closing price of the Shares immediately before the date on which such RSUs were vested in 2025, being 18 July 2025, was HK\$11.10.

178,823 Shares underlying the vested RSUs were withheld for personal income tax incurred due to the vesting of such RSUs during the year and a total of 7,556,376 shares underlying the vested RSUs have been withheld for personal income tax incurred due to the vesting of such RSUs as at 31 December 2025, pursuant to the rules of the Employee RSU Scheme.

Details of movements in the RSUs under the RSU Schemes are also set out in note 31 to the consolidated financial statements.

DIRECTORS' REPORT

Management RSU Scheme

We adopted the Management RSU Scheme on 11 December 2019, with revisions thereto made on the respective dates of 28 May 2020 and 21 May 2024 to incentivise Directors, senior management and officers for their contribution to the Group, and to attract and retain skilled and experienced personnel for the future growth of the Group by providing them with the opportunity to own equity interests in the Company. The Company has appointed TMF Trust (HK) Limited as the RSU Trustee to assist with the administration and vesting of RSUs granted pursuant to the Management RSU Scheme. A summary of the terms of the Management RSU Scheme has been set out in the Appendix IV of the Prospectus and the announcements dated 28 May 2020 and 21 May 2024 of the Company in relation to the amendments to the Management RSU Scheme.

Participants in the Management RSU Scheme

Persons eligible to receive RSUs under the Management RSU Scheme ("**Management RSU Eligible Persons**") include senior management, Directors (whether executive or non-executive, but excluding independent non-executive directors) and officers of the Company or any of their subsidiaries, excluding any person who is resident in a place where the award of the Shares and/or the vesting of the transfer of the Shares pursuant to the Management RSU Scheme is not permitted under the laws and regulations of such place or where in the view of the Management RSU Administrator or the Management RSU Trustee as the case may be, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person. The Management RSU Administrator selects the Management RSU Eligible Persons to receive RSUs under the Management RSU Scheme at its discretion.

Maximum entitlement of each participant

There is no limit on the maximum entitlement of each participants under the Management RSU Scheme (the "**Management RSU Participants**").

Term of the Management RSU Scheme

The Management RSU Scheme will be valid and effective for a period of ten (10) years, commencing from the date of the adoption of the Management RSU Scheme (unless it is terminated earlier in accordance with its terms). As of the Latest Practicable Date, the remaining life of the Management RSU Scheme is less than four (4) years.

Maximum number of Shares under the Management RSU Scheme

Unless otherwise approved by Shareholders, the total number of Shares underlying RSUs (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the Management RSU Scheme) under the Management RSU Scheme shall not exceed 27,795,210 Shares, representing approximately 1.97% of the issued share capital of the Company (excluding treasury Shares) as at the Latest Practicable Date.

Vesting of RSUs

The Management RSU Administrator can determine the vesting criteria, conditions and the time schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the Management RSU Grant Letter.

Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Management RSU Administrator will send a vesting notice ("**Management RSU Vesting Notice**") to each of the relevant Management RSU Participants. The Management RSU Vesting Notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved. The Management RSU Scheme does not provide for the vesting period of awards granted under the Management RSU Scheme.

Total number of Shares available for issue under the Management RSU Scheme and % of issued share capital as of the Latest Practicable Date

No new Shares will be issued under the Management RSU Scheme.

Exercise of the RSUs

RSUs held by a Management RSU Participant that are vested as evidenced by the Management RSU Vesting Notice may be exercised (in whole or in part) by the Management RSU Participant serving an exercise notice in writing on the Management RSU Trustee and the Company. The Management RSU Scheme does not provide for the period within which the RSUs may be exercised by the grantee under the Management RSU scheme.

Amounts to be paid on acceptance of RSUs

A Management RSU selected person may accept an offer of the grant of RSUs in such manner as set out in the Management RSU Grant Letter. Once accepted, the RSUs are deemed granted from the date of the Management RSU Grant Letter. The amount to be paid on acceptance of RSUs is nil under the Management RSU Scheme.

Basis of determining the purchase price

No purchase price is to be paid by the grantees for the RSUs granted under the Management RSU Scheme.

Utilisation of Shares withheld

The Board has resolved, on 21 May 2024, to amend the Management RSU Scheme such that Shares so withheld to satisfy personal income tax obligations that arose upon the respective vesting of the RSUs under the Management RSU Scheme (that are equivalent in value to the tax obligation due and paid for by the Company) could be made available and transferrable afresh to satisfy the exercise of RSUs (as if they were on-market purchases funded by the Company).

Details of the RSUs granted under the Management RSU Scheme

As of 31 December 2025, details of the RSUs granted under the Management RSU Scheme and still valid were as follows:

Date of grant	Number of grant (units)	Vesting period	Market price	Purchase price per Share (HK\$)
28 May 2020	25,733,333	The RSUs granted shall normally vest in the grantees within three and a half years from the date of grant, 25% of the total RSUs granted shall be vested on 20 July 2020, 20 July 2021, 20 July 2022 and 20 July 2023, respectively. No performance target is attached to the vesting of RSUs granted.	25,733,333 RSUs represent a value of approximately HK\$44.9 million, based on the average closing price of HK\$1.744 per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; or approximately HK\$42.5 million, based on the closing price of HK\$1.650 per Share as quoted on the Stock Exchange on the date of grant.	Nil

Note: To the best of knowledge of the Directors, none of the grantees of the above grant is a connected person of the Company under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

Since the adoption of the Management RSU Scheme and as of 31 December 2025, no grant under the Management RSU Scheme has been made to any of (i) the directors, chief executive or substantial shareholders of the Company, or their respective associates; (ii) any related entity participant or service provider with RSUs granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue of the Company, and (iii) any other participant with RSUs granted in excess of the 1% individual limit (with the aforementioned terms having the same meanings as given to such terms in the Listing Rules).

As at 1 January 2025, the aggregate number of Shares underlying the granted RSUs under the Management RSU Scheme was 25,733,333, representing approximately 1.82% of the issued share capital of the Company (excluding treasury Shares) as at 1 January 2025. No RSUs were granted, cancelled and lapsed during the year ended 31 December 2025, pursuant to the Management RSU Scheme. As at 31 December 2025, the aggregate number of Shares underlying the granted RSUs under the Management RSU Scheme was 25,733,333, representing approximately 1.82% of the issued share capital of the Company (excluding treasury Shares) as at 31 December 2025, and none of the granted RSUs under the Management RSU Scheme has been forfeited. As of the respective dates of 1 January 2025 and 31 December 2025, the aggregate number of Shares underlying the unvested RSUs were 0. As of the respective dates of 1 January 2025 and 31 December 2025, the aggregate number of shares underlying the RSUs vested under the Management RSU Scheme were 25,733,333.

As of the respective dates of 1 January 2025 and 31 December 2025, the total number of Shares available for grant under the RSU Management Scheme were 10,493,430 shares and 10,493,430 Shares, representing approximately 0.74% and 0.74% of the then issued share capital of the Company (excluding treasury Shares) and approximately 0.74% and 0.74% of the issued share capital of the Company (excluding treasury Shares) as at the Latest Practicable Date, respectively.

The number of Shares under the Management RSU Scheme outstanding as at 1 January 2025, granted in 2025, vested during the year, cancelled or lapsed during the year, and outstanding as at 31 December 2025 for the five highest paid individuals in 2025 in aggregate were 0, 0, 0, 0 and 0, respectively. The average weighted average closing price of the shares immediately before the date on which such RSUs were vested in 2025, being 18 July 2025, was HK\$11.10.

The number of RSUs under the Management RSU Scheme outstanding as at 1 January 2025, granted in 2025, vested during the year, cancelled or lapsed during the year, and outstanding as at 31 December 2025 for other grantees (other than the Directors and the five highest paid individuals) in aggregate were 0, 0, 0, 0 and 0, respectively. The average weighted average closing price of the shares immediately before the date on which such RSUs were vested in 2025, being 18 July 2025, was HK\$11.10.

There were no vested during the year and a total of 8,431,553 shares underlying the vested RSUs have been withheld for personal income tax incurred due to the vesting of such RSUs as of 31 December 2025, pursuant to the Management RSU Scheme.

Details of movements in the RSUs under the RSU Schemes are also set out in note 31 to the consolidated financial statements.

SHARE OPTION SCHEME

References are made to (i) the circular of the Company dated 14 April 2021, in relation to, *inter alia*, the proposed adoption of the Share Option Scheme and a summary of its principal terms, and (ii) the announcement of the Company dated 22 November 2024 and the circular of the Company dated 25 November 2024, in relation to, *inter alia*, the termination of the Share Option Scheme by the Board. Unless otherwise specified herein, capitalised terms shall have the same meanings ascribed thereto in the circular dated 14 April 2021. The Share Option Scheme was adopted by a resolution of the Shareholders at the annual general meeting of the Company held on 31 May 2021. Pursuant to the rules of the Share Option Scheme, the Board shall be entitled at any time during the life of the Share Option Scheme to make an Offer to any Participant as the Board may in its absolute discretion select to take up Options entitling him or her to subscribe for such number of Shares as the Board may determine at the Exercise Price. Upon careful consideration and thorough deliberation by the Board, the Share Option Scheme was terminated on 22 November 2024 in the manner as prescribed by the rules of the Share Option Scheme (i.e. by way of Board resolutions), and after which, no further Options has been offered or granted, but in all other respects the Share Option Scheme shall remain in full force and effect. Any granted but unexercised Options shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

(1) Purposes

The purposes of the Share Option Scheme are to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. The Scheme intends to link the value of the Company with the interests of the Participants, enabling the Participants and the Company to develop together and promote the Company's corporate culture.

(2) Participants

Any Director or Employee who the Board considers, in its sole discretion, has contributed or will contribute to the Group.

(3) Total number of shares which may be issued

The total number of shares which may be issued upon exercise of all Options granted by the Company under the Share Option Scheme must not exceed 10% of the total number of Shares in issue on the Adoption Date (99,885,000 Shares).

The Company may refresh the 10% limit set out in the above with Shareholders' approval provided that each such limit (as refreshed) may not exceed the 10% of the Shares in issue as at the date of such Shareholders' approval. Options previously granted under the Scheme and any other share schemes adopted by the Company (including those outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised Options) will not be counted for the purpose of calculating the limit to be refreshed.

As of the Latest Practicable Date, the total number of Shares which may be issued under the Share Option Scheme is 75,236,000 shares, accounting for approximately 5.32% of the issued shares (excluding treasury Shares i.e. 1,412,958,391 shares) as at the Latest Practicable Date.

Notwithstanding the foregoing, the total number of Shares which may be issued upon exercise of all Options granted and yet to be exercised under the Share Option Scheme or any other share schemes adopted by the Company must not exceed 10% of the Shares in issue from time to time. No Options may be granted under the Scheme and any other share schemes of the Company if this will result in such limit being exceeded.

(4) Maximum entitlement to each participant

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) under the Share Option Scheme or any other share schemes adopted by the Company in any 12-month period must not exceed 1% of the Shares in issue unless the same is approved by the Shareholders.

Where any grant of Options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates (as defined under the Listing Rules), would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of such grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange), such grant of Options shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

(5) Time of acceptance and exercise of options

An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Scheme and shall remain open for acceptance by the Participant to whom an Offer is made for a period of 28 days from the Offer Date, provided that no such Offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after the Scheme has been terminated in accordance with its provisions.

An Option may be exercised during the Option Period which shall not be more than ten (10) years commencing on the Offer Date. Subject to such terms and conditions as the Board may determine, there is no minimum period for which an Option must be held before it can be exercised.

(6) Amounts to be paid on acceptance of Options

An Offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Offer is duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 (receipt of which shall be deemed to be acknowledged by the Company upon receipt of the duplicate letter comprising acceptance of the offer letter duly signed by the Grantee) by way of consideration for the grant thereof, is received by the Company. Such remittance shall not be refundable.

(7) Basis for determination the Exercise Price

Subject to any adjustments made pursuant to the terms of the Scheme, the Exercise Price shall be at a price determined by the Board at its absolute discretion and notified to the Participant and shall be at least the highest of:

- (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the Offer Date;
- (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Business Days immediately preceding the Offer Date; and
- (iii) the nominal value of a Share on the Offer Date.

(8) The remaining life of the Share Option Scheme

After the termination of the Share Option Scheme on 22 November 2024, no further Options will be granted but the provisions of the Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue.

(9) Details of the Options granted under the Share Option Scheme

As of 31 December 2025, details of the Options granted under the Share Option Scheme were as follows:

Date of grant	Number of grant (units)	Exercise period	Vesting period	Exercise price per Share (HK\$)
30 August 2021	80,000,000	From date of grant to 29 August 2031 (both dates inclusive), save and except for the Share Options granted to Mr. LIU Chunhe and Mr. LI Ping which will be exercisable from 31 March 2022 to 29 August 2031 (both dates inclusive).	80,000,000 Share Options granted by the Company will be vested in four phases after several performance targets related to the Company are achieved from Date of Grant to 29 August 2031 (both dates inclusive).	HK\$4.81 per Share, which represents the higher of (rounding up to 2 decimal places): (i) the closing price of HK\$4.67 per Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of HK\$4.81 per Share as stated in the daily quotations sheets of the Stock Exchange for five business days immediately preceding the date of grant; and (iii) the nominal value of US\$0.0001 per Share.

DIRECTORS' REPORT

The details of Options previously granted to under the Share Option Scheme for the year ended 31 December 2025 are as follows:

Grantee and position	Held on 1 January 2025	Granted for the year ended 31 December 2025	Expired for the year ended 31 December 2025	Exercised for the year ended 31 December 2025	Lapsed for the year ended 31 December 2025	Held on 31 December 2025	Exercise price (HK\$) ⁽²⁾	The closing price immediately before the date of grant (HK\$)	Date of grant	Exercisable from	Exercisable until
Directors											
Mr. LIU Chunhe	24,000,000 ⁽¹⁾	-	-	-	-	24,000,000	4.81	4.73	30 August 2021	31 March 2022	29 August 2031
Mr. LI Ping	6,000,000 ⁽¹⁾	-	-	-	-	6,000,000	4.81	4.73	30 August 2021	31 March 2022	29 August 2031
Mr. SU Jian	9,000,000	-	-	-	-	9,000,000	4.81	4.73	30 August 2021	30 August 2021	29 August 2031
Mr. YE Chunjian	6,000,000	-	-	-	-	6,000,000	4.81	4.73	30 August 2021	30 August 2021	29 August 2031
Sub-total	45,000,000	-	-	-	-	45,000,000 ⁽³⁾					
Other employees											
Employee	31,900,000	-	-	1,994,000	-	29,906,000	4.81	4.73	30 August 2021	30 August 2021	29 August 2031
All the other grantees	330,000 ⁽⁴⁾	-	-	-	-	330,000	4.81	4.73	30 August 2021	30 August 2021	29 August 2031
Total	77,230,000	-	-	1,994,000	-	75,236,000					

Notes:

- The total number of Shares issued and to be issued upon exercise of the Options granted to each of Mr. LIU Chunhe and Mr. LI Ping exceeded in a 12-month period 1% of the Shares in issue and such grant in a 12-month period represented over 0.1% of the Shares in issue, and have an aggregate value, based on the closing price of HK\$4.67 per Share on the date of grant, in excess of HK\$5 million. The Options granted to Mr. LIU Chunhe and Mr. LI Ping were approved by the independent Shareholders at the extraordinary general meeting of the Company on 31 March 2022.
- The Exercise Price shall be at least the highest of (i) the closing price of HK \$4.67 per share as stated in the daily quotation sheet issued by the Stock Exchange on the Grant Date; (ii) the average closing price of HK \$4.81 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately before the date of grant; and (iii) the nominal value of US\$0.0001 each.

3. As of 31 December 2025, 77,230,000 Share Options granted by the Company will be vested in four phases after several performance objectives related to the Company are achieved. A total of 45,000,000 options granted to Mr. LIU Chunhe, Mr. LI Ping, Mr. SU Jian and Mr. YE Chunjian will be vested in four phases according to the proportion of 30%, 25%, 25% and 20% of the Options granted, that is, the 30% granted will be vested when the audited income of the Group in the financial year exceeds RMB2.3 billion or the average market value of the Company in three months exceeds HK\$12 billion, 25% will be vested when the audited income of the Group in the financial year exceeds RMB3.5 billion or the three-month average market value of the Company exceeds HK\$20 billion, and the other 25% will be vested when the audited income of the Group in the financial year exceeds RMB5 billion or the three-month average market value of the Company exceeds HK\$30 billion, The remaining 20% will be vested when the audited revenue of the Group in the financial year exceeds RMB6.5 billion or the three-month average market value of the company exceeds HK\$40 billion. For other employees, the Board has set the performance objectives above or performance objectives that require grantees to meet certain revenue objectives of the Company's products.
4. These include 330,000 Share Options granted by the Company to a former employee who left the Group in May 2022, which have been vested before his resignation and reallocated from the category of employee to all other eligible participants due to his resignation.
5. The number of Shares under the Share Option Scheme outstanding as of 1 January 2025, granted during the year, exercised during the year, cancelled or lapsed during the year, and outstanding as at 31 December 2025 for the five highest paid individuals in 2025 in aggregate are 2,805,000, 0, 0, 0, and 4,080,000, respectively.
6. The number of Shares under the Share Option Scheme outstanding as of 1 January 2025, granted during the year, exercised during the year, cancelled or lapsed during the year, and outstanding as at 31 December 2025 for the other grantees in 2025 (excluding the Directors and the five highest paid individuals) in aggregate are 23,820,000, 0, 1,994,000, 0, and 51,026,000, respectively.

Save as disclosed above, no Share Options expired or were granted, exercised or lapsed in accordance with the terms of the Share Option Scheme during the Reporting Period.

As no Options were granted under the Share Option Scheme of the Company during the year ended 31 December 2025, the number of Shares that may be issued in respect of the options and awards granted under all share schemes of the Company during the Reporting Period is nil. Accordingly, the value of the number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period is nil.

As no Options can be granted after the termination of the Share Option Scheme, as of the respective dates of 1 January 2025 and 31 December 2025, the total number of Options available for grant under the Share Option Scheme was 0 Shares and 0 Shares, respectively, representing approximately 0% and 0% of the then issued share capital of the Company and approximately 0% and 0% of the issued share capital of the Company as of the Latest Practicable Date, respectively.

Details of the Share Option Scheme and movements in Share Options during the Reporting Period are disclosed in note 31 to the consolidated financial statements.

DIRECTORS' REPORT

RSU AWARD SCHEME

The Board of Directors approved the adoption of the RSU Award Scheme on 7 June 2022, with revisions thereto made on the respective dates of 21 May 2024 and 23 July 2024, which aims to provide opportunities for them to own the equity of the Company, motivate the directors (excluding independent non-executive directors), senior management, senior staff, and consultants of the Group to contribute to the Group, and attract and retain skilled and experienced personnel for the future growth of the Group. The Company appoints an RSU trustee ("**RSU Trustee**") to assist in the management and vesting of RSUs granted under the RSU Award Scheme. A summary of the terms of the RSU Award Scheme is contained in our announcement on the adoption of the RSU Award Scheme dated 9 June 2022 and announcements of the Company dated 21 May 2024 and 23 July 2024 in relation to the amendments thereto.

RSU Award Scheme Participants

RSU Award Scheme participants ("**RSU Award Scheme Participants**", and each a "**RSU Award Scheme Participant**") include directors (excluding independent non-executive Directors), senior management, officers and consultants of the Company or its subsidiaries. Consultants refer to any person that provides research, development, consultancy and other technical or operational support to the Group and has contributed or will contribute to the Group. The RSU Administrator selects the RSU Participants to grant RSUs under the RSU Award Scheme at its discretion.

Maximum entitlement of each participant

The RSU Award Scheme does not provide for a maximum entitlement of each RSU Award Scheme Participant.

Term of RSU Award Scheme

The RSU Award Scheme will be valid and effective for a period of ten (10) years, commencing from the adoption date of the RSU Award Scheme, unless it is terminated earlier in accordance with its terms. As of the Latest Practicable Date, the remaining life of the RSU Award Scheme is less than seven (7) years.

Maximum number of shares granted under the RSU Award Scheme

The aggregate number of Shares involved in the RSUs under the RSU Award Scheme (excluding the RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Award Scheme) shall not exceed 10% of the Company's share capital in issue on the adoption date of the RSU Award Scheme, being 119,121,600 Shares.

As at the date of this Latest Practicable Date, the total number of shares which may be granted under the RSU Award Scheme is 78,186,003 shares, accounting for approximately 5.53% of the issued shares (excluding treasury Shares i.e. 1,412,958,391 shares).

Total number of Shares available for issue under the RSU Award Scheme and % of issued share capital as of the Latest Practicable Date

No new Shares will be issued under the RSU Award Scheme.

Grant and Acceptance

(1) Making an offer

Relevant Shares of the RSUs will be granted in accordance with the RSU Award Scheme Participants' contribution to the Group and the overall business performance of the Group. An offer to grant the RSUs will be made to a RSU Participant selected by the RSU Administrator (the "**RSU Selected Person**") by a letter (the "**RSU Grant Letter**"). The RSU Grant Letter should specify the RSU Selected Person's name, the manner of acceptance of the RSU, the number of RSU granted and the number of underlying Shares represented by the RSU, the vesting criteria and conditions, the vesting schedule and such other details as the RSU Administrator considers necessary.

(2) Acceptance of an offer

A RSU selected person may accept an offer of the grant of the RSUs in such manner as set out in the RSU Grant Letter. Once accepted, the RSU is deemed granted from the date of the RSU Grant Letter (the “**RSU Grant Date**”).

Vesting of the RSUs

The RSU Administrator determined the vesting criteria, conditions and time schedule for the RSUs at the time of vesting of the RSUs as follows:

(1) Lock-up of the RSUs

The RSUs are subject to lock-up once granted to RSU Award Scheme Participants. The Lockup Period of the RSUs are from the date on which the RSU Award Scheme Participants are granted the RSUs and until three years after the date of the first unlocking of the RSUs. The date of the first unlocking is within six months after the grant of the RSUs and shall be at the discretion of Mr. LIU Chunhe under the authorisation of the Board.

(2) Unlock of the RSUs

(a) Unlock time schedule

Unless the Board shall otherwise determine and so notify the RSU Award Scheme Participant in writing, the RSUs will be unlocked in four successive equal proportions. The RSU Award Scheme Participant may unlock the RSUs in equal shares at the rate of 25% year by year after the date of the first unlocking; thereafter, the RSU Award Scheme Participant unlocks the RSUs successively and proportionally at the first anniversary, the second anniversary and the third anniversary of the date of the first unlocking.

(b) Requirements for unlock

Until the RSUs can be unlocked in the current period, where a RSU Award Scheme Participant is an employee of the Group who is under the employment of the Group, then he/she may perform the unlock of RSUs in current period; where a RSU Award Scheme Participant is an external consultant of the Group who is under the employment of the Group, he/she may perform the unlock of RSU in current period. As agreed under the RSU Award Scheme, where a RSU Award Scheme Participant falls under the circumstance that “the unvested portion of the RSUs granted to the RSU Award Scheme Participant is automatically and immediately terminated”, “the unvested portion of the RSUs granted to the RSU Award Scheme Participant” will be revoked by Three D Partners Limited or the Company, and the RSU Award Scheme Participant ceases to have any right to “the unvested portion of the RSUs granted to the RSU Award Scheme Participant”. As agreed under the RSU Award Scheme, where a RSU Award Scheme Participant falls under the circumstance that “the vested and unvested RSUs are automatically and immediately terminated”, “the vested and unvested RSUs” of the RSU Award Scheme Participant will be revoked by Three D Partners Limited or the Company, and the RSU Award Scheme Participant ceases to have any right to “the vested and unvested RSUs”.

Unless otherwise arranged in the RSU Award Scheme or permitted by a Board resolution of the Company, the locked part of the RSUs may not be used to pledge, guarantee or repay debts.

DIRECTORS' REPORT

Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the RSU Administrator shall send the vesting notice ("**Vesting Notice on RSU**") to each of the relevant RSU Award Scheme Participants. The Vesting Notice on RSU will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares involved and, if applicable, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares.

Amounts to be paid on acceptance of RSUs

The amount to be paid on acceptance of RSUs is nil under the RSU Award Scheme.

Basis of determining the purchase price

No purchase price is to be paid by the RSU Award Scheme Participant for the RSUs granted under the RSU Award Scheme.

Utilisation of Shares withheld

The Board has resolved, on 21 May 2024, to amend the RSU Award Scheme such that Shares so withheld to satisfy personal income tax obligations that arose upon the respective vesting of the RSUs under the RSU Award Scheme (that are equivalent in value to the tax obligation due and paid for by the Company) could be made available and transferrable afresh to satisfy the exercise of RSUs (as if they were on market purchases funded by the Company).

Details of the RSUs granted under the RSU Award Scheme

As of 31 December 2025, details of the RSUs granted under the RSU Award Scheme and still valid were as follows:

Grantees of RSUs	Number of RSUs unvested as at 1 January 2025	Granted during the year ended 31 December 2025	Dates of grant	The closing Price of Shares underlying RSUs on the grant date	Purchase price	Vesting period	RSUs vested during the year ended 31 December 2025	Weighted average closing price of Shares underlying RSUs immediately prior to the date of vesting	RSUs lapsed during the year ended 31 December 2025	RSUs cancelled during the year ended 31 December 2025	Number of RSUs unvested as at 31 December 2025	The closing price of Shares immediately before the grant date

5 highest paid employees of 2025 in aggregate

- 1 employee of the Company	334,624	0	21 March 2024	HK\$2.55	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2024, 20 July 2025, 20 July 2026 and 20 July 2027, respectively. No performance target is attached to the vesting of RSUs so granted.	112,000	HK\$11.10	0	0	222,624	HK\$2.60
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								Weighted average closing price of					
		Number of RSUs unvested as at 1 January 2025	Granted during the year ended 31 December 2025	Dates of grant	The closing Price of Shares underlying RSUs on the grant date	Purchase price	Vesting period	RSUs vested during the year ended 31 December 2025	Shares underlying RSUs immediately prior to the date of vesting	RSUs lapsed during the year ended 31 December 2025	RSUs cancelled during the year ended 31 December 2025	Number of RSUs unvested as at 31 December 2025	The closing price of Shares immediately before the grant date
Grantees of RSUs													
– 4 employees of the Company		0	16,205,530	20 March 2025	HK\$6.47	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2025, 20 July 2026, 20 July 2027 and 20 July 2028, respectively. No performance target is attached to the vesting of RSUs so granted.	4,058,000	HK\$11.10	0	0	12,147,530	HK\$6.56
Sub-total		334,624	16,205,530					4,170,000		0	0	12,370,154	
Other employees													
– 6 employees of the Company		1,234,509	0	21 March 2024	HK\$2.55	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2024, 20 July 2025, 20 July 2026 and 20 July 2027, respectively. No performance target is attached to the vesting of RSUs so granted.	394,000	HK\$11.10	65,325	0	775,184	HK\$2.60

DIRECTORS' REPORT

Grantees of RSUs	Number of RSUs unvested as at 1 January 2025	Granted during the year ended 31 December 2025	Dates of grant	The closing Price of Shares underlying RSUs on the grant date	Purchase price	Vesting period	RSUs vested during the year ended 31 December 2025	Weighted average closing price of Shares underlying RSUs immediately prior to the date of vesting	RSUs lapsed during the year ended 31 December 2025	RSUs cancelled during the year ended 31 December 2025	Number of RSUs unvested as at 31 December 2025	The closing price of Shares immediately before the grant date
- 72 employees of the Company	0	14,110,654	20 March 2025	HK\$6.47	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2025, 20 July 2026, 20 July 2027 and 20 July 2028, respectively. No performance target is attached to the vesting of RSUs so granted.	3,004,000	HK\$11.10	2,706,841	0	8,399,813	HK\$6.56
- 7 employees of the Company	0	897,415	21 May 2025	HK\$10.26	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2025, 20 July 2026, 20 July 2027 and 20 July 2028, respectively. No performance target is attached to the vesting of RSUs so granted.	232,000	HK\$11.10	0	0	665,415	HK\$9.77
Sub-total	1,234,509	15,008,069					3,630,000		2,772,166	0	9,840,412	
Employees of the Company in aggregate (Based on respective dates of grant)	1,569,133	0	21 March 2024	HK\$2.55	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2024, 20 July 2025, 20 July 2026 and 20 July 2027, respectively. No performance target is attached to the vesting of RSUs so granted.	506,000	HK\$11.10	65,325	0	997,808	HK\$2.60

Grantees of RSUs	Number of RSUs unvested as at 1 January 2025	Granted during the year ended 31 December 2025	Dates of grant	The closing Price of Shares underlying RSUs on the grant date	Purchase price	Vesting period	RSUs vested during the year ended 31 December 2025	Weighted average closing price of	RSUs lapsed during the year ended 31 December 2025	RSUs cancelled during the year ended 31 December 2025	Number of RSUs unvested as at 31 December 2025	The closing price of Shares immediately before the grant date
								Shares underlying RSUs immediately prior to the date of vesting				
	0	30,316,184	20 March 2025	HK\$6.47	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2025, 20 July 2026, 20 July 2027 and 20 July 2028, respectively. No performance target is attached to the vesting of RSUs so granted.	7,062,000	HK\$11.10	2,706,841	0	20,547,343	HK\$6.56
	0	897,415	21 May 2025	HK\$10.26	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2025, 20 July 2026, 20 July 2027 and 20 July 2028, respectively. No performance target is attached to the vesting of RSUs so granted.	232,000	HK\$11.10	0	0	665,415	HK\$9.77
Total	1,569,133	31,213,599					7,800,000		2,772,166	0	22,210,566	

As of the respective dates of 1 January 2025 and 31 December 2025, the total number of Shares that are available for grant were 117,086,536 and 90,761,003, respectively. The RSU Trustee has purchased a total of 119,768,000 shares pursuant to RSU Award Scheme since the adoption of the RSU Award Scheme and as of 31 December 2025, accounting for 8.48% of the existing total number of Shares in issue of the Company (excluding treasury Shares).

Since the adoption of the RSU Award Scheme and as of 31 December 2025, no grant has been made to the following persons: (i) each of the directors, chief executive or substantial shareholders of the Company, or their respective associates; (ii) each participant with options to be granted in excess of the 1% individual limit; (iii) each related entity participant or service provider with options to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue of the Company; and (iv) other employee participants, related entity participants and service providers.

As of 1 January 2025, the aggregate number of Shares underlying the granted RSU Awards under the RSU Award Scheme was 2,099,133. As of 31 December 2025, 33,312,732 RSU Awards were granted, 2,772,166 RSU Awards were lapsed and no RSU Awards were cancelled under the RSU Awards Scheme. As of 31 December 2025, the aggregate number of Shares underlying the granted RSU Awards under the RSU Awards Scheme was 33,312,732, representing approximately 2.36% of the issued share capital of the Company (excluding treasury Shares) as of 31 December 2025. As of the respective dates of 1 January 2025 and 31 December 2025, the aggregate number of Shares underlying the unvested RSU Awards were 1,569,133 and 22,210,566.

THE NBT RSU SCHEME

The following sets out a summary of the principal terms of the NBT RSU Scheme approved and adopted by ordinary resolutions passed by the Shareholders at the extraordinary general meeting held on 12 December 2024 (the “**Adoption Date**”). For details, please refer to the announcement of the Company dated 22 November 2024 and the circular of the Company dated 25 November 2024 in relation to, *inter alia*, the adoption of the NBT RSU Scheme. Save as otherwise specified herein, capitalised terms used herein shall have the meanings ascribed thereto in the aforementioned circular.

The Company shall, for the purposes of satisfying the grant of an Award, (i) issue and allot Shares to the Trustee and/or (ii) transfer to the Trust the necessary funds and/or (iii) instruct the Trustee to purchase existing Shares on-market or off the market at the prevailing market price or at price within a specified price range and/or (iv) transfer Shares (including treasury Shares) to satisfy Awards granted under the NBT RSU Scheme.

Purposes of the NBT RSU Scheme

The purposes of the NBT RSU Scheme are to: (i) recognise the past and/or potential contributions by the Selected Participants; (ii) attract and retain the Selected Participants for the continual operation and development of the Group, and attract suitable personnel for its further development; (iii) provide additional incentives for the Selected Participants to achieve performance goals; (iv) motivate the Selected Participants to maximise the value of the Company and/or the Group by aligning their interests directly with that of the Shareholders through ownership of Shares; and (v) provide the Company with such flexible means of retaining, incentivising, compensating or providing benefits to the Selected Participants.

Eligible Participants

Eligible Participants under the NBT RSU Scheme shall comprise: (i) any employee (whether full-time or part-time), executive, officer, directors (including executive, non-executive and independent non-executive directors) of any member of the Group or any Related Entity; (ii) any person/corporate entity who/which is granted Awards under the NBT RSU Scheme as an inducement to enter into employment, consulting, services or similar agreement with the Company, any member of the Group or any Related Entity; and (iii) any Service Provider of the Company and/or the Group and/or any Related Entity who/which, in the sole opinion of the Board, have contributed or may potentially contribute to the growth and development of the Group and/or any Related Entity, which fall under the three classes, namely (i) the Employee Participants, (ii) the Related Entity Participants and (iii) the Service Providers, and his/her eligibility shall, in each case, be determined by the Board from time to time on the basis of the Board's opinion as to his/her contribution and/or potential contribution to the development of the Group.

Maximum number of Shares available for grant

The total number of new Shares which may be issued in respect of all Awards that may be granted under the NBT RSU Scheme and all options and/or awards involving issue of new Shares that may be granted under any other share schemes of the Company shall be 119,121,600 Shares, representing 10% and 8.4% of the Shares in issue (excluding treasury Shares), respectively, as at the Adoption Date and the Latest Practicable Date or subsequently as at the most recent date of approval by the Shareholders ("**New Approval Date**") of the refreshed limit (as the case may be) ("**Scheme Limit**"), unless otherwise permitted by the Listing Rules or Shareholders' approval is obtained in compliance with the Listing Rules.

The maximum number of Shares which may be issued in respect of all Awards that may be granted to the Service Providers under the NBT RSU Scheme and all options and/or awards involving issue of new Shares that may be granted under any other share schemes (including the Share Option Scheme) of the Company shall be approximately 11,912,160 Shares, representing approximately 1% and 0.84% of the Shares in issue (excluding treasury Shares) ("**Service Provider Sublimit**"), respectively, as at the Adoption Date and the Latest Practicable Date.

There is no limit on the number of existing shares which may be awarded to Selected Participants under the NBT RSU Scheme.

Maximum entitlement of each Selected Participant

Unless approved by the Shareholders in the manner prescribed by the NBT RSU Scheme Rules, the total number of Shares issued and to be issued in respect of all options and/or awards and/or Awards granted under the NBT RSU Scheme and any other share schemes of the Company to each Selected Participant in any 12-month period shall not exceed 1% of the Shares in issue (excluding treasury Shares).

DIRECTORS' REPORT

Vesting Period

The vesting period for Awards under the NBT RSU Scheme shall not be less than 12 months from the Grant Date. To ensure the practicability of fully attaining the purpose of the NBT RSU Scheme, the Board is of the view that (i) there are certain instances where a strict 12-month vesting requirement would not work or would not be fair to the Selected Participant (especially in cases where awards were granted to Employee Participants in replacement or in substitution of (A) awards from previous employment so forfeited upon joining the Group as inducement for employment or (B) awards granted under the Group's other employee share incentive schemes as prompted by a shift in the Company's administrative, operational and human resources deployment policies or strategic initiatives, where perceived fairness requires that the elapsed vesting period of the original awards be taken into account); (ii) there is a need for the Company to retain flexibility in certain cases to provide a competitive remuneration package to attract and retain Employee Participants to provide services to the Group, to provide for succession planning and the effective transition of employee responsibilities, and to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (iii) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to the changing market conditions and industry competition, and thus should be able to retain such flexibility to impose vesting conditions, such as performance-based vesting conditions instead of mere time-based vesting criteria, having due consideration and regard to individual circumstances.

Amount payable on acceptance or vesting of Award Shares

Unless otherwise provided in the relevant Notice of Grant, no purchase price is payable by the Selected Participants on acceptance or vesting of Award Shares under the NBT RSU Scheme.

Remaining Life of the NBT RSU Scheme

The NBT RSU Scheme shall be valid and effective for a term of 10 years commencing on 12 December 2024. As at the Latest Practicable Date, the remaining life of the NBT RSU Scheme is approximately 8 years and 8 months.

Details of the RSUs granted under the NBT RSU Scheme

Details of the movements of the Award Shares granted under the NBT RSU Scheme during the Reporting Period are as follows:

Grantees by categories	Date of grant	Purchase price	Performance Target (if any)	Vesting period	Number of Awards						Closing price of the Shares immediately before the grant date (HK\$)	Fair value of Awards on the date of grant and the accounting standard and policy adopted	Weighted average closing price of Shares underlying Awards immediately the date of vesting
					Unvested Awards as at 1 January 2025	Granted during the Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Unvested Awards as at 31 December 2025			
5 highest paid employees of 2025 in aggregate													
-1 employees of the Company	23 December, 2024	Nil	Note1	Note2	18,567,212	0	4,641,803	0	0	13,925,409	3.89	Note3	HK\$10.90
Other employees													
-25 employees of the Company	23 December, 2024	Nil	Note1	Note2	6,604,840	0	1,651,228	172,085	0	4,781,527	3.89	Note3	HK\$10.90
Total					25,172,052	0	6,293,031	172,085	0	18,706,936			

Note:

1. The Awards granted to the Grantees are awarded to them (i) based on their work performance (as assessed by the Group), and their historical and potential contributions, and (ii) for the purpose of retaining and incentivising them to promote the development and long term growth of the Group, and (iii) are subject to clawback mechanisms as detailed in the rules of the NBT RSU Scheme and the relevant grant announcement, and thus no additional performance target is imposed for the vesting of the Awards. In view of the foregoing, the Board and the Remuneration Committee considers the grant of Awards to the Grantees, and the vesting of the Awards in the manner described herein, aligns with the purposes of the NBT RSU Scheme (as disclosed in the circular of the Company dated 25 November 2024).
2. The Awards shall vest in four tranches in equal portions, first on 23 December 2025, and subsequently on 20 July 2026 ("**Second Vesting Date**"), and thereafter on each of the first and second anniversary of the Second Vesting Date.
3. The fair value is 3.85 HKD based on the closing price of the Shares on the grant date. For accounting policy, please refer to Note 2.20 in the consolidated financial statements .

The NBT RSU Scheme was approved and adopted on 12 December 2024. Prior to its adoption, no Awards had been granted, vested, cancelled, or lapsed. In addition, there were 25,172,052 unvested Awards shares under the NBT RSU Scheme as at 1 January 2025. As at 31 December 2025, the aggregate number of Shares underlying the granted RSUs under the NBT RSU Scheme was 25,172,052 (of which 172,085 RSUs previously granted to the grantees were forfeited at the date of their resignation), representing approximately 1.78% of the issued share capital of the Company (excluding treasury Shares) as at 31 December 2025. As at 31 December 2025, 94,134,378 Shares are available for grant under the NBT RSU Scheme. For the year ended 31 December 2025, no Awards had been granted or cancelled under the NBT RSU Scheme. For the year ended 31 December 2025, 6,293,031 shares had been vested and 172,085 shares had been lapsed under the NBT RSU Scheme. Shares that shall be transferred to such Grantees upon vesting of the Awards may comprise (as the case may be) (i) new Shares, which rank *pari passu* in all respects among themselves and with all the Shares in issue from time to time, to be issued and allotted to the Trustee and/or (ii) existing Shares in issue to be purchased by the Trustee on-market or off market out of cash contributed by the Company and/or (iii) Shares so transferred to the Trustee to be held on trust for the Grantees and set aside for the Awards. It follows that, as at the Latest Practicable Date, 94,134,378 new Shares, representing approximately 6.66% of the issued Shares (excluding treasury Shares) as at the Latest Practicable Date were available for grant under the Scheme Limit, and 11,912,160 Shares are available for future grant under the Service Provider Sublimit.

The number of Shares under the NBT RSU Scheme outstanding as at 1 January 2025, granted during the year, vested during the year, cancelled or lapsed during the year, and outstanding as at 31 December 2025 for the five highest paid individuals in 2025 in aggregate were 18,567,212, 0, 4,641,803, 0 and 13,925,409 , respectively. The average weighted average closing price of the Shares immediately before the date on which such RSUs were vested in 2025, being 23 December 2025, was HK\$10.90.

The number of Shares under the NBT RSU Scheme outstanding as at 1 January 2025, granted during the year, vested during the year, cancelled or lapsed during the year, and outstanding as at 31 December 2025 for other grantees (other than the Directors and the five highest paid individuals) in aggregate were 6,604,840, 0, 1,651,228, 172,085 and 4,781,527, respectively. The average weighted average closing price of the Shares immediately before the date on which such RSUs were vested in 2025, being 23 December 2025, was HK\$10.90.

For the year ended 31 December 2025, the number of Shares that may be issued in respect of the Awards granted under the NBT RSU Scheme of the Company divided by the weighted average number of Shares (excluding treasury Shares) for the year is nil. For the year ended 31 December 2025, the number of Shares that may be issued in respect of the options under the Share Options Scheme and Awards granted under the NBT RSU Scheme of the Company (i.e. the options and awards granted under all schemes of the Company) divided by the weighted average number of Shares (excluding treasury Shares) for the year is nil.

Pursuant to the rules of the NBT RSU Scheme, 12,745 Shares underlying the vested RSUs were withheld for personal income tax incurred due to the vesting of such RSUs during the year.

DIRECTORS' REPORT

EQUITY-LINKED AGREEMENT

Saved as disclosed in this annual report, no equity-linked agreement that will or may result in the Company issuing Shares or that requires the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the year ended 31 December 2025 or subsisted as of the end of 2025.

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

The Shares have been listed on the Stock Exchange since the Listing Date. During the Relevant Period, save as disclosed in this annual report, neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company's listed securities (including sales of treasury Shares). As at 31 December 2025 and the Latest Practicable Date, the Company did not hold any treasury Shares.

SHARE PURCHASE PURSUANT TO RSU AWARD SCHEME

The details of Shares purchased by Three D Partners Limited pursuant to RSU Award Scheme during the Reporting Period are as follows:

Total number of Shares purchased: 49,402,000

Percentage of the Shares purchased to the existing total number of Shares in issue: Approximately 3.50%

Average consideration per Share: Approximately HK\$5.21

Total consideration of Shares purchased: Approximately HK\$257,509,710.00

For further details, please refer to the announcements of the Company dated 3 January 2025, 10 January 2025, 19 January 2025, 28 March 2025, 3 April 2025, 11 April 2025, 17 April 2025, 25 April 2025, 19 November 2025, 26 November 2025, 3 December 2025, 10 December 2025 and 17 December 2025.

PRE-EMPTIVE RIGHTS

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

CONNECTED TRANSACTIONS

Non-exempted Continuing Connected Transactions

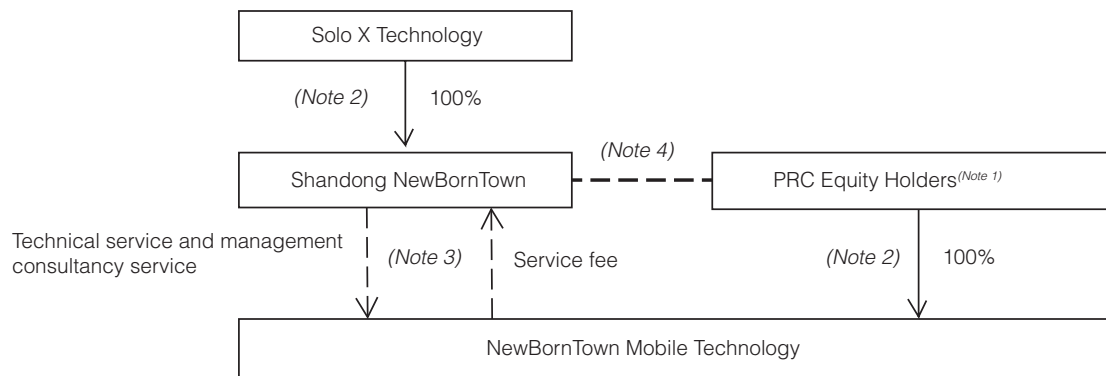
Contractual Arrangements

The Group's existing contractual arrangements – Structural Contracts

Shandong NewBornTown has entered into various agreements with and among the PRC Equity Holders and other related parties. Under the Contractual Arrangements, Shandong NewBornTown has acquired effective control over the financial and operational policies of the Consolidated Affiliated Entities and has become entitled to all economic benefits derived from their operations to the extent permitted under the PRC laws and regulations by means of service fees payable by the Consolidated Affiliated Entities to Shandong NewBornTown.

Accordingly, through the Contractual Arrangements, the Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows are consolidated into the Group's financial statements.

The following simplified diagram illustrates the flow of economic benefits from the Consolidated Affiliated Entities to the Group stipulated under the Structured Contracts:



Notes:

- (1) PRC Equity Holders refer to the registered shareholders of NewBornTown Mobile Technology, namely Mr. LIU Chunhe, Mr. HUANG Mingming, Mr. YE Chunjian, Mr. DU Li, Mr. LI Ping, Beijing Phoenix Fortune Interconnection Investment Fund (Limited Partnership), and Hande Houcheng. With each of Shanghai Longwin Xinhui Investment Partnership Enterprise (Limited Partnership), Ningbo Meihua Shunshi Angel Capital Partnership Enterprise (Limited Partnership), Haitong Kaiyuan Investment Co., Ltd., Shanghai Haitong Xinxi Investment Center (Limited Partnership), Beijing Amphora Guotai Venture Capital Investment Co., Ltd. and Jiaying Fuqiang Ruiyi Equity Investment Limited Partnership Enterprise (Limited Partnership) having completed the sale of all such Shares held in the Company held by them, on 1 February 2023, Hande Houcheng acquired the equity interests in NewBornTown Mobile Technology held by such entities for nominal consideration and pledged such equity interests to Shandong NewBornTown.
- (2) “—>” denotes direct legal and beneficial ownership in the equity interest (except in the case of HUANG Mingming, which the beneficial ownership in the equity interest of NewBornTown Mobile Technology is held by HUANG Mingming on behalf of Future Capital Discovery Fund I, L.P.).
- (3) “——>” denotes contractual relationship under the Structured Contracts, please refer to the section headed “Contractual Arrangements – Summary of the Material Terms of the Contractual Arrangements” in the Prospectus for details.
- (4) “——” denotes the control by Shandong NewBornTown over the PRC Equity Holders and NewBornTown Mobile Technology through (i) powers of attorney to exercise all shareholders' rights in NewBornTown Mobile Technology, (ii) exclusive equity call options to acquire all or part of the equity interests in NewBornTown Mobile Technology, (iii) exclusive asset call options to acquire all or part of the intellectual property and all other assets of NewBornTown Mobile Technology, and (iv) equity pledges over the equity interests in NewBornTown Mobile Technology.

A description of each of the specific agreements that comprise the Structured Contracts is set out below.

Exclusive Business Cooperation Agreement

NewBornTown Mobile Technology and Shandong NewBornTown entered into the exclusive business cooperation agreement on 26 June 2019 ("**Exclusive Business Cooperation Agreement**"), pursuant to which Shandong NewBornTown shall provide exclusive technical services and exclusive management consultancy services to NewBornTown Mobile Technology, including:

- (a) the use of any relevant software legally owned by Shandong NewBornTown;
- (b) development, maintenance and updating of software in respect of the NewBornTown Mobile Technology's business;
- (c) design, installation, daily management, maintenance and updating of network systems, hardware and database design;
- (d) providing technical support and staff training services to relevant employees of NewBornTown Mobile Technology;
- (e) providing assistance in consultancy, collection and research of technology and market information (excluding market research business that wholly foreign-owned enterprises are prohibited from conducting under the PRC Laws;
- (f) providing business management consultation;
- (g) providing marketing and promotional services;
- (h) providing customer order management and customer services;
- (i) transfer, leasing and disposal of equipment or properties; and
- (j) other relevant services requested by NewBornTown Mobile Technology from time to time to the extent permitted under the PRC Laws.

Pursuant to the Exclusive Business Cooperation Agreement, the service fee shall consist of 100% of the total consolidated profit of NewBornTown Mobile Technology, after the deduction of any accumulated deficit of NewBornTown Mobile Technology and its subsidiaries in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions.

Exclusive Option Agreements

(a) Exclusive Equity Call Option Agreement

The PRC Equity Holders, NewBornTown Mobile Technology and Shandong NewBornTown entered into the exclusive equity call option agreement on 26 June 2019 ("**Exclusive Equity Call Option Agreement**"), pursuant to which the PRC Equity Holders shall irrevocably grant Shandong NewBornTown or its designated purchaser the right to purchase all or part of the equity interests in NewBornTown Mobile Technology, in whole or in part at any time and from time to time, at RMB1. If the minimum purchase price permitted under PRC laws and regulations is higher than RMB1, the transfer price shall be the minimum purchase price permitted under PRC laws and regulations.

The Exclusive Equity Call Option Agreement was commenced on 26 June 2019 being the date of the agreements, until it is terminated (i) upon the transfer of the entire equity interests of NewBornTown Mobile Technology to Shandong NewBornTown or its designated person, or (ii) as agreed by all parties to the agreement.

(b) Exclusive Assets Call Option Agreement

NewBornTown Mobile Technology and Shandong NewBornTown entered into the exclusive assets call option agreement on 26 June 2019 ("**Exclusive Assets Call Option Agreement**"), pursuant to which the NewBornTown Mobile Technology shall irrevocably grant Shandong NewBornTown or its designated purchaser the right to purchase all intellectual properties and all other assets in NewBornTown Mobile Technology, in whole or in part at any time and from time to time, at RMB1. If the minimum purchase price permitted under PRC laws and regulations is higher than RMB1, specified in PRC laws and regulations, the transfer price shall be the minimum purchase price permitted under PRC laws and regulations. Subject to the approval of both parties, the transfer fee of target assets under the Exclusive Assets Call Option Agreement may be offset by the relevant amount due to Shandong NewBornTown.

The Exclusive Assets Call Option Agreement was commenced on 26 June 2019, being the date of the agreements, until it is terminated (i) upon the transfer of the entire assets of NewBornTown Mobile Technology to Shandong NewBornTown or its designated person; or (ii) as agreed by all parties to the agreement.

Equity Pledge Agreement

Shandong NewBornTown, NewBornTown Mobile Technology and the PRC Equity Holders entered into the equity pledge agreement on 26 June 2019 and on 1 February 2023 ("**Equity Pledge Agreement**"), pursuant to which each of the PRC Equity Holders agreed to pledge all of their respective equity interests in NewBornTown Mobile Technology to Shandong NewBornTown that they own, including any interest or dividend paid for the shares, to Shandong NewBornTown as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts.

The pledge in respect of NewBornTown Mobile Technology takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until the earlier date of (i) all the outstanding debts of the PRC Equity Holders and NewBornTown Mobile Technology under the relevant Structured Contracts have been fully performed; (ii) Shandong NewBornTown exercise its pledge rights in accordance with terms and conditions under such agreement; and (iii) each of the PRC Equity Holders has transferred his equity interests in NewBornTown Mobile Technology in accordance with the Exclusive Option Agreement.

The registration of the pledge of equity interests as required by the relevant laws and regulations has been completed in accordance with the term of the Equity Pledge Agreement and PRC Laws and regulations.

Powers of attorney

Each of the PRC Equity Holders and Shandong NewBornTown entered into the powers of attorney on 26 June 2019 pursuant to which the PRC Equity Holders irrevocably appointed Shandong NewBornTown and its designated persons as its attorneys-in-fact to exercise on its behalf, and agreed and undertook not to exercise without such attorneys-in-fact's prior written consent, any and all right that it have in respect of its equity interests in NewBornTown Mobile Technology, including without limitation:

- (a) to convene and attend general meetings of NewBornTown Mobile Technology;
- (b) to exercise all shareholder's rights and shareholder's voting rights in accordance with law and the constitutional documents of NewBornTown Mobile Technology, including but not limited to the sale, transfer, pledge or disposal of any or all of the equity interests in NewBornTown Mobile Technology;
- (c) to execute any written resolutions; and
- (d) to nominate or appoint the legal representatives, directors, supervisors, chief executive officers and other senior management of NewBornTown Mobile Technology.

Further, the Powers of Attorney shall remain effective for so long as each of the PRC Equity Holders holds equity interest in NewBornTown Mobile Technology, unless that (i) the Powers of Attorney is terminated by all parties; or (ii) all the equity interest or assets of NewBornTown Mobile Technology held by each of the PRC Equity Holders have been legally and effectively transferred to Shandong NewBornTown and/or a third party designated by it.

Save as disclosed above, there were no other new arrangements or agreements of a similar nature being entered into, renewed and/or re-entered into between Shandong NewBornTown the PRC Equity Holders and other related parties during the year ended 31 December 2025.

There was no material change in the Structured Contracts and/or the circumstances under which they were adopted during the year ended 31 December 2025. For the year ended 31 December 2025, none of the Structured Contracts had been unwound on the basis that none of the restrictions that led to the adoption of the Structured Contracts had been removed. As of 31 December 2025, the Group had not encountered interference or encumbrance from any PRC governing bodies in operating the businesses through the Consolidated Affiliated Entities under the Structured Contracts.

The revenue and loss for the year of the Consolidated Affiliated Entities subject to the Structured Contracts amounted to approximately RMB1,051.0 million and RMB10.5 million for the year ended 31 December 2025, respectively. The total assets and total liabilities of the Consolidated Affiliated Entities subject to the Structured Contracts amounted to approximately RMB2,139.4 million and RMB643.1 million as at 31 December 2025, respectively.

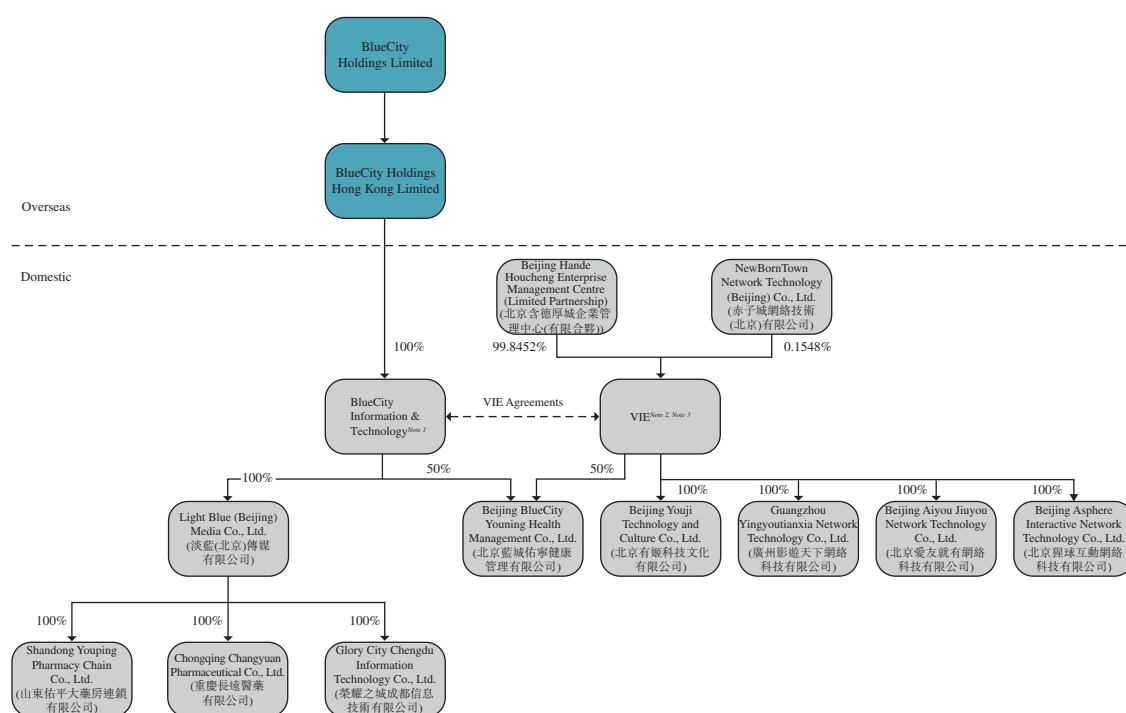
BlueCity Entities' contractual arrangements – VIE Agreements

References are made to the announcements of the Company dated 23 March 2023, 26 June 2023, 19 July 2023, and 2 August 2023, and the circular of the Company dated 30 June 2023 regarding, *inter alia*, the transactions contemplated under the Sale and Purchase Agreement entered into by the Company and Spriver on 23 March 2023 for the Company's acquisition from Spriver the entire issued share capital of Chizicheng Strategy Investment, a wholly-owned subsidiary of Spriver and the General Partner of the Fund (the "**Acquisition**"). Unless otherwise specified herein, capitalized terms shall have the same meanings as ascribed thereto in the circular of the Company dated 30 June 2023. Upon completion of the Acquisition (which took place on 2 August 2023), the Company was able to exert direct control over the Fund through its control and holding of the entire equity interests in the General Partner of the Fund and the interests held by the Company as a limited partner in the Fund, and has since consolidated the financial statements of the Fund and the companies held by the Fund, including Multelements (which is held as to 78.86% directly by the Fund), Land of Glory (which is held as to 78.92% directly by the Fund), and BlueCity (which is held as to 100% directly by Multelements). BlueCity and the BlueCity Entities have upon completion of the Acquisition become consolidated entities of the Group, with their operations being classed under the Group's diverse-audience social networking business. On 30 April 2025, the Fund distributed all of its equity interests in Multelements and Land of Glory to its limited partners in specie in proportion to their respective equity interests (the "**Distribution in Specie**"). Upon completion of the Distribution in Specie, the Company directly held approximately 73.29% and 73.35% of the equity interests in Multelements and Land of Glory, respectively, and indirectly held approximately 73.29% of the equity interests in BlueCity through Multelements. On 29 October 2025, the Company transferred all of the issued share capital of Chizicheng Strategy Investment held by it to an independent third party of the Company. Based on the opinion of the PRC legal adviser and the Company's assessment of the above arrangements, the Company is of the view that the aforementioned restructuring did not result in any substantive change in the Group's control over the BlueCity Entities and their relevant businesses, nor did it constitute any material adverse impact on or material modification to the contractual arrangements of the BlueCity Entities. Accordingly, BlueCity and the BlueCity Entities continued to be accounted for as consolidated entities of the Group before and after the restructuring, and Multelements and Land of Glory also continued to be subsidiaries of the Company.

DIRECTORS' REPORT

BlueCity and the BlueCity Entities adopt contractual arrangements to operate their businesses in the PRC as amongst which certain onshore entities operate in sectors that are subject to foreign investment restriction or prohibition under the applicable PRC laws and regulations, namely, the provision of internet and social networking and related services by the BlueCity Entities. Such contractual arrangements are preserved by the VIE Agreements entered into between BlueCity Information & Technology, a WFOE entity, the VIE and the registered shareholders of the VIE, namely Hande Houcheng and Newborn Town Network Technology (collectively, the “**PRC Equity Owners**”), prior to and in preparation for the Acquisition. Under the VIE Agreements, the financial results, the entire economic benefits and the risks involved in the businesses of the BlueCity Entities that operate in restricted or prohibited sectors are able to flow into BlueCity Information & Technology, and through which our Group is able to exert control over the BlueCity Entities and their operations.

The following diagram illustrates the contractual arrangements of BlueCity and its Affiliates as stipulated under the VIE Agreements:



Notes:

- 1: Beijing BlueCity Information & Technology Co., Ltd. (北京藍城兄弟信息技術有限公司)
- 2: Beijing BlueCity Culture and Media Co., Ltd. (北京藍城兄弟文化傳媒有限公司)
- 3: The PRC Equity Owners, being the registered shareholders of the VIE are Hande Houcheng (a limited partnership established under the laws of the PRC on 25 August 2014 by LIU Chunhe and LI Ping, being founders of the Group and executive Directors of the Company) and Newborn Town Network Technology (a company incorporated under the laws of the PRC with limited liability on 28 February 2014 and a direct wholly-owned subsidiary of NewBornTown Mobile Technology which by virtue of the Company's existing contractual arrangements under the Structured Contracts, accounted for as the Company's subsidiary) holding approximately 99.85% and approximately 0.15% interest in the VIE, respectively.

INFORMATION ON THE VIE AGREEMENTS

Principal terms of each of the VIE Agreements are set out as follows:

(i) Exclusive Consulting and Services Agreement

Date

20 March 2023

Parties

- (a) BlueCity Information & Technology
- (b) The VIE

Subject matter

BlueCity Information & Technology has exclusive right to provide consultation and services required by the VIE's business. Without BlueCity Information & Technology's prior written consent, the VIE may not accept the consultation and services provided by any third party, including the VIE's own shareholders, during the term of the Exclusive Consulting and Services Agreement. The VIE agrees to pay BlueCity Information & Technology quarterly service fees at an amount confirmed by BlueCity Information & Technology and all of its subsidiaries, which amount and percentage may be adjusted by, and which should be paid within 10 business days upon receipt of invoice from BlueCity Information & Technology.

BlueCity Information & Technology has exclusive ownership over all the intellectual property rights created under the exclusive consulting and services agreement (the "**Exclusive Consulting and Services Agreement**"), and both BlueCity Information & Technology and the VIE will further their negotiations on the licensing of such intellectual properties.

Term

The Exclusive Consulting and Services Agreement shall remain effective, unless otherwise terminated by BlueCity Information & Technology.

(ii) Powers of Attorney

Date

20 March 2023

Parties

- (a) BlueCity Information & Technology
- (b) The PRC Equity Owners

Subject matter

The powers of attorney were executed by the PRC Equity Owners, namely Hande Houcheng and Newborn Town Network Technology, collectively, to irrevocably authorise BlueCity Information & Technology to act as their attorney-in-fact to exercise all of their rights as shareholders of the VIE, including but not limited to, the right to attend general meetings, to vote, to dispose of any such equity interests under their names, to recommend and appoint directors, managers in chief and other senior management of the VIE as authorised representatives of the shareholders of the VIE, and to sign minutes and file documents with the relevant companies registry.

DIRECTORS' REPORT

Term

The powers of attorney shall, unless otherwise terminated by BlueCity Information & Technology, remain effective for as long as Hande Houcheng and Newborn Town Network Technology remain as shareholders of the VIE.

(iii) Equity Interest Pledge Agreement

Date

20 March 2023

Parties

- (a) BlueCity Information & Technology
- (b) The PRC Equity Owners

Subject matter

The PRC Equity Owners have collectively pledged 100% equity interests in the VIE to the WFOE to guarantee the performance by the VIE of its obligations under the Exclusive Consulting and Services Agreement. In the event of a breach by the VIE of contractual obligations under the VIE Agreements stipulated in the Exclusive Consulting and Services Agreement, BlueCity Information & Technology, as pledgee, shall have the right to dispose of the pledged equity interests in the VIE and shall be accorded priority in receiving the proceeds from such disposal.

The PRC Equity Owners also covenant that they will not, without the prior written consent of BlueCity Information & Technology, dispose of, create or allow any encumbrance on the pledged equity interests.

Term

The equity interest pledge agreement shall remain effective until (i) the termination of the Exclusive Consulting and Services Agreement (provided that all service fees under the Exclusive Consulting and Services Agreement have been paid and no further obligations need be undertaken by the VIE); or (ii) all equity interests of the VIE have been transferred to BlueCity Information & Technology or any third party designated by it.

(iv) Exclusive Option Agreement

Date

20 March 2023

Parties

- (a) BlueCity Information & Technology
- (b) The PRC Equity Owners

Subject matter

The PRC Equity Owners have irrevocably granted BlueCity Information & Technology an exclusive option to purchase all or part of their equity interests in the VIE and/or the assets in the VIE. BlueCity Information & Technology may exercise such options at the lowest price as permitted by PRC laws and regulations, which price may be adjusted based on the valuation of the equity interests of the assets, if required by the relevant PRC laws and regulations. The PRC Equity Owners should remit to the VIE any amount that is paid by the VIE or its designated person(s) in connection with the purchased equity interest.

The PRC Equity Owners further covenant that, without BlueCity Information & Technology's prior written consent, they will not, among other things, (i) transfer or otherwise dispose of, or create any pledge or encumbrance on their equity interests in the VIE, (ii) change the VIE's registered capital, or cause any increase or decrease in the number of the VIE's current equity interests owners, (iii) dispose of, or cause the VIE's management to dispose of any assets of the VIE, other than in the ordinary course of business, or (iv) amend the VIE's articles of association.

Term

The Exclusive Option Agreement shall, unless otherwise terminated by BlueCity Information & Technology in its sole discretion, with immediate effect upon written notice, remain effective until the PRC Equity Owners have transferred all of their equity interests and/or assets in the VIE to BlueCity Information & Technology or to any third party so designated by it.

(v) Partners' Undertaking

Date

24 June 2023

Parties

- (a) Mr. LIU Chunhe, the general partner of Hande Houcheng
- (b) Mr. LI Ping, the limited partner of Hande Houcheng

Subject matter

Each of the general partner and the limited partner of Hande Houcheng (i.e. Mr. LIU Chunhe and Mr. LI Ping) unconditionally and irrevocably undertakes:

- (1) to procure Hande Houcheng to continuously comply with the VIE Agreements and will not initiate or adopt any claims which will contradict the VIE Agreements;
- (2) that his interests in the VIE through Hande Houcheng are beneficially owned by BlueCity Information & Technology and he will not claim any such interests;
- (3) that without prior written consent of BlueCity Information & Technology or its designated person, he will not, and will procure Hande Houcheng not to, amend the partnership agreements, partnership composition or dispose of any interests in Hande Houcheng;

DIRECTORS' REPORT

- (4) that he will transfer his interests in Hande Houcheng to the designated person in accordance with the instruction(s) of BlueCity Information & Technology or its designated person to the extent permissible by applicable laws, and remit the consideration (if any) to BlueCity Information & Technology or its designated person(s);
- (5) that he will procure that Hande Houcheng refrain from breaching any of the VIE Agreements or taking any action in violation of the VIE Agreements by virtue of the equity interests held by Hande Houcheng in the VIE;
- (6) that if BlueCity Information & Technology or its designated person(s) requires, pursuant to the VIE Agreements, that amendments be made to the relevant terms of the partnership agreement of Hande Houcheng or that adjustments be made to Hande Houcheng itself, he will facilitate and complete such requirements as requested; and
- (7) that if he breaches any of the undertakings therein, he will be deemed a contracting party thereto, and bear liability of such breach in accordance with the VIE Agreements and compensate for losses so suffered by other parties to the VIE Agreements.

(vi) Spousal Undertaking

Date

24 June 2023

Parties

- (a) Spouse of Mr. LIU Chunhe, the general partner of Hande Houcheng
- (b) Spouse of Mr. LI Ping, the limited partner of Hande Houcheng

Subject matter

Each of the respective spouse of the general partner and the limited partner of Hande Houcheng unconditionally and irrevocably undertakes:

- (1) to agree that any equity interests (together with any other interests therein) held by her spouse as a general partner or a limited partner of Hande Houcheng (as the case may be) are separate properties of her spouse and do not fall within the scope of communal properties; and her spouse and Hande Houcheng are entitled to deal with the equity interests in the VIE and any interests therein in accordance with the VIE Agreements without her prior consent;
- (2) to agree that her spouse may amend or terminate the VIE Agreements without her authorisation or consent;
- (3) that she will not raise any proposition or take any action against the contractual arrangements as stipulated in the VIE Agreements by virtue of the equity interests held by her spouse (through Hande Houcheng) in the VIE;

- (4) that if all or part of the shares held by her spouse are transferred to her, to pledge, sell or dispose such shares in accordance with the provisions and requirements prescribed in the VIE Agreements, she will observe obligations of her spouse as a general partner or a limited partner of Hande Houcheng (as the case may be) under the VIE Agreements and to sign all necessary documents and take all necessary actions to ensure the contractual arrangements stipulated in the VIE Agreements to be properly performed;
- (5) that she has never participated, nor does she intend to participate in the operation, management or voting matters of Hande Houcheng or the VIE; and
- (6) to waive any rights related to the interests in Hande Houcheng held by her spouse that may be vested in her in accordance with the applicable laws.

Save as disclosed above, there were no other new arrangements or agreements of a similar nature being entered into, renewed and/or re-entered into between BlueCity Information & Technology, the PRC Equity Owners and other related parties during the year ended 31 December 2025. There was no material change in the VIE Agreements and/or the circumstances under which they were adopted during the year ended 31 December 2025. For the year ended 31 December 2025, none of the VIE Agreements had been unwound on the basis that none of the restrictions that led to the adoption of the VIE Agreements had been removed. As of 31 December 2025, the Group had not encountered interference or encumbrance from any PRC governing bodies in operating the businesses through the BlueCity Entities under the VIE Agreements. The revenue and loss for the year of the BlueCity Entities subject to the VIE Agreements amounted to approximately RMB133.1 million and RMB4.4 million for the year ended 31 December 2025, respectively. The total assets and total liabilities of the BlueCity Entities subject to the VIE Agreements amounted to approximately RMB131.7 million and RMB88.3 million at 31 December 2025, respectively.

Qualification requirements

Updates in Relation to the Qualification Requirements

On 11 December 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定(2016年修訂)》) (“**FITE Regulations**”), which were amended on 10 September 2008 and 6 February 2016. According to the FITE Regulations, foreign investors are prohibited from holding more than 50% of the equity interests in a company providing value-added telecommunications services, including ICP services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC shall have a record of good performance and operating experience in managing value-added telecommunications business (“**Qualification Requirements**”). Foreign investors that meet these requirements must obtain approvals from the Ministry of Industry and Information Technology of the PRC and/or its authorised local counterparts which retain considerable discretion in granting such approvals. For details, please refer to the Prospectus.

Efforts and Actions Undertaken to Comply with the Qualification Requirements

Despite the lack of clear guidance or interpretation on the Qualification Requirements, we have been gradually building up our track record of overseas value-added telecommunications business operations for the purpose of being qualified. We have taken the following measures, and have through Solo X Technology:

- (a) applied for the registration of 28 trademarks in Hong Kong;
- (b) operated proprietary app traffic monetisation business in Hong Kong; and
- (c) monetised several apps which are offered in both Google Play and Apple App store through mobile advertising, and received payments from ad agencies.

On the other hand, we have, through BlueCity Holdings Hong Kong Limited, applied for the registration of 6 trademarks in Hong Kong.

Reasons for Adopting the Contractual Arrangements

Due to regulatory restrictions on foreign ownership in the PRC, we conduct a portion in the PRC of our business through the Consolidated Affiliated Entities through the entering into of Structured Contracts during our reorganisation in preparation for the Listing, details of which are set out in the Prospectus. In a similar vein, since the Acquisition (as disclosed in the circular of the Company dated 30 June 2023), the entering into of the VIE Agreements is necessary for achieving the very purpose of the Acquisition, i.e. to consolidate the operations and technological innovations of the BlueCity Entities into that of the Group's to form a synergistically coherent and operationally integrated framework.

We do not hold any equity interests in the Consolidated Affiliated Entities and the BlueCity Entities. Rather, through the Contractual Arrangements, i.e. by entering into the Structured Contracts and the VIE Agreements, we are able to effectively exert control over the Consolidated Affiliated Entities and the BlueCity Entities, and are able to derive substantially all of their economic benefits, and expect to continue to do so. Through the entering into of the Structured Contracts and the VIE Agreements, we are able to (i) receive substantially all of the economic benefits from the Consolidated Affiliated Entities and the BlueCity Entities in consideration for the services provided by the WFOE Entities; (ii) exercise effective control over the Consolidated Affiliated Entities and the BlueCity Entities; and (iii) hold an exclusive option to purchase all or part of the equity interests and assets in the Consolidated Affiliated Entities and the BlueCity Entities when and to the extent permitted by PRC laws.

The Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our legal structure and business operations, that such transactions have been and will be entered into in our ordinary and usual course of business, are on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Group and Shareholders as a whole.

The Directors also believe that our structure, whereby the financial results of the Consolidated Affiliated Entities and the BlueCity Entities are consolidated into our financial statements as if they were our Company's wholly-owned subsidiaries, and all the economic benefits of their business flow to our Group, places our Group in a special position in relation to the continuing connected transactions rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to the Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval of independent Shareholders.

Risks Relating to the Contractual Arrangements

There are certain risks that are associated with the use of Structured Contracts and VIE Agreements (collectively, the “**Contractual Arrangements**”) to consolidate control, including:

- If the PRC government determines that our Contractual Arrangements do not comply with applicable laws or regulations, or if these laws, regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.
- Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.
- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership.
- We may lose the ability to use and enjoy assets and licences held by NewBornTown Mobile Technology and its subsidiaries and the BlueCity Entities that are important to the operation of our business if NewBornTown Mobile Technology or any its subsidiaries or any of the BlueCity Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.
- Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.
- The PRC Owners may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests.
- We conduct mobile apps development business in the PRC through NewBornTown Mobile Technology and its subsidiaries and provide internet and social networking and related services through the BlueCity Entities, both by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.
- If we exercise the option to acquire equity ownership of NewBornTown Mobile Technology, the VIE and their respective subsidiaries, the ownership transfer may subject us to certain limitations and substantial costs.

Further details of these risks are set out in the section headed “Risk Factors – Risks Relating to Our Contractual Arrangements” of the Prospectus and the section headed “Risk Factors in relation to the VIE Agreements” of the circular of the Company dated 30 June 2023.

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements. The Group have conducted an annual review of the Contractual Arrangements in accordance with the matters set out below:

- (a) the powers of attorney are granted to the WFOE Entities, and the related matters are decided by designated persons of the WFOE Entities, including for instance Directors and their successors, and the power of attorney will not be exercised by officers or directors of the Company who are also the PRC Owners to prevent any potential conflict of interest;
- (b) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

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- (c) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (d) the Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and
- (e) the Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the WFOE Entities, the Consolidated Affiliated Entities and the BlueCity Entities to deal with specific issues or matters arising from the Contractual Arrangements.

In order to ensure the effective operation of the Group under the Contractual Arrangements and compliance therewith, the Board has conducted its annual review of the overall performance of, and compliance with, the Contractual Arrangements during the Reporting Period, and has made the relevant disclosures in the section headed "Connected Transactions – Contractual Arrangements" in this annual report.

Waivers from the Stock Exchange

In view of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, subject to certain conditions, such waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange.

Annual Review by the Independent Non-Executive Directors and the Auditor

For the year ended 31 December 2025, the independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

- (a) the transactions carried out during the year ended 31 December 2025 had been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- (b) no dividends or other distributions had been made by the Consolidated Affiliated Entities and the BlueCity Entities to the respective holders of their equity interests (i.e. the PRC Owners) which were not otherwise subsequently assigned or transferred to the Group;
- (c) any new contracts entered into, renewed and/or re-entered into by the Group with either the Consolidated Affiliated Entities or the BlueCity Entities during the year ended 31 December 2025 are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole; and
- (d) the Contractual Arrangements had been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interest of our Group and our Shareholders as a whole.

The Company's auditor has confirmed in a letter in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA, under the requirements of Rule 14A.56 of the Listing Rules, to the Board that the transactions carried out pursuant to the Contractual Arrangements during the year ended 31 December 2025, nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board; nothing has come to their attention that causes the auditor to believe that the disclosed connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions, and with respect of the disclosed continuing connected transactions with the Consolidated Affiliated Entities and the BlueCity Entities under the Contractual Arrangements, nothing has come to their attention that causes the auditor to believe that dividends or other distributions have been made by the Consolidated Affiliated Entities and the BlueCity Entities to the holders of their equity interests of which are not otherwise subsequently assigned or transferred to the Group.

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

Save as disclosed under the section headed "Connected Transactions" in this annual report, the Directors consider that none of the related party transactions disclosed in note 32 to the consolidated financial statements falls under the definition of "connected transactions" under Chapter 14A of the Listing Rules which is required to comply with the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year under review. Further details on related party transactions for the year ended 31 December 2025 are set out in note 32 to the consolidated financial statements.

DIRECTORS' REPORT

DONATIONS

For the year ended 31 December 2025, the charitable and other donations made by the Group amounted to RMB0.3 million.

MATERIAL LEGAL PROCEEDINGS

For the year ended 31 December 2025 there was no legal proceeding individually or jointly by the Group, which would have a material adverse impact on our business, financial position or business performance and has not yet been adjudicated or posed a threat to us or any of our Directors.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on 21 May 2026, the register of members of the Company will be closed from 14 May to 21 May 2026, both days inclusive, during which period no transfer of shares will be registered (Record date: 14 May 2026 (Thursday)). In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms 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, Hong Kong, for registration no later than 4:30 p.m. on 13 May 2026.

SUBSEQUENT EVENTS

As of the Latest Practicable Date, there was no material event occurring after the reporting period of the Group.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float of no less than 25% of the issued Shares as at the Latest Practicable Date, which was in line with the requirement under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by KPMG, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

The former external auditor of the Group, PricewaterhouseCoopers resigned as the auditor of the Group with effect from 8 August 2023. For further details, please refer to the announcement of the Company dated 8 August 2023. Save as disclosed above, the Company has not changed its auditor during the past three years.

A resolution will be proposed at the forthcoming AGM for the re-appointment of KPMG as the auditor of the Group.

By order of the Board
LIU Chunhe
Chairman

Beijing, 26 March 2026

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has developed and implemented sound corporate governance policies and measures, and the Board is responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**") and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

The Board currently comprises four executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the Shareholders of the Company accordingly.

The Company has complied with the principles and code provisions as set out in the Corporate Governance Code during the Reporting Period.

BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group. The Board oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility of the day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

BOARD COMPOSITION

As of the Latest Practicable Date and during the Reporting Period, the composition of the Board was as set out below:

Executive Directors:

Mr. LIU Chunhe (Chairman)
Mr. LI Ping (Executive Director and Chief Executive Officer)
Mr. YE Chunjian (Executive Director and Chief Technology Officer)
Mr. SU Jian (Executive Director and Mico Chief Executive Officer)

Independent Non-executive Directors:

Mr. CHI Shujin
Ms. CHEN Sichao
Mr. CHEN Yuyu (appointed on 29 August 2025)
Mr. GAO Ming (resigned on 29 August 2025)

Mr. GAO Ming has tendered his resignation in respect of his positions as an independent non-executive Director of the Company and a member of each of the Audit Committee and the Remuneration Committee of the Board with effect from 29 August 2025, to pursue other career development opportunities. For further details, please refer to the announcement of the Company dated 29 August 2025.

Mr. CHEN Yuyu, who was appointed as an independent non-executive Director on 29 August 2025, obtained a legal opinion letter on 29 August 2025 in accordance with Rule 3.09D of the Listing Rules, confirming his understanding of his responsibilities as a director of a listed issuer.

The biographies of the Directors are set out under the section headed “Profile of Directors and Senior Management” of this annual report.

During the Relevant Period, the Board has met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Save as disclosed in the biographies of the Directors as set out in the section headed “Profile of Directors and Senior Management” of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

CORPORATE GOVERNANCE REPORT

Regarding the code provision under the Corporate Governance Code requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board.

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

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

During the Relevant Period, the Company organised one training session conducted by qualified professionals for all the Directors. Such training sessions cover a wide range of relevant topics including directors' duties and responsibilities, risk management and internal controls etc. In addition, relevant reading materials including directors' manual, legal and regulatory updates and seminar handouts have been provided to the Directors for their reference and studying.

The Directors as at 31 December 2025 confirmed that they had complied with such requirements for the period under review. For the year ended 31 December 2025, the training records of the Directors are summarized as follows:

Directors	Type of Training ^{Note}
Executive Directors	
Mr. LIU Chunhe	A,B
Mr. LI Ping	A,B
Mr. YE Chunjian	A,B
Mr. SU Jian	A,B
Independent Non-executive Directors	
Mr. CHI Shujin	A,B
Ms. CHEN Sichao	A,B
Mr. CHEN Yuyu (appointed on 29 August 2025)	A,B
Mr. GAO Ming (resigned on 29 August 2025)	A,B

Note:

Type of Training

- A. Attending training sessions, including but not limited to briefings, seminars, conferences and workshops
- B. Reading relevant news alerts, newspapers, journals, magazines and relevant publications

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Under 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. Any Director required to stand for re-election pursuant to Article 16.2 of the Articles of Association shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain in 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.

The Articles of Association set out the procedures and process for the appointment, re-election and removal of Directors. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times per year, and at approximately quarterly intervals.

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. For other Board and Board committee meetings, reasonable notice is generally required to be given. The agenda and accompanying board papers shall be dispatched to the Directors or Board committee members at least 3 days before the meeting to ensure that they have sufficient time to review the relevant papers and are adequately prepared for the meeting. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board prior to the meeting. Minutes of meetings are kept by the joint company secretaries with copies circulated to all Directors for information and record.

Minutes of the Board meetings and Board committee meetings are recorded with sufficient details on the matters considered by the Board and the Board committees and the decisions reached are noted, including concerns raised by the Directors/Board committee members. Draft and final versions of the minutes of each Board meeting and Board committee meeting are sent to the Directors/Board committee members for comment within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

The Company has fully complied with the requirement under the code provision C.5.1 of the Corporate Governance Code of convening Board meetings at least four times a year at approximately quarterly intervals for the twelve months ended 31 December 2025.

During the year ended 31 December 2025, the Board held four meetings to discuss and approve (among others) the overall strategies and policies of the Company and to review and approve the change of independent non-executive director, the Annual Report 2024, the Annual Results Announcement for the year 2024, the Interim Report 2025, and the Announcement of Interim Results for the year 2025 of the Company, etc.

CORPORATE GOVERNANCE REPORT

The table below sets forth the attendance details of each Director to the Board meetings for the year ended 31 December 2025.

Directors	Number of Board meetings to attend	Number of Board meetings attended
Mr. LIU Chunhe	4	4
Mr. LI Ping	4	4
Mr. YE Chunjian	4	4
Mr. SU Jian	4	4
Mr. CHI Shujin	4	4
Ms. CHEN Sichao	4	4
Mr. CHEN Yuyu ^{Note}	0	0
Mr. GAO Ming ^{Note}	3	3

Note: On 29 August 2025, Mr. CHEN Yuyu has been appointed as an independent non-executive Director of the Company and Mr. GAO Ming resigned as an independent non-executive Director of the Company.

In 2025, the Company convened and held one general meeting, i.e. the 2024 annual general meeting held on 21 May 2025. The table below sets forth the attendance details of each director to the general meetings for the year ended 31 December 2025.

Directors	Number of general meetings to attend	Number of general meetings attended
Mr. LIU Chunhe	1	1
Mr. LI Ping	1	1
Mr. YE Chunjian	1	1
Mr. SU Jian	1	1
Mr. CHI Shujin	1	1
Ms. CHEN Sichao	1	1
Mr. CHEN Yuyu ^{Note}	0	0
Mr. GAO Ming ^{Note}	1	1

Note: On 29 August 2025, Mr. CHEN Yuyu has been appointed as an independent non-executive Director of the Company and Mr. GAO Ming resigned as an independent non-executive Director of the Company.

DELEGATION BY THE BOARD

The Board reserves its right to decide on all major matters of the Company, including the approval and monitoring 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, the appointment of Directors and other significant financial and operational matters. Directors may have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to approach and consult with the Company's senior management independently.

The daily management, administration and operation of the Group are 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 the entering into any significant transactions by the management on behalf of the Company.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in the code provision A.2.1 of the Corporate Governance Code. The Board recognises that corporate governance should be the collective responsibility of the Directors which includes:

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

The Company has complied with the relevant Corporate Governance Code provisions for the period spanning from the Listing Date to 31 December 2025.

BOARD COMMITTEES

Audit Committee

The Audit Committee currently comprises three members, Mr. CHI Shujin (Chairman), Ms. CHEN Sichao and Mr. CHEN Yuyu, all of whom are independent non-executive Directors. Mr. CHEN Yuyu was appointed as a member of the Audit Committee on 29 August 2025, following the resignation of Mr. GAO Ming from the same position on the same day.

The principal duties of the Audit Committee include the following, but are not limited to:

- (a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policies on engaging an external auditor to supply non-audit services. For this purpose, an "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) to monitor the integrity of the Company's financial statements, annual reports, accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee shall focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

- (e) regarding paragraph (d) above:
 - (i) members of the committee should liaise with the Board and senior management and the committee must meet, at least twice a year, with the Company's auditor; and
 - (ii) the committee should consider any significant or unusual items that are, or may need to be, reflected in report and accounts, and should give 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) to review the Company's financial controls, risk management and internal control systems;
- (g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion shall include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;
- (h) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (j) to review the financial and accounting policies and practices of the Company and its subsidiaries;
- (k) to review the external auditor's management letter, any material queries raised by the external auditors to management about accounting records, financial accounts or systems of control and management's response;
- (l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (m) to report to the Board on the matters within its scope of duties;
- (n) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (o) to act as the key representative body for overseeing the Company's relation with the external auditor;
- (p) to review continuing connected transactions of the Company and ensure compliance with terms approved by shareholders of the Company;
- (q) to assess the risks in relation to the Company's major investment projects; and
- (r) to consider such other matters as the Board may from time to time determine.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, the Audit Committee held three meetings to review (among others) the Annual Report 2024, the Annual Results Announcement for the year 2024, the Interim Report 2025, the Announcement of Interim Results for the year 2025, and to hear the auditors' presentation on the Company's 2025 annual audit plan and audit strategy. The Audit Committee has also examined the risk management and internal control system of the Company and assessed the effectiveness of the Group's internal audit function.

The table below sets forth the attendance details of each member of the Audit Committee to the Audit Committee meetings for the year ended 31 December 2025.

Directors	Number of the Audit Committee meetings to attend	Number of the Audit Committee meetings attended
Mr. CHI Shujin	3	3
Ms. CHEN Sichao	3	3
Mr. CHEN Yuyu ^{Note}	1	1
Mr. GAO Ming ^{Note}	2	2

Note: On 29 August 2025, Mr. CHEN Yuyu has been appointed as an independent non-executive Director of the Company and Mr. GAO Ming resigned as an independent non-executive Director of the Company.

The major duties of the Audit Committee are to review and oversee the financial reporting process, risk management and internal control system of the Group and independently advise on the effectiveness of the abovementioned, to monitor the audit procedures and perform other functions and obligations assigned by the Board.

Nomination Committee

The Nomination Committee currently comprises three members, including one executive Director namely Mr. LIU Chunhe (chairman) and two independent non-executive Directors namely Mr. CHI Shujin and Ms. CHEN Sichao.

The principal duties of the Nomination Committee include the following, but are not limited to:

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) to develop the criteria and procedures for identifying and assessing the qualifications of and evaluating candidates for directors, the general manager and other senior management members;
- (c) to identify individuals who are suitably qualified to become directors, the general manager and other senior management members of the Company and to select or make recommendations to the Board on the selection of individuals nominated therefor;
- (d) to assess the independence of independent non-executive Directors;
- (e) to make 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 of the Company; and
- (f) to develop a policy concerning diversity of Board members, disclose the policy or a summary of the policy in the corporate governance report, and review the policy from time to time, to ensure the continued effect and ensure the diversity of the Board members.

Nomination Policy

According to the nomination policy, in evaluating and selecting any candidate for directorship, the Nomination Committee would consider the criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

Board Diversity Policy

We have adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review and assess the composition of the Board and make recommendations to the Board on appointment of members of the Board. Meanwhile, the Nomination Committee will consider the benefits of all aspects of diversity, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board.

Measureable objectives of achieving diversity of the Board include (i) at least one third of the Board shall be independent non-executive Directors; (ii) at least one Director is female and (iii) at least one Director shall have obtained accounting or other professional qualifications. As at 31 December 2025, the senior management of the Group had 4 members in total comprising 2 females and 2 male with a female-to-male ratio of 1:1 and the Group had 1,785 employees in total comprising of 754 females and 1,031 males with a female-to-male ratio approximately of 3 : 4, reflecting a gender diversity principle generally adhered by the Group. As of 31 December 2025 and the Latest Practicable Date, the Board comprises one female Director and six male Directors, which has met the requirements of appointing at least one Director of another gender for listed companies as stipulated in Rule 13.92 of the Listing Rules. The Board is mindful of the objectives for the factors as set out in the paragraph headed "Nomination Committee" above for assessing the candidacy of the Board members, and will ensure that any successors to the Board shall follow the gender diversity policy. Similar considerations shall also be in place to assess the candidacy of the senior management team from time to time. The Group is determined to maintain gender diversity in terms of the whole workforce.

During the year ended 31 December 2025, the Nomination Committee held one meeting to review the structure of the Board, the board diversity policy, the independence of independent non-executive Directors, and to review and advise the Board on the approval for re-election of the retired Directors.

CORPORATE GOVERNANCE REPORT

The table below sets forth the attendance details of each member of the Nomination Committee to the Nomination Committee meeting for the year ended 31 December 2025.

Directors	Number of the Nomination Committee meetings to attend	Number of the Nomination Committee meetings attended
Mr. LIU Chunhe	1	1
Mr. CHI Shujin	1	1
Ms. CHEN Sichao	1	1

The Nomination Committee is responsible for reviewing and evaluating the composition of the Board and the independence of independent non-executive Directors, as well as making recommendations to the Board on the appointment and dismissal of directors.

Remuneration Committee

The Remuneration Committee currently comprises three members, including one executive Director namely Mr. SU Jian and two independent non-executive Directors namely Ms. CHEN Sichao (Chairman) and Mr. CHEN Yuyu. Mr. CHEN Yuyu was appointed as the member of the Remuneration Committee on 29 August 2025, following the resignation of Mr. GAO Ming from the same position on the same day.

The principal duties of the Remuneration Committee include the following, but are not limited to:

- to review and make recommendations to the Board on the Company's policy and structure for the remuneration of all the Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time, and to supervise the implementation of the relevant proposals;
- to make recommendations to the Board on the remuneration packages of executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to consider factors such as the level of remuneration paid by comparable companies, the time commitment and responsibilities of directors and senior management, and the employment conditions of the Company and its subsidiaries and consolidated affiliated entities;
- to consider the level of remuneration required to attract and retain directors to manage the Company successfully;
- to ensure that no Director or any of his or her associates is involved in deciding his or her own remuneration. For the avoidance of doubt, members of the Remuneration Committee must not be involved in deciding his or her own remuneration;

CORPORATE GOVERNANCE REPORT

- (h) to review and approve compensation payments and arrangements to Directors and senior management of the Company for loss or termination of their office or appointment, or dismissal or removal for misconduct and to assess whether the proposed payments or arrangements are fair, reasonable, consistent with the relevant contractual terms, or otherwise appropriate;
- (i) to advise shareholders of the Company on how to vote in respect of any service contracts of directors that require Shareholders' approval in accordance with the Listing Rules; and
- (j) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2025, the Remuneration Committee held one meeting to review the remuneration of directors and the senior management, as well as the remuneration policy and framework of directors and the senior management, assess performance of executive Directors, approve the terms of executive Directors' service contracts, and review the RSU Schemes, the Share Option Scheme, the RSU Award Scheme and NBT RSU Scheme.

The table below sets forth the attendance details of each member of the Remuneration Committee to the Remuneration Committee meeting for the year ended 31 December 2025.

Directors	Number of the Remuneration Committee meetings to attend	Number of the Remuneration Committee meetings attended
Ms. CHEN Sichao	1	1
Mr. SU Jian	1	1
Mr. CHEN Yuyu ^{Note}	0	0
Mr. GAO Ming ^{Note}	1	1

Note: On 29 August 2025, Mr. CHEN Yuyu has been appointed as an independent non-executive Director of the Company and Mr. GAO Ming resigned as an independent non-executive Director of the Company.

The major duties of the Remuneration Committee are to establish and review the remuneration policy and structure in respect of directors and the senior management, and to make recommendations to the Board on the arrangement of employees' benefits.

Remuneration Policy

The Group's remuneration policy is based on the merits, qualifications and competence of individual employees and is regularly reviewed by the Remuneration Committee. Directors' remuneration is recommended by the Remuneration Committee and determined by the Board, which takes into account the Group's operating results, personal performance and comparable market statistics.

Details of the Directors' remuneration and the five highest paid employees in the Group are set out in notes 12a and 8a to the consolidated financial statements in this annual report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Please refer to note 12a to the consolidated financial statements for details of the remuneration of members of the Board for the year ended 31 December 2025.

Pursuant to code provision E.1.5 of the Corporate Governance Code, the annual remuneration of the members of senior management, including those members of senior management who are also the executive Directors, for the year ended 31 December 2025 is set out below:

Annual Remuneration (HK\$)	Number of individuals
Nil – 2,500,000	2
2,500,001 – 5,000,000	4
5,000,001 – 10,000,000	–
10,000,001 – 30,000,000	2

Further details of the remuneration for the year ended 31 December 2025 are set out in note 8 to the consolidated financial statements contained in this annual report.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2025 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Company's auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code for the year ended 31 December 2025.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for ensuring that the Company has established and maintained adequate and effective risk management and internal control systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis. The Board has duly assessed, and was satisfied with the performance of the internal audit function.

RISK MANAGEMENT

The Company is committed to continuously improving the risk management system, including structure, process and culture, through the enhancement of risk management ability, to ensure the long-term growth and sustainable development of the Company's business.

The Company has established a risk management system which sets out the roles and responsibilities of each relevant party as well as the relevant risk management policies and processes. Each business group of the Company, on a regular basis, identifies and assesses risk factors that may negatively impact the achievement of its objectives, and formulates appropriate response measures.

During the year ended 31 December 2025, the Company adopted dynamic risk management processes including risk identification, risk analysis, risk assessment, risk response, risk monitoring, and risk reporting in response to identifying significant risks of the Company. Regular meetings were held between the executive Directors and senior management to review and monitor the business and financial performance against the targets, the progress of certification and contract receipts from customers, the efficiency in the use of the Group's resources as compared against the budgets, and to ensure the Group has complied with the regulations that may have material impact on the Group's business. The aim is to enhance the communication and accountability of the Directors and management so that significant strategic, financial, operational and compliance risks or potential deviations are identified and dealt with in a proper and timely manner and such that, significant issues are timely reported and effectively conveyed to the Board for its attention.

During the year ended 31 December 2025, the Board has conducted an annual review of the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. The review was conducted through discussions with the management of the Company, its external and internal auditors and the assessment performed by the Audit Committee. The Board believes that the existing risk management and internal control systems are adequate and effective, in particular, for financial reporting and Listing Rules compliance as well as for resolving internal control defects (if any).

DIVIDEND POLICY

As advised by the Company's Cayman Islands legal adviser, under Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict the Company from declaring and paying dividends to its Shareholders out of either its profit or its share premium account, provided that this would not result in the Company being unable to pay its debts as they fall due in the ordinary course of business. As the Company is a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from its subsidiaries. The PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including Hong Kong Financial Reporting Standards. Any dividends the Company pays will be determined at the absolute discretion of the Board, taking into account factors including the Company's actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that the Board deems to be appropriate. The Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by the Board.

EXTERNAL AUDITORS

KPMG is appointed as the external auditor of the Company upon the recommendation of the Audit Committee.

An analysis of the remuneration paid to the external auditors of the Company, KPMG, in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fee Paid/Payable <i>RMB'000</i>
Audit and audit related services	5,100
Non-audit services	551
Total	5,651

COMPANY SECRETARY

Since 27 May 2019, Mr. SONG Pengliang (宋朋亮) was appointed as the joint company secretary of the Company and served as the sole company secretary of the Company since 31 July 2024. He is 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.

Mr. SONG Pengliang (宋朋亮) has complied with Rule 3.29 of the Listing Rules by partaking in no less than 15 hours of the relevant professional training during the year.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which enables the Shareholders and investors to make the informed investment decisions. Thus, the Company has adopted a shareholders' communication policy to ensure that the Shareholders and investors are provided with timely access to comprehensive, equal, impartial and understandable information about the Company in order to enable the Shareholders to exercise their rights in an informed manner, and to allow the Shareholders and investors to engage actively with the Company. Information in relation to the Group is disseminated to the Shareholders and investors in a timely manner through a number of communication channels, including interim and annual reports, annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and the corporate communications and other corporate publications on the website of the Company. The annual general meeting of the Company provides an opportunity for the Shareholders to communicate directly with the Directors. Shareholders may send their enquiries and concerns to the Board by post, by phone, via email or by fax and such other means, and the relevant contact details are set out in the section headed "PUTTING FORWARD ENQUIRIES TO THE BOARD" in this annual report and the Company's website.

The Company reviewed the implementation and effectiveness of the shareholders' communication policy by reviewing the Company's shareholders engagement and communication activities conducted in 2025 and considered it to be effective for the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

PUTTING FORWARD ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business of the Company in the PRC at 6/F, Tower B, Xiaoyun Road 33rd Building, Chaoyang District, Beijing, PRC.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

Pursuant to the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also 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 voting rights, on a one vote per share basis, of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, 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 provided that 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 Board shall be reimbursed to them by the Company.

The Board is not aware of any provisions allowing the Shareholders to put forward proposals at general meetings of the Company under the Articles of Association and the Companies Law. Shareholders who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

CHANGE IN CONSTITUTIONAL DOCUMENTS

On 24 April 2025, the Board proposes to amend the Articles of Association of the Company for the purpose of, *inter alia*, (i) updating and bringing the Existing Memorandum and Articles of Association in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the holding of hybrid general meetings and voting by electronic means by listed issuers and the relevant amendments made to the Listing Rules which took effect from 10 February 2025; and (ii) incorporating certain consequential, tidy-up and housekeeping amendments. For further details, please refer to the announcement of the Company dated 24 April 2025 and the circular of the Company dated 28 April 2025.

Saved as disclosed above, there was no change in the Articles of Association of the Company for the year ended 31 December 2025. An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.



To the shareholders of Newborn Town Inc.

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Newborn Town Inc. ("the Company") and its subsidiaries ("the Group") set out on pages 104 to 204, which comprise the consolidated balance sheet as at 31 December 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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 of social networking business

Refer to note 6 to the consolidated financial statements and the accounting policies in note 2.22 (i).

The Key Audit Matter

The Group's revenue from the social networking business accounted for over 89% of the Group's total revenue for the year.

Such revenue mainly derives from sales of virtual currencies which can be used to purchase virtual items or services on the Group's live streaming platforms.

The revenue is generally recognised at the point in time when the virtual items or services are consumed by customers.

We identified the recognition of revenue from the social networking business as a key audit matter because revenue is one of the key performance indicators of the Group and is, therefore, subject to possible manipulation by management to meet targets or expectations.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue from the social networking business included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls (including controls over relevant information systems with the assistance of our IT professionals with specialised skills and knowledge) in relation to revenue recognition from the social networking business, including the IT application controls on the top-up of virtual currencies as well as the consumption of virtual items or services;
- comparing the cash receipts recorded in the Group's information systems for the amounts of top-up received from customers against the cash receipts stated on statements of third-party payment platforms on a sample basis; and further comparing against the amount of cash receipts recorded in the general ledger on a sample basis;
- with the assistance of our IT professionals with specialised skills and knowledge, testing the mathematical accuracy and the completeness of the system generated reports that summarise the key inputs (including quantities of virtual currencies and virtual items or services purchased and consumed) for the calculation of revenue on a sample basis; and
- recalculating the revenue based on the inputs provided by the above system generated reports to test the accuracy of revenue recognised on a sample basis.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provide a separate assurance practitioner's conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available 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.

RESPONSIBILITIES OF THE DIRECTORS 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 IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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, 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 judgement 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yu Wai Sum (practising certificate number: P05307).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2025

(Expressed in Renminbi ("RMB"))

		Year ended 31 December	
	Note	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	6	6,888,950	5,091,527
Cost of revenue	7	(3,041,671)	(2,483,860)
Gross profit		3,847,279	2,607,667
Selling and marketing expenses	7	(2,266,402)	(1,295,137)
Research and development expenses	7	(366,732)	(335,423)
General and administrative expenses	7	(263,904)	(239,013)
Net impairment losses on financial assets	9	(32,148)	(14,103)
Other income	10	3,971	4,877
Other (loss)/gain, net	10	(37,292)	48
Operating profit		884,772	728,916
Finance income	11	87,449	63,201
Finance cost	11	(18,761)	(5,551)
Finance income – net		68,688	57,650
Share of results of investments accounted for using the equity method	19a	1,726	(1,725)
Profit before income tax		955,186	784,841
Income tax credit	13	8,519	2,932
Profit for the year		963,705	787,773
Profit attributable to:			
Equity shareholders of the Company		934,534	480,310
Non-controlling interests		29,171	307,463

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2025
(Expressed in Renminbi ("RMB"))

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Other comprehensive income, net of tax effect			
Items that will not be reclassified to profit or loss			
Currency translation differences arising from translation of the Company's financial statements		5,913	(5,268)
Items that maybe subsequently reclassified to profit or loss			
Currency translation differences arising from translation of oversea subsidiaries' financial statements		(17,135)	8,173
Total comprehensive income for the year		952,483	790,678
Total comprehensive income attributable to:			
Equity shareholders of the Company		924,312	477,133
Non-controlling interests		28,171	313,545
Earnings per share for profit attributable to equity shareholders of the Company (expressed in RMB per share)			
Basic earnings per share	14	0.74	0.42
Diluted earnings per share	14	0.70	0.42

The notes on pages 113 to 204 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2025

(Expressed in RMB)

		As at 31 December	
	Note	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property and equipment	16	110,082	91,964
Intangible assets	17	230,248	211,634
Goodwill	18	453,804	385,511
Deferred tax assets	27a	343	447
Investments accounted for using the equity method	19a	40,874	26,648
Financial assets measured at fair value through profit or loss	20	66,055	39,884
Time deposits		20,000	–
Other receivables	22	33,058	11,809
Total non-current assets		954,464	767,897
Current assets			
Inventories		16,920	18,179
Accounts receivable	21	411,485	341,899
Other receivables	22	180,129	134,898
Other current assets		31,873	30,854
Financial assets measured at fair value through profit or loss	20	166,516	239,293
Cash and cash equivalents	24	2,558,041	2,048,631
Time deposits		70,202	–
Restricted bank deposits	23	4,548	1,337
Total current assets		3,439,714	2,815,091
Total assets		4,394,178	3,582,988

CONSOLIDATED BALANCE SHEET

as at 31 December 2025

(Expressed in RMB)

		As at 31 December	
	Note	2025 RMB'000	2024 RMB'000
LIABILITIES			
Current liabilities			
Accounts payable	25	493,169	382,557
Contract liabilities	6a	100,323	88,191
Income tax payable		4,712	6,781
Bank overdraft		140	46
Lease liabilities	16b	43,453	38,840
Other payables	26	753,507	981,732
Total current liabilities		1,395,304	1,498,147
Net current assets		2,044,410	1,316,944
Non-current liabilities			
Deferred tax liabilities	27b	51,830	63,121
Lease liabilities	16b	42,411	44,431
Other non-current liabilities		330,245	322,404
Total non-current liabilities		424,486	429,956
Total liabilities		1,819,790	1,928,103

CONSOLIDATED BALANCE SHEET

as at 31 December 2025

(Expressed in RMB)

		As at 31 December	
	Note	2025 RMB'000	2024 RMB'000
EQUITY			
Equity attributable to the equity shareholders of the Company			
Share capital	28	977	976
Shares held for employee share scheme	28	(497,520)	(266,281)
Share premium	28	1,465,569	1,451,706
Other reserves	29	(419,826)	(598,458)
Retained earnings		1,885,227	953,180
		2,434,427	1,541,123
Non-controlling interests		139,961	113,762
Total equity		2,574,388	1,654,885
Total liabilities and equity		4,394,178	3,582,988

The consolidated financial statements were approved by the Board of Directors on 26 March 2026 and were signed on its behalf by:

Liu Chunhe
Director

Li Ping
Director

The notes on pages 113 to 204 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025
(Expressed in RMB)

Attributable to equity shareholders of the Company								
		Share capital	Shares held for employee share scheme	Share premium	Other reserves	Retained earnings	Non-controlling interests	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024								
		818	(40,404)	669,523	10,956	480,050	1,120,943	826,552
Profit for the year		–	–	–	–	480,310	480,310	307,463
Other comprehensive income	29	–	–	–	(3,177)	–	(3,177)	6,082
Total comprehensive income								
		–	–	–	(3,177)	480,310	477,133	313,545
Transaction with owners:								
Purchase of own shares	28	–	(143,275)	–	–	–	(143,275)	–
Appropriation to statutory reserves	29	–	–	–	7,180	(7,180)	–	–
Share-based compensation expenses	31	–	–	–	102,157	–	102,157	36,266
Modification of share incentive plan	31	17	(82,604)	82,587	(14,324)	–	(14,324)	(5,474)
Restricted share units vesting		–	2	–	(2)	–	–	–
Transaction with non-controlling interests		141	–	699,596	(701,248)	–	(1,511)	(854,364)
Dividend to non-controlling equity owners of the subsidiary		–	–	–	–	–	–	(202,763)
Balance at 31 December 2024								
		976	(266,281)	1,451,706	(598,458)	953,180	1,541,123	113,762

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025
(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
		Share capital	Shares held for employee share scheme	Share premium	Other reserves	Retained earnings	Sub-total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025		976	(266,281)	1,451,706	(598,458)	953,180	1,541,123	113,762	1,654,885
Profit for the year		-	-	-	-	934,534	934,534	29,171	963,705
Other comprehensive income	29	-	-	-	(10,222)	-	(10,222)	(1,000)	(11,222)
Total comprehensive income		-	-	-	(10,222)	934,534	924,312	28,171	952,483
Transaction with owners:									
Purchase of own shares	28	-	(236,969)	-	-	-	(236,969)	-	(236,969)
Appropriation to statutory reserves	29	-	-	-	2,487	(2,487)	-	-	-
Share-based compensation expenses	31	-	-	-	197,176	-	197,176	1,382	198,558
Exercise for options		1	-	13,863	(5,079)	-	8,785	-	8,785
Restricted share units vesting		-	5,730	-	(5,730)	-	-	-	-
Business combination		-	-	-	-	-	-	(3,354)	(3,354)
Balance at 31 December 2025		977	(497,520)	1,465,569	(419,826)	1,885,227	2,434,427	139,961	2,574,388

The notes on pages 113 to 204 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025
(Expressed in RMB)

		Year ended 31 December	
		2025	2024
	Note	RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	30a	1,375,584	1,015,548
Interest received	11	85,783	63,201
Payment of income tax		(6,699)	(15,580)
Net cash inflow from operating activities		1,454,668	1,063,169
Cash flows from investing activities			
Purchase of wealth management products measured at fair value through profit or loss	3.3(i)	(758,607)	(677,294)
Maturity of wealth management products measured at fair value through profit or loss	3.3(i)	829,576	612,680
Purchase of time deposits		(90,202)	–
Investments in investees accounted for using the equity method	19a	(12,500)	(10,000)
Payment for investment measured at fair value through profit or loss		(30,000)	–
Purchase of property and equipment		(17,743)	(8,845)
Purchase of intangible assets		(20,034)	(548)
Disposal of property and equipment and intangible assets		1	237
Loans to subsidiaries of a non-controlling shareholder		(296,994)	–
Repayments from a subsidiary of a non-controlling shareholder		192,735	–
Loans to other parties		(46,742)	(3,000)
Net cash payment for a business combination		(49,239)	–
Net cash outflow from investing activities		(299,749)	(86,770)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025

(Expressed in RMB)

		Year ended 31 December	
	Note	2025 RMB'000	2024 RMB'000
Cash flows from financing activities			
Repayments of lease liabilities (including interest paid)	30b	(55,614)	(35,916)
Purchase of own shares	28	(236,969)	(143,275)
Exercise for options		8,785	–
Dividend payment to non-controlling interests		(28,970)	(34,403)
Payment to non-controlling interests		(286,036)	(105,000)
Net cash outflow from financing activities		(598,804)	(318,594)
Net increase in cash and cash equivalents		556,115	657,805
Cash and cash equivalents at beginning of year		2,048,585	1,386,326
Effects of exchange rate changes on cash and cash equivalents		(46,799)	4,454
Cash and cash equivalents at end of year		2,557,901	2,048,585
Including:			
Cash and cash equivalents	24	2,558,041	2,048,631
Bank overdraft		(140)	(46)

The notes on pages 113 to 204 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION AND SIGNIFICANT EVENTS

1.1 General information

Newborn Town Inc. (the “Company”) was incorporated in the Cayman Islands on 12 September 2018 as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together referred as the “Group”) are principally engaged in providing social networking business (mainly through social networking Apps such as MICO, SUGO, Blued and TopTop) and innovative business (mainly through advertising service and merchandise sales).

The founders of the Group are Mr. Liu Chunhe, Mr. Li Ping and Mr. Ye Chunjian.

1.2 Significant events in the current and previous reporting periods

In December 2024, the Company acquired the remaining non-controlling interests in NBT Social Networking Inc and NBT Social Networking Inc. became a wholly owned subsidiary of the Company.

The total contractual consideration amount is HKD1,983 million, comprising cash consideration of HKD994 million and 219,748,391 shares consideration at price of HKD4.5 per share, representing HKD989 million.

The cash consideration shall be paid to the sellers in four equal instalments in three years and the share consideration has been issued to the sellers on 23 December 2024. The present value of cash consideration is approximately RMB750,875,000 and the fair value of 219,748,391 shares issued measured at the market price at the completion date is approximately RMB699,737,000. The Group initially recognised the total cash consideration at present value as a liability and recognised an increase in share capital of RMB141,000 and in share premium of RMB699,596,000. The current portion and non-current portion of consideration payable at the end of the reporting period are recorded as “payable to former non-controlling interest of a subsidiary” in other payables and “other non-current liabilities” in the consolidated balance sheet respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The material accounting policies applied in the preparation of the consolidated financial statements are set out below.

The IASB has issued certain new or amended IFRS that are first effective or available for early adoption for the current accounting period of The Group. Note 2.3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

2.2 Basis of preparation

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

The consolidated financial statements have been prepared under the historical cost convention, except for financial instruments measured at fair value through profit and loss (“FVPL”).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Judgements made by management in the application of IFRS that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies

Amended standards adopted by the Group

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new or amended standard that is not yet effective for the current accounting period.

New standards and amendments not yet effective

Standards and amendments that have been issued but not yet effective and not been early adopted by the Group during the year are as follows:

	Effective for accounting periods beginning on or after
<i>Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7</i>	1 January 2026
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	1 January 2026
<i>Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7</i>	1 January 2026
<i>IFRS 18 Presentation and Disclosure in Financial Statements</i>	1 January 2027
<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies (continued)

New standards and amendments not yet effective (continued)

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Principles of consolidation and equity accounting

2.4a Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group other than the business combination of entities under common control (refer to Note 2.5).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised 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 statement of comprehensive income, statement of changes in equity and balance sheet, respectively.

Subsidiaries controlled through Contractual Arrangements

Current People's Republic of China ("PRC") laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in value-added telecommunications services, internet culture services and other related businesses, including mobile apps development business. The mobile apps development business in the PRC was carried out through NewBornTown Mobile Technology (Shandong) Holdings Co., Ltd. ("NewBornTown Mobile Technology") and its subsidiaries, and Beijing BlueCity Culture and Media Co., Ltd. ("BlueCity Culture and Media") and its subsidiaries (together refers to "PRC Operating Entities"). To comply with the relevant PRC laws and regulations, the subsidiaries of the Company, Shandong NewBornTown Network Technology Co., Ltd. ("Shandong NewBornTown") and Beijing BlueCity Information & Technology Co., Ltd. (BlueCity Information & Technology) (together refers to "WFOE Entities"), have entered into a series of contractual arrangements (the "Contractual Agreements"), respectively, including the Exclusive Equity/Assets Call Option Agreement, Exclusive Business Cooperation Agreement, Equity Pledge Agreement, and Powers of Attorney, with PRC Operating Entities and its respective equity holders, which enable the Group to:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Principles of consolidation and equity accounting (continued)

2.4a Subsidiaries (continued)

Subsidiaries controlled through Contractual Arrangements (continued)

- irrevocably exercise equity holders' voting rights of PRC Operating Entities;
- exercise effective financial and operational control over of PRC Operating Entities;
- receive substantially all of the economic interest returns generated by PRC Operating Entities by way of technical and consulting services provided by WFOE Entities;
- obtain an irrevocable and exclusive right to purchase all or part of the equity interests in PRC Operating Entities from the respective equity holders at a minimum purchase price permitted under the PRC laws and regulations; and
- obtain a pledge over the entire equity interests of PRC Operating Entities from their respective equity holders to secure performance of PRC Operating Entities' obligations under the Contractual Agreements.

Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The directors of the Company, based on the advice of its legal counsel, consider that the use of Contractual Arrangements is enforceable in the PRC except for certain provisions and does not constitute a breach of the relevant laws and regulations. As a result of the Contractual Arrangements, the Group is considered to have control over the PRC Operating Entities as it has rights to exercise power over PRC Operating Entities, receive variable returns from its involvement with PRC Operating Entities, and has the ability to affect those returns through its power over PRC Operating Entities. Consequently, the Company regarded PRC Operating Entities as controlled entities and consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Principles of consolidation and equity accounting (continued)

2.4b Associates

An associate is an entity in which the Group has significant influence but not control or joint control, over its management, including participation in the financial and operating policy decisions. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income ("OCI") of the investee in OCI. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

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

Unrealised 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. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted for investments is tested for impairment in accordance with the policy described in Note 2.11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Principles of consolidation and equity accounting (continued)

2.4c *Changes in ownership interests*

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 recognised in other reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised 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 or financial asset. In addition, any amounts previously recognised in OCI 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 recognised in OCI are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Business combinations

The acquisition method of accounting is used to account for the business combinations except for business combination of entities under common control, 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 entity,
- 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 acquired entity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Business combinations (continued)

The excess of the:

- consideration transferred,
- amount of any non-controlling interests in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. 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 recognised in profit or loss.

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 remeasurement are recognised in profit or loss.

2.6 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.8 Foreign currency translation

2.8a Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The functional currency of the Company and the most of its subsidiaries incorporated overseas is United States dollar (“USD”). The functional currency of the Company’s PRC subsidiaries is Renminbi (“RMB”). The presentation currency of the Group financial statements is RMB.

2.8b 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 recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other (loss)/gain, net.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Foreign currency translation (continued)

2.8b Transactions and balances (continued)

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 FVPL are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("FVOCI") are recognised in OCI.

2.8c Group companies

The results and financial position of foreign operations (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 balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each 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 dates of the transactions), and
- all resulting exchange differences are recognised in OCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in OCI. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Property and equipment

Property 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and right-of-use assets, the lease term, if shorter, as follows:

		Estimated useful lives
Electronic equipment		3 years
Furniture and fixtures		3 – 5 years
Motor vehicles		5 years
Leasehold improvements	Shorter of estimated useful life and the lease term	
Right-of-use assets		The lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each year.

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 (Note 2.11).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets

2.10a Initial recognition

(i) Goodwill

Goodwill is measured as described in Note 2.5. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use,
- management intends to complete the software and use or sell it,
- there is an ability to use or sell the software,
- it can be demonstrated how the software will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (continued)

2.10a Initial recognition (continued)

(iii) Research and development

Research expenditure and development expenditure that do not meet the criteria in (ii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.10b Amortisation methods and periods

The management estimates the useful lives to reflect the Group's intention to derive future economic benefits from the use of these assets. The Group amortises intangible assets with an estimated useful life using the straight-line method over the following periods:

	Estimated useful lives
Software	3 – 10 years
Brand name	10 years
User base	3 years
Technology	5 years
License	5 years
Other intangible assets	1 – 10 years

2.11 Impairment of non-financial assets

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each year.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Investments and other financial assets

2.12a Classification

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

- those to be measured subsequently at fair value (either through OCI 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 OCI. 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 FVOCI.

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

2.12b 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.

2.12c Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Investments and other financial assets (continued)

2.12c Measurement (continued)

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 recognised directly in profit or loss and presented in other gain/(loss) – net 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 gain/(loss) – net. 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 gain – net 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 other gain/(loss) – net in the period in which it arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Investments and other financial assets (continued)

2.12c 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 as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gain/(loss) – net in the statement of comprehensive income as applicable.

2.12d Impairment

The Group has types of financial assets subject to expected credit loss model of IFRS 9:

- accounts receivable and
- other financial assets at amortised cost.

Measurement of expected credit losses

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivable, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the accounts receivable, see Note 3.1b for further details.

Impairment on other financial assets at amortised cost 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 losses.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Investments and other financial assets (continued)

2.12d Impairment (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating, if available;
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Expected credit losses are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the expected credit loss amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Investments and other financial assets (continued)

2.12d Impairment (continued)

Write-off policy

Financial assets are written off when the Group is satisfied that recovery is remote. Where loans or receivables have been written off, the Group continues to attempt to recover the receivable due. Where recoveries are made, the recovered amount is recognised in profit or loss.

2.13 Accounts receivable

Accounts receivable are amounts due from customers for service performed or goods sold in the ordinary course of business.

Accounts receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the accounts receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.12d for a description of the Group's impairment policies.

2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Bank overdrafts are presented in current liabilities in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Inventories

Inventories are assets which are held for sale in the ordinary course of business. Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average method and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.16 Share capital

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

2.17 Accounts and other payables

These amounts primarily represent liabilities for services provided to the Group prior to the end of reporting period which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the balance sheet date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.18 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.

(i) *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 dates in jurisdiction where the Company and its 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax (continued)

(ii) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, 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 recognised 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 and does not give rise to equal taxable and deductible temporary differences. 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 realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

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 foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates 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 utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits

(i) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) *Bonus plans*

The expected cost of bonuses is recognised 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 bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(iii) *Pension obligations*

The Group has defined contribution plans in which the Group has to make contribution to staff retirement scheme managed by local government authorities of China and other regions in accordance with the relevant rules and regulations. Contributions to these schemes are charged to the consolidated statement of comprehensive income as and when incurred. The Group has no legal or constructive obligations to pay further contributions.

(iv) *Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Changes of other long-term employee benefits are recognised in profit or loss in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Share-based payments

Equity-settled share-based payment transactions

The Group operates share incentive plan, under which it receives services from employees as consideration for equity instruments (restricted shares units ("RSUs") and share options) of the Company and its subsidiaries.

The fair value of the services received in exchange for the grant of the equity instruments is recognised as an expense in the consolidated statement of comprehensive income with a corresponding increase in equity.

In terms of the RSUs and share options awarded to employees, 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.

Service and non-marketing performance conditions are included in calculation of the number of RSUs and share options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of RSUs and share options that are expected to vest based on the non-market performance and service conditions.

It recognises 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 or reissue shares held for employee share scheme. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

If the terms of an equity-settled share-based payment transactions are modified, an additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees, as measured at the date of modification. Modifications of an equity-settled share-based payment transactions in a manner that is not beneficial to employees are not taken into account when determining the expenses to be recognised.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Provisions

Provisions are recognised 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 recognised 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 recognised 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 recognised as interest expense.

2.22 Revenue recognition

The Group provides social networking business (mainly through social networking apps such as MICO, SUGO, Blued and TopTop) and innovative business (mainly through advertising service and merchandise sales).

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue from providing services is recognised in the accounting period in which the services are rendered.

(i) ***Social networking business***

Live streaming service

The Group operates and maintains mobile platforms whereby viewers can enjoy live stream performances provided by the live streamers (the “streamers”) and interact with the streamers on a real-time basis for free. The Group operates a virtual item system, under which viewers can purchase virtual currencies to exchange for virtual items and present them as gifts to streamers to show their support and appreciation. The Group generates revenues from the sales of virtual items on the platform, and viewers are the Group’s customers. The virtual items are produced and delivered by the Group. Sales of virtual items are recognised as revenues at the point in time when the virtual items are gifted by viewers to streamers as the Group has no further obligations related to virtual items once they are gifted to streamers. The non-refundable proceeds received from the sales of virtual items before they are gifted by viewers to streamers are recorded as contract liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue recognition (continued)

(i) *Social networking business (continued)*

Live streaming service (continued)

In order to attract streamers to the platforms, the Group shares liver-streaming revenues with the streamers in accordance with the agreements between the Group and streamers.

The Group has evaluated and concluded that it is the principal for the sales of the virtual items on the platforms. The Group produces and controls virtual items before they are transferred to customers. The prices of virtual items are set by the Group. Therefore, revenue from the sales of virtual items is recorded on a gross basis and the revenue sharing paid to streamers based on the predetermined percentage in the agreements is recognised as “cost of revenue” in the consolidated statement of comprehensive income.

Membership fees

Membership revenues include subscription-based membership services and Pay-Per-Use Services. Subscription-based membership services enable individual users to enjoy additional functions and privileges over a period of time ranging from one month to one year. Pay-Per-Use services enable individual users to better promote themselves and raise their profile through advanced enhancement functions on a pay per service basis. The Group collects non-refundable membership service fee in advance and records it as contract liabilities. Subscription-based membership revenue is recognised on a straight-line basis over the membership period. Pay-Per-Use revenue is recognised over the period when the advanced enhancement function is available.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue recognition (continued)

(ii) *Innovative business*

Advertising service

The Group generated revenue from the self-developed mobile applications mainly through providing advertising spaces to agencies of advertisers. The revenue for providing advertising spaces is recognised once the control of the spaces is transferred to the advertisers. The revenue is normally billed on monthly basis and a receivable is expected to be collected within the contracted credit term.

Merchandise sales

The Group generates revenues from merchandise sales to customers through the Group's own and third-parties' platforms. The Group controls the specified goods before it is transferred to a customer, which is evidenced by the primary responsibility for fulfilling the promise to provide the specified goods, including responsible for the acceptability of the specified goods; having inventory risk before the specified goods has been transferred to a customer; and having discretion in establishing the price for the specified goods. Accordingly, the Group concludes that it is principal in merchandise sales and reports revenue from merchandise sales on a gross basis. Revenues are measured as the amount of consideration the Group expects to receive in exchange for transferring the specified goods to customers. Merchandise revenue is recognised at the point in time when control of goods is transferred to the customers.

Membership fees

The Group generates revenues from membership fees earned from subscribing members for on-demand video content. Users purchase memberships ranging from one week to one year, which entitle them to access video content on the Group's platforms during the membership period. The Company considers such services as performance obligations satisfied over time and recognizes revenue on a straight-line basis over the membership term. Amounts received in advance are recorded as contract liabilities and recognized as revenue over the service period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 Leases

The Group leases properties for operation. Rental contracts are typically made for fixed periods with fixed lease payments. Lease terms are negotiated on an individual basis and do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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 recorded in property and equipment, and depreciated over 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 fixed payments.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. When determining the incremental borrowing rate, specific condition, term and currency to the contract, as well as the recent debt issuances and public available data for instrument with similar characteristics are considered.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and the lease payment made before the lease commencement.

The payments associated with short-term leases and leases of the low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Right-of-use assets are presented in "Property and equipment" on face of the Group's consolidated balance sheet.

2.24 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).

2.25 Government grants

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

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

Government grants relating to the purchase of property and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.26 Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

- has control or joint control of the Group;
- has significant influence over the Group; or
- is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- The entity is controlled or jointly controlled by a person identified in Note 2.26(i); or
- A person identified in Note 2.26(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise 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

3.1a Market risk

(i) Foreign exchange risk

The transactions of the Company are primarily denominated and settled in its functional currency, USD. The Group's subsidiaries operate in mainland China and overseas, and they are exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in a currency other than the functional currency of the each of the group companies.

The Group operates mainly in the PRC and overseas with most of the transactions settled in the functional currency of each of the group companies. Management considers that the business is not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities of the Company denominated in currencies other than the respective functional currencies of the Company.

(ii) Interest rate risk

Financial assets/liabilities with variable interest rate expose the Group to cash flow interest-rate risk. And financial assets/liabilities with fixed interest rate expose the Group to fair value interest-rate risk. Other than interest-bearing cash and cash equivalents, restricted cash, term deposits, loans to subsidiaries of a non-controlling shareholder and lease liabilities, the Group has no other significant interest-bearing assets or liabilities. The directors of the Company do not anticipate there is any significant impact resulted from the changes in interest rate.

3.1b Credit risk

The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents, accounts receivable, other receivables, wealth management products ("WMP") measured at as FVPL and other financial assets at amortised cost, including loans receivable, time deposits and restricted bank deposits.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1b Credit risk (continued)

(i) Risk management

Credit risk is managed on a group basis.

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, time deposits, restricted bank deposits placed with banks, WMPs issued by banks and other financial institutions, as well as accounts and other receivables including loans receivable. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, deposits are mainly placed with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions. Majority of the WMPs are issued by financial institutions investing in low risk underlying assets, which mainly consist of bank deposits, treasury bond, central bank bill, local government debt, corporate bond or debt with high credit ratings. Thus, the directors of the Company were of the view the credit risk related to cash and cash equivalents, time deposits, restricted bank deposits and WMPs was immaterial.

The Group's exposure to credit risk arising from accounts receivable and other receivables is influenced mainly by the individual characteristics of each debtor. The Group performed credit evaluation which focus on the debtor's past history of making payments and current ability to pay. The Group does not obtain collateral from debtor. As at 31 December 2025 and 2024, approximately 51% and 48% of the Group's accounts receivable were due from the five largest debtors respectively. Given the strong business relationship established, the regular payment made according to contract and the financial capability of these customers, the management does not expect that there will be any significant credit risk from non-performance of these customers. As at 31 December 2025, other receivables of RMB106 million was due from subsidiaries of a non-controlling shareholder. Given the financial capability and the subsequent repayment, the management does not expect that there will be any significant credit risk from non-performance of this debtor. For the details of loan arrangement, please refer to Note 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1b Credit risk (continued)

(ii) Impairment of financial assets

Accounts receivable

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable. Accounts receivable included amounts due from third parties with regular payment schedule and accounts due from third parties with increased credit risk.

And the recognition and measurement method of loss allowance for each category is measured separately:

- For accounts receivable due from oversea and domestic customers with regular payment schedule, the Group calculates the expected credit loss by referring to the historical credit loss experience, combining with the current situation and the forecast of future economic conditions and measuring the accounts receivable ageing and expected credit loss rate during the lifetime.
- For accounts receivable due from customers with different credit risks, such as the customers that the Group has renegotiated with specific payment schedule, the Group applies the individual identification method based on the characteristics of credit risk of each individual balance.

The expected loss rates are based on the historical payment profiles and the corresponding historical credit losses experiences within this period. The Group has also considered the expected changes in macroeconomic factors, and accordingly adjusted the historical loss rates based on expected changes in these factors to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1b Credit risk (continued)

(ii) Impairment of financial assets (continued)

Accounts receivable (continued)

The balance of each category of accounts receivable as at 31 December 2025 and 2024 was as follows:

	Accounts receivable RMB'000	Loss allowance RMB'000	Net value RMB'000
31 December 2025			
Accounts receivable			
From customers with regular payment schedule	419,601	(8,116)	411,485
From customers with different credit risks	62,043	(62,043)	—
	481,644	(70,159)	411,485

	Accounts receivable RMB'000	Loss allowance RMB'000	Net value RMB'000
31 December 2024			
Accounts receivable			
From customers with regular payment schedule	364,738	(22,839)	341,899
From customers with different credit risks	26,531	(26,531)	—
	391,269	(49,370)	341,899

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1b Credit risk (continued)

(ii) Impairment of financial assets (continued)

Accounts receivable (continued)

The loss allowance as at 31 December 2025 and 2024 was determined as follows for accounts receivable from innovative business customers with regular payment schedule:

Receivables from overseas customers	Up to 6 months RMB'000	6 months to 1 year RMB'000	1 year to 2 years RMB'000	Over 2 years RMB'000	Total RMB'000
31 December 2025					
Expected loss rate	0.30%	11.92%	–	100.00%	
Accounts receivable	93,599	520	–	13	94,132
Less: loss allowance	(280)	(62)	–	(13)	(355)
	93,319	458	–	–	93,777

Receivables from domestic customers	Up to 3 months RMB'000	3 months to 6 months RMB'000	6 months to 1 year RMB'000	over 1 year RMB'000	Total RMB'000
31 December 2025					
Expected loss rate	4.11%	23.11%	78.42%	100.00%	
Accounts receivable	5,188	991	380	1,161	7,720
Less: loss allowance	(213)	(229)	(298)	(1,161)	(1,901)
	4,975	762	82	–	5,819

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1b Credit risk (continued)

(ii) Impairment of financial assets (continued)

Accounts receivable (continued)

	Up to 6 months	6 months to 1 year	1 year to 2 years	Over 2 years	Total
Receivables from overseas customers	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

31 December 2024

Expected loss rate	0.52%	18.18%	47.49%	100.00%	
Accounts receivable	41,473	44	5,052	8,778	55,347
Less: loss allowance	(214)	(8)	(2,399)	(8,778)	(11,399)
	41,259	36	2,653	–	43,948

	Up to 3 months	3 months to 6 months	6 months to 1 year	over 1 year	Total
Receivables from domestic customers	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

31 December 2024

Expected loss rate	7.51%	22.25%	56.79%	100.00%	
Accounts receivable	6,244	1,703	884	114	8,945
Less: loss allowance	(469)	(379)	(502)	(114)	(1,464)
	5,775	1,324	382	–	7,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1b Credit risk (continued)

(ii) Impairment of financial assets (continued)

Accounts receivable (continued)

The loss allowance as at 31 December 2025 and 2024 was determined as follows for accounts receivable from social networking business customers with regular payment schedule:

Receivables from overseas customers	Up to 3 months	3 months to 6 months	6 months to 1 year	over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025					
Expected loss rate	0.61%	21.74%	57.68%	100.00%	
Accounts receivable	270,108	184	4,140	1,018	275,450
Less: loss allowance	(1,652)	(40)	(2,388)	(1,018)	(5,098)
	268,456	144	1,752	–	270,352

Receivables from domestic customers	Up to 3 months	3 months to 6 months	6 months to 1 year	over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025					
Expected loss rate	0.39%	29.41%	50.00%	100.00%	
Accounts receivable	41,686	17	2	594	42,299
Less: loss allowance	(162)	(5)	(1)	(594)	(762)
	41,524	12	1	–	41,537

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1b Credit risk (continued)

(ii) Impairment of financial assets (continued)

Accounts receivable (continued)

	Up to 3 months	3 months to 6 months	6 months to 1 year	over 1 year	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

31 December 2024

Expected loss rate	0.64%	26.71%	85.94%	100.00%	
Accounts receivable	249,434	277	249	7,037	256,997
Less: loss allowance	(1,589)	(74)	(214)	(7,037)	(8,914)
	247,845	203	35	–	248,083

	Up to 3 months	3 months to 6 months	6 months to 1 year	over 1 year	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

31 December 2024

Expected loss rate	0.71%	37.04%	100.00%	100.00%	
Accounts receivable	42,675	27	1	746	43,449
Less: loss allowance	(305)	(10)	(1)	(746)	(1,062)
	42,370	17	–	–	42,387

Throughout the years presented, the management kept monitoring the recoverability of accounts receivable.

Accounts receivable is written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a bankrupt of a debtor.

Impairment losses on accounts receivable are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1b Credit risk (continued)

(ii) Impairment of financial assets (continued)

Other financial assets at amortised cost

Other financial assets at amortised cost mainly include loans receivables. The Group measures credit risk using expected credit loss under IFRS 9.

At 31 December 2025, the credit risk of other receivables of approximately RMB213,263,000 (31 December 2024: RMB148,348,000) did not increase significantly since initial recognition. The average loss rate of 1.19% (31 December 2024: 1.11%) was applied as at the 31 December 2025.

For the remaining deposits and other receivables of approximately RMB23,910,000 (31 December 2024: RMB12,850,000) as at 31 December 2025, it was classified credit-impaired whose credit risk has increased significantly since initial recognition. The loss allowance was approximately RMB21,490,000 (31 December 2024: RMB12,850,000) as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1c Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

	As at 31 December 2025				Carrying amount
	Up to 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	Total RMB'000	
Accounts and other payables (excluding non-financial liabilities)	845,592	–	–	845,592	845,592
Other non-current liabilities	–	178,993	159,239	338,232	330,245
Lease liabilities	46,228	37,195	6,176	89,599	85,864
Bank overdraft	140	–	–	140	140
	891,960	216,188	165,415	1,273,563	1,261,841

	As at 31 December 2024				Carrying amount
	Up to 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	Total RMB'000	
Accounts and other payables (excluding non-financial liabilities)	1,088,481	–	–	1,088,481	1,088,481
Other non-current liabilities	–	184,420	163,030	347,450	322,404
Lease liabilities	42,410	27,389	19,027	88,826	83,271
Bank overdraft	46	–	–	46	46
	1,130,937	211,809	182,057	1,524,803	1,494,202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

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 shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio, which has not changed from previous year. This ratio is calculated as total liabilities divided by total assets. The Group aims to maintain its gearing ratio at a reasonable level. The gearing ratios as at 31 December 2025 and 2024 were as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Total liabilities	1,819,790	1,928,103
Total assets	4,394,178	3,582,988
Gearing ratio	41.41%	53.81%

3.3 Fair values

(i) Fair value hierarchy

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the year.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the year. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the financial instruments (such as unlisted equity securities and WMPs) are included in level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair values (continued)

(i) Fair value hierarchy (continued)

The fair value measurement of WMPs and investments in equity interests of certain private companies and limited partnership fall into level 3 of the fair value hierarchy. There were no transfers between levels for recurring fair value measurements during all years presented.

The following table presents the changes in level 3 instruments of investment in WMPs measured at fair value through profit or loss for the years ended 31 December 2025 and 2024:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	239,293	170,945
Purchases	758,607	677,294
Maturity	(829,576)	(612,680)
Change in fair value	2,667	3,734
Currency translation impacts	(4,475)	—
At the end of the year	166,516	239,293
Net unrealised gain for the period	998	1,596

The following table presents the changes in level 3 instruments of investments in equity interests of certain private companies and limited partnership measured at fair value through profit or loss for the years ended 31 December 2025 and 2024:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	39,884	36,634
Additions	30,000	—
Change in fair value	(3,829)	3,250
At the end of the year	66,055	39,884
Net unrealised (loss)/gain for the period	(3,829)	3,250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair values (continued)

(ii) Valuation process and valuation techniques used to determine level 3 fair value

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

(iii) Fair value measurements using significant unobservable inputs

The valuation of level 3 instruments mainly included investment in WMPs issued by banks and financial institutions and investments in equity interests in certain private companies and limited partnership. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques.

All the WMPs will mature within one year with variable return rates indexed to the performance of underlying assets. The fair values were determined based on cash flow discounted assuming the expected return will be obtained upon maturity. The significant unobservable input is the return rate and the relationship of unobservable inputs to fair value is positive correlation. As at 31 December 2025, it is estimated that an increase/decrease in expected return rate by 1 percentage point would have increased/decreased the Group's profit by RMB1,620,000 (2024: RMB2,377,000).

Fair value of the equity interest in private companies is determined using market approach or income approach. The main significant unobservable inputs used in the value measurement are discount rate and discount for lack of marketability ("DLOM"). The discount rate is ranging 21%-25% (2024: 21%-25%), and the relationship of discount rate to fair value is the higher the discount rate, the lower the fair value. The DLOM is used as 15%-20% (2024: 20%), and the relationship of DLOM to fair value is the higher the DLOM, the lower the fair value. Fair value of investment in limited partnership is determined with reference to the value of the underlying assets.

4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Revenue recognition

As disclosed in Note 2.22, the Group provides social networking business and innovative business services to its customers, which involve the assessment of revenue recognition on a gross or net basis, i.e., principal versus agent assessment in different business models. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified goods or service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified good or service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified good or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgement when assessing the indicators depending on each different circumstance.

4.2 Impairment of accounts receivable and other financial assets

The Group follows the guidance of IFRS 9 when assessing the expected credit losses of accounts receivable and other financial assets. This determination requires significant judgement and estimation. In making this judgement and estimation, the Group evaluates, among other factors, the duration of accounts receivable, the financial health status and collection history of debtors and expected future change of credit risks, including the consideration of factors such as general economy measure, changes in macroeconomic indicators etc. Further details are included in Note 3.1b to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

4 CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

4.3 Current and deferred income tax

The Group is subject to income taxes in different jurisdictions. Judgement 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 recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. 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.

4.4 Impairment of goodwill

The Group performs the impairment test for goodwill on an annual basis, by comparing the recoverable amount to the carrying amount. The recoverable amount is determined based on the value-in-use calculations by using the discounted cash flow method, which requires significant estimates and judgements relating to the growth rate, the terminal value and the discount rate. Additional information for the impairment assessment of goodwill is disclosed in Note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

5 SEGMENT INFORMATION

The Group's business activities are regularly reviewed and evaluated by the CODM and the Group is organised into segments according to the revenue streams of the Group.

During the year ended 31 December 2025, the Group reclassified its short-form drama business from the "Social Business" segment to the "Innovation Business" segment. Comparative information for 2024 has been restated accordingly. This change only affects segment presentation and has no impact on the Group's overall financial results.

The CODM assesses the performance of the operating segments based on the gross profit. The reconciliation of gross profit to profit before income tax is shown in the consolidated statement of comprehensive income. There were no separate segment assets and segment liabilities information provide to the CODM, as the CODM does not use this information to allocate resources or to evaluate the performance of the operating segments.

The segment results for the years ended 31 December 2025 and 2024 are as follows:

	Social networking business RMB'000	Innovative business RMB'000	Total RMB'000
For the year ended 31 December 2025			
Revenue	6,142,266	746,684	6,888,950
Cost of revenue	(2,801,312)	(240,359)	(3,041,671)
Gross profit	3,340,954	506,325	3,847,279
For the year ended 31 December 2024			
Revenue	4,622,757	468,770	5,091,527
Cost of revenue	(2,318,409)	(165,451)	(2,483,860)
Gross profit	2,304,348	303,319	2,607,667

Geographic information

Revenues generated from BlueCity Holdings Limited ("BlueCity") in both social networking business and innovative business are mainly in the Chinese Mainland. Except for that, other revenues are mainly in overseas markets. For the year ended 31 December 2025, revenue generated in the Chinese Mainland was RMB698,568,000 (2024: RMB792,999,000).

As at 31 December 2025, substantially all of the specified long-lived assets of the Group were located in the PRC. Such long-lived assets of the Group consist of property and equipment, software and technology. The brand name acquired in business combinations is related to the social networking apps managed by NBT Social Networking Inc. and BlueCity Holdings Limited.

For the year ended 31 December 2025, no single external customer accounted for 10% or more of the Group's total revenue (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of the Group's revenue by service line and timing of revenue recognition for the years ended 31 December 2025 and 2024 was as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
<i>Recognised at a point in time</i>		
Social networking business	5,868,467	4,362,191
Innovative business (i)	689,687	468,770
<i>Recognised over time</i>		
Social networking business	273,799	260,566
Innovative business	56,997	–
Total	6,888,950	5,091,527

- (i) The Group's innovative business includes revenue from niche games. In 2024, the Company entered into a cooperation agreement with subsidiaries of a non-controlling shareholder of the Company regarding the operation and revenue sharing of a niche game developed by the Group. For the year ended 31 December 2025, the innovative revenue recognized according to this arrangement was RMB83,990,000 and the account receivables as of 31 December 2025 was RMB57,396,000.

The Group generally enters into service contracts with customers for a contract term of less than one year. Therefore, the Group has applied the practical expedient permitted under IFRS 15 not to disclose the transaction price allocated to the unsatisfied performance obligations.

6a Details of contract liabilities

As at 31 December 2025, the contract liabilities mainly included with the advances for the purchase of virtual items and memberships. Most of the balance of contract liabilities as at 1 January 2025 and 2024 were recognised as revenue to the customers within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

7 EXPENSES BY NATURE

The details of cost of revenue, selling and marketing expenses, general and administrative expenses and research and development expenses analysed by nature are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Promotion and marketing expenses	2,127,205	1,198,739
Revenue sharing and commission fees	1,920,839	1,634,237
Employee benefit expenses (Note 8)	1,382,336	1,049,383
Server capacity expenses	144,314	114,399
Depreciation and amortisation	104,438	95,805
Cost of inventories	100,942	92,521
Technical and other service fee	37,632	51,302
Short-term leases and lease related expenses	26,885	21,377
Travel expenses	24,407	18,915
Consultancy and professional service fee	16,806	16,090
Auditor's remuneration		
– Audit and audit related services	5,100	8,560
– Non-audit services	551	848
Others	47,254	51,257
Total	5,938,709	4,353,433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Wages, salaries and other employee benefits	1,095,158	870,528
Share-based compensation expenses (Note 31)	225,596	138,423
Contributions to defined contribution retirement plan	44,686	31,554
Dismissal compensation	16,896	8,878
Total employee benefit expenses	1,382,336	1,049,383

The employees of subsidiaries of the Group established in the PRC (excluding Hong Kong) participate in defined contribution retirement schemes managed by the local government authorities, whereby the Group is required to contribute to the schemes based on certain percentages of the employees' salaries.

8a Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 0 Director whose emoluments are reflected in the analysis shown in Note 12a for the year ended 31 December 2025 (2024: 1). The emoluments payable to the remaining 5 individuals (2024: 4) for the year ended 31 December 2025 are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	4,049	4,370
Discretionary bonus	19,208	9,377
Pension costs – defined contribution retirement plans	314	208
Other social security costs, housing benefits and other employee benefits	452	649
Share-based compensation expenses	136,947	77,164
	160,970	91,768

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

8 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

8a Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Year ended 31 December	
	2025	2024
Emolument bands (in HKD)		
10,000,001 – 15,000,000	1	3
15,000,001 – 20,000,000	1	–
20,000,001 – 25,000,000	1	–
25,000,001 – 30,000,000	1	–
60,000,001 – 65,000,000	–	1
90,000,001 – 95,000,000	1	–

9 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Impairment loss provided for the year related to accounts receivable	22,082	3,842
Impairment loss provided for the year related to other receivables	10,066	10,261
	32,148	14,103

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

10 OTHER INCOME AND OTHER (LOSS)/GAIN, NET

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Other income		
Government grants	2,796	3,148
Others	1,175	1,729
Total	3,971	4,877
Other (loss)/gain – net		
Exchange (loss)/gain, net	(37,977)	576
Fair value change of financial assets measured at FVPL	(1,162)	6,984
Impairment loss on equity method investment	–	(5,954)
Others	1,847	(1,558)
Total	(37,292)	48

11 FINANCE INCOME – NET

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Finance income		
Interest income from bank deposits	87,449	63,201
Finance cost		
Interest expense on lease liabilities	(4,322)	(5,406)
Unwind of discount on non-current payables	(14,439)	(145)
Finance income – net	68,688	57,650

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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12 BENEFITS AND INTERESTS OF DIRECTORS

12a Executive directors' and independent non-executive directors' emoluments

For the year ended 31 December 2025:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension costs - defined contribution plans	Share-based compensation expenses	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Liu Chunhe	-	1,265	82	64	2,981	65	4,457
Li Ping	-	492	107	40	745	70	1,454
Ye Chunjian	-	473	113	67	1,030	94	1,777
Su Jian	-	1,345	142	57	1,544	91	3,179
Independent non-executive directors							
Chi Shujin	137	-	-	-	-	-	137
Gao Ming	91	-	-	-	-	-	91
Chen Sichao	137	-	-	-	-	-	137
Chen Yuyu	46	-	-	-	-	-	46
	411	3,575	444	228	6,300	320	11,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

12 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

12a Executive directors' and independent non-executive directors' emoluments (continued)

For the year ended 31 December 2024:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension costs - defined contribution plans	Share-based compensation expenses	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Liu Chunhe	-	1,271	82	66	8,745	94	10,258
Li Ping	-	492	82	66	2,186	94	2,920
Ye Chunjian	-	451	36	65	3,021	92	3,665
Su Jian	-	1,354	142	50	4,532	88	6,166
Independent non-executive directors							
Gao Ming	129	-	-	-	-	-	129
Huang Sichen	129	-	-	-	-	-	129
Chen Sichao	-	-	-	-	-	-	-
Chi Shujin	129	-	-	-	-	-	129
	387	3,568	342	247	18,484	368	23,396

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

12 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

12b Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors during 2025 and 2024.

12c Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available Directors' services subsisted at the end of the year or at any time during 2025 and 2024.

12d Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings are entered into by the Company in favour of directors, controlled bodies corporate by and connected entities with such directors during 2025 and 2024.

13 INCOME TAX EXPENSES

13a Cayman Islands Income Tax

The Company is incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to Cayman Islands income tax.

13b United Arab Emirates ("UAE") Tax

Mico World Technology FZ-LLC is incorporated in Dubai on 28 April 2023 as a Free Zone Company with limited liability and according to the relevant laws for Taxation of Corporations and Businesses ("CT Law") in the UAE. For the years ended 31 December 2025 and 2024, Mico World Technology FZ-LLC satisfied certain conditions and is subject to corporate tax at a rate of 0%.

13c Hong Kong Profits Tax

Entities incorporated in Hong Kong are subject to Hong Kong Profits Tax at a rate of 16.5% on the assessable profits for the periods presented, based on the existing legislation, interpretations and practices in respect thereof.

13d PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in the PRC was subject to statutory tax rate of 25% on the assessable profits for the years ended 31 December 2025 and 2024, based on the existing legislation, interpretations and practices in respect therefore.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13 INCOME TAX EXPENSES (CONTINUED)

13d PRC Enterprise Income Tax (“EIT”) (continued)

NewBornTown Network Technology (Beijing) Co., Ltd. (“NewBornTown Network Technology”), Shandong NewBornTown Network Technology Co., Ltd., Beijing Mico World Internet Technology Co., Ltd. and Beijing BlueCity Information & Technology Co., Ltd. have been qualified as “High and New Technology Enterprises” (“HNTE”) under the relevant PRC laws and regulations. Accordingly, these entities were entitled to a preferential income tax rate of 15% till 31 December 2025 based on their latest HNTE certificate.

On 28 May 2021, Shenzhen Leyuyou Internet Technology Co., Ltd. was accredited as a software enterprise under the relevant PRC laws and regulations since 2021. Accordingly, this subsidiary is exempt from EIT for the years ended 31 December 2021 and 2022, followed by a 50% reduction in the statutory income tax rate of 25% for the next three years from 2023 to 2025.

Enterprises in the PRC engaging in research and development activities would be entitled to claim 200% of their research and development expenses as Super Deduction from 1 January 2023. The Group has made its best estimate for the Super Deduction to be claimed for the Group’s PRC operating entities in ascertaining their taxable profits for the year.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current tax		
Provisions for the year	4,629	9,118
Under/(Over)-provision in respect of prior years	60	(4,337)
Deferred tax		
Changes in deferred tax assets/liabilities (Note 27)	(13,208)	(7,713)
Income tax credits	(8,519)	(2,932)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

13 INCOME TAX EXPENSES (CONTINUED)

13e Reconciliation of income tax expenses

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before income tax	955,186	784,841
Tax at the PRC statutory tax rate of 25%	238,797	196,210
Effect of different tax rates in other jurisdictions	(240,337)	(161,791)
Effect of preferential tax rates	(18,342)	(31,584)
Effect of expenses not deductible for income tax purposes	30,332	20,907
Effect of tax losses for which no deferred tax assets were recognised	36,174	23,119
Impact on share of results of investments accounted for using equity method	107	259
Tax effect of non-taxable of income	(419)	(15)
Under/(Over)-provision in respect of prior years	60	(4,337)
Effect of super deduction of research and development expenses	(54,891)	(45,700)
Income tax credits	(8,519)	(2,932)

13f Pillar Two income taxes

The Group is subject to the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organisation for Economic Co-operation and Development. The Group has not yet applied Pillar Two model rules as unsatisfying certain thresholds. The Group continuously make assessments of what the impact of Pillar Two model rules is expected to be on the income taxes.

14 EARNINGS PER SHARE

14a Basic

Basic earnings per share for the years ended 31 December 2025 and 31 December 2024 were calculated by dividing the profit attributable to equity shareholders of the Company of RMB934,534,000 and RMB480,310,000 by the weighted average number of ordinary shares of 1,267,820,000 and 1,136,949,000 in issue during the year, calculated as follows:

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(Expressed in RMB unless otherwise indicated)

14 EARNINGS PER SHARE (CONTINUED)

14a Basic (continued)

Weighted average number of ordinary shares

	Year ended 31 December	
	2025 '000	2024 '000
Issued ordinary shares at 1 January	1,410,964	1,191,216
Effect of ordinary shares held by trusts for employee share incentives	(112,949)	(46,451)
Effect of ordinary shares issued	1,057	4,329
Effect of shares purchased for employee share scheme	(36,104)	(12,983)
Effect of restricted share units (RSU) vested	4,852	838
Weighted average number of ordinary shares at 31 December	1,267,820	1,136,949

14b Diluted

For the year ended 31 December 2025, dilutive earnings per share were calculated by dividing the profit attributable to equity shareholders of the Company of RMB934,534,000 (2024: RMB473,616,000) by the weighted average number of ordinary shares of 1,327,923,000 (2024: 1,139,716,000), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit attributable to ordinary equity shareholders	934,534	480,310
Effect of share incentive for non-wholly owned subsidiary	—	(6,694)
Profit attributable to ordinary equity shareholders (diluted)	934,534	473,616

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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14 EARNINGS PER SHARE (CONTINUED)

14b Diluted (continued)

(ii) *Weighted average number of ordinary shares (diluted)*

	Year ended 31 December	
	2025 '000	2024 '000
Weighted average number of ordinary shares at 31 December	1,267,820	1,136,949
Effect of deemed issue of shares under the Company's share incentive scheme	60,103	2,767
Weighted average number of ordinary shares (diluted) at 31 December	1,327,923	1,139,716

For the years ended 31 December 2025 and 2024, the Group has considered the impact from the restricted share units ("RSU") and share options issued by the Group on diluted earnings per share. All the RSUs already issued have a dilutive effect during the year, and while since the exercise price of the share options is below the average share price of ordinary shares during the year, such share options also have dilutive effect on earnings per share.

15 DIVIDENDS

No dividends have been paid or declared by the Company for the year ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

16 PROPERTY AND EQUIPMENT

16a Property and equipment

	Electronic equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Right-of- use assets <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2024						
Opening net book amount	7,788	1,845	188	7,855	107,199	124,875
Additions	6,685	124	552	1,484	5,551	14,396
Depreciation charge	(4,721)	(507)	(137)	(3,474)	(38,160)	(46,999)
Disposal	(214)	–	(94)	–	–	(308)
Closing net book amount	9,538	1,462	509	5,865	74,590	91,964
As at 31 December 2024						
Cost	20,610	2,900	552	16,810	149,952	190,824
Accumulated depreciation	(11,072)	(1,438)	(43)	(10,945)	(75,362)	(98,860)
Closing net book amount	9,538	1,462	509	5,865	74,590	91,964
Year ended 31 December 2025						
Opening net book amount	9,538	1,462	509	5,865	74,590	91,964
Additions	11,631	785	–	5,327	53,885	71,628
Acquisition through a business combination	284	–	–	–	–	284
Currency translation differences	–	–	–	–	16	16
Depreciation charge	(6,290)	(559)	(105)	(3,284)	(41,209)	(51,447)
Disposal	32	–	–	–	(2,395)	(2,363)
Closing net book amount	15,195	1,688	404	7,908	84,887	110,082
As at 31 December 2025						
Cost	32,470	3,685	552	22,137	167,916	226,760
Accumulated depreciation	(17,275)	(1,997)	(148)	(14,229)	(83,029)	(116,678)
Closing net book amount	15,195	1,688	404	7,908	84,887	110,082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

16 PROPERTY AND EQUIPMENT (CONTINUED)

16a Property and equipment (continued)

Depreciation charges were expensed off (Note 7) in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of revenue	29,144	27,482
General and administrative expenses	10,930	10,930
Research and development expenses	4,606	4,510
Selling and marketing expenses	6,767	4,077
	51,447	46,999

16b Leases

For the years ended 31 December 2025 and 2024, the Group obtains right to control the use of properties through entering respective lease arrangements. The leased assets cannot be used as security for borrowing purposes.

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Right-of-use assets		
Buildings	84,887	74,590
Lease liabilities		
Current	43,453	38,840
Non-current	42,411	44,431
	85,864	83,271

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

16 PROPERTY AND EQUIPMENT (CONTINUED)

16b Leases (continued)

(ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets	16a	41,209	38,160
Interest expense (included in finance cost)	11	4,322	5,406
Expenses for short-term leases		15,904	12,465
Expense relating to leases of low-value assets that are not shown above as short-term leases		355	175

The total cash outflow for leases for the year ended 31 December 2025 was RMB71,873,000 (2024: RMB48,556,000).

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(Expressed in RMB unless otherwise indicated)

17 INTANGIBLE ASSETS

	Software RMB'000	Brand name RMB'000	User base RMB'000	Technology RMB'000	License RMB'000	Other intangible assets RMB'000	Total RMB'000
Year ended 31 December 2024							
Opening net book amount	3,679	230,479	9,840	14,158	2,311	–	260,467
Additions	548	–	–	–	–	–	548
Disposal	(575)	–	–	–	–	–	(575)
Amortisation charge	(1,722)	(31,500)	(9,840)	(4,000)	(1,744)	–	(48,806)
Closing net book amount	1,930	198,979	–	10,158	567	–	211,634
As at 31 December 2024							
Cost	11,513	315,000	–	20,000	2,868	–	349,381
Accumulated amortisation	(9,583)	(116,021)	–	(9,842)	(2,301)	–	(137,747)
Closing net book amount	1,930	198,979	–	10,158	567	–	211,634
Year ended 31 December 2025							
Opening net book amount	1,930	198,979	–	10,158	567	–	211,634
Additions	198	–	–	–	–	19,836	20,034
Acquisition through a business combination	8,083	–	–	–	–	43,227	51,310
Currency translation differences	6	–	–	–	–	255	261
Amortisation charge	(1,697)	(31,500)	–	(3,400)	(567)	(15,827)	(52,991)
Closing net book amount	8,520	167,479	–	6,758	–	47,491	230,248
As at 31 December 2025							
Cost	19,794	315,000	–	20,000	2,868	63,063	420,725
Accumulated amortisation	(11,274)	(147,521)	–	(13,242)	(2,868)	(15,572)	(190,477)
Closing net book amount	8,520	167,479	–	6,758	–	47,491	230,248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

17 INTANGIBLE ASSETS (CONTINUED)

Amortisation charges were expensed off (Note 7) in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of revenue	52,760	47,481
General and administrative expenses	231	1,174
Selling and marketing expenses	–	136
Research and development expenses	–	15
	52,991	48,806

18 GOODWILL

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost and carrying amount:		
At the beginning of the year	385,511	385,511
Acquisitions through a business combination	68,293	–
At the end of the year	453,804	385,511

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

18 GOODWILL (CONTINUED)

Impairment tests for cash-generating units (“CGU”) containing goodwill

Goodwill is allocated to the following CGUs:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Social networking – Beijing Mico	197,287	197,287
Social networking – BlueCity	188,224	188,224
Innovative – Playlet	68,293	–
	453,804	385,511

The impairment assessment was conducted by the management leveraging their extensive experiences in the industry and, when it is necessary, engaging an independent professional valuer. The Group carries out annual impairment test on goodwill by comparing the recoverable amount to the carrying amount. The recoverable amount of the cash-generating unit is determined based on the value-in-use calculations by using the discounted cash flow method. The calculation used cash flow projections based on financial budgets approved by management covering a five-year period with a terminal value related to the future cash flows extrapolated using the estimated growth rates stated below beyond the five-year period. The impairment test was performed at 31 December 2025.

Social networking – Beijing Mico

The goodwill allocated to Social networking – Beijing Mico was generated from acquisition of Beijing Mico in 2020. The key assumptions used in impairment test including annual revenue growth rates which ranged from 2% to 4% (2024: 2% to 5%) for the forecast period, while for the years beyond the five-year period, the estimated continuous growth rate to perpetuity is 2% (2024: 2%). The present value of cash flows is calculated by discounting the cash flow using pre-tax discount rate of 24% (2024: 24%) which was estimated by using the Weighted Average Cost of Capital (“WACC”) method. The WACC was calculated by referring to public market data including risk-free rate, market return, beta of comparable public companies, and the specific risk of the Group’s social networking business.

Based on the result of the goodwill impairment testing, the recoverable amount of Beijing Mico CGU amounted to RMB3.94 billion (31 December 2024: RMB3.28 billion) which exceeded the carrying amount of Beijing Mico CGU with a headroom available amounted to approximately RMB3.59 billion as at 31 December 2025 (31 December 2024: RMB2.94 billion). As the recoverable amount was above the carrying amount, no impairment was resulted in respect of the goodwill as at 31 December 2025 (31 December 2024: nil).

Reasonable possible changes in key assumptions would not lead to impairment of the goodwill as at 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

18 GOODWILL (CONTINUED)

Social networking – BlueCity

The goodwill allocated to Social networking – BlueCity was generated from acquisition of BlueCity in 2023. The key assumptions used in impairment test including annual revenue growth rate which ranged from -23% to 1% (2024: 2% to 7%) for the forecast period, while for the years beyond the five-year period, the estimated continuous growth rate to perpetuity is 0% (2024: 2%). The present value of cash flows is calculated by discounting the cash flow using pre-tax discount rate of 17% (2024: 17%) which was estimated by using the WACC method. The WACC was calculated by referring to public market data including risk-free rate, market return, beta of comparable public companies, and the specific risk of the Group's social networking business.

Based on the result of the goodwill impairment testing, the recoverable amount of BlueCity CGU amounted to RMB482 million (31 December 2024: RMB891 million) which exceeded the carrying amount of BlueCity with a headroom available amounted to approximately RMB151 million (31 December 2024: RMB555 million) as at 31 December 2025. As the recoverable amount was above the carrying amount, no impairment was resulted in respect of the goodwill as at 31 December 2025 (31 December 2024: nil).

Reasonable possible changes in key assumptions would not lead to impairment of the goodwill as at 31 December 2025 and 2024.

Innovative – Playlet

The goodwill allocated to Innovative – Playlet was generated from acquisition of Playlet in 2025. The acquisition was completed on 31 August 2025, and the total consideration is USD7.0 million. The key assumptions used in impairment test including annual revenue growth rate which ranged 18% to 129% for the forecast period, while for the years beyond the five-year period, the estimated continuous growth rate to perpetuity is 2%. The present value of cash flows is calculated by discounting the cash flow using pre-tax discount rate of 25% which was estimated by using the WACC method. The WACC was calculated by referring to public market data including risk-free rate, market return, beta of comparable public companies, and the specific risk of the Group's innovative business.

Based on the result of the goodwill impairment testing, the recoverable amount of Playlet CGU amounted to RMB178 million which exceeded the carrying amount of Playlet with a headroom available amounted to approximately RMB42 million as at 31 December 2025. As the recoverable amount was above the carrying amount, no impairment was resulted in respect of the goodwill as at 31 December 2025.

Reasonable possible changes in key assumptions would not lead to impairment of the goodwill as at 31 December 2025.

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19 SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

Company Name	Kind of legal entity	Place of incorporation/ establishment/ operation	Principal activities	Issued and paid-in capital/ registered capital	Percentage of effective interest held
SOLO X TECHNOLOGY LIMITED	Limited liability company	Hong Kong	Investment holding	–	100.00%
NewBornTown Mobile Technology (Shandong) Holdings Co., Ltd. ("赤子城移動科技(山東)股份有限公司")	Joint stock limited liability company	PRC	Investment holding	Number of shares: 58,183,695	100.00%
Solo Fantasy Network Technology (Beijing) Co., Ltd. ("索洛幻想網路技術(北京)有限公司")	Limited liability company	PRC	Support services to operation	Issued and paid-up: RMB1,000,000	100.00%
Great Sailing Media Limited ("航海時代傳媒有限公司")	Limited liability company	Hong Kong	Innovative business and social networking business	Number of shares: 5,000	100.00%
Newborn Town International Enterprise Limited ("赤子城國際企業有限公司")	Limited liability company	Hong Kong	Innovative business	Number of shares: 100	100.00%
NewBornTown Network Technology (Beijing) Co., Ltd. ("赤子城網絡技術(北京)有限公司")	Limited liability company	PRC	Innovative business	Issued and paid-up: RMB300,000,000	100.00%
Shandong NewBornTown Network Technology Co., Ltd. ("山東赤子城網絡技術有限公司")	Limited liability company	PRC	Support services to operation	Issued: RMB295,500,000 Paid-up: RMB295,147,000	100.00%
Hainan Newborn Town Network Technology Co., Ltd. ("海南赤子城網絡技術有限公司")	Limited liability company	PRC	Support services to operation	Issued and paid-up: RMB1,000,000	100.00%

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(Expressed in RMB unless otherwise indicated)

19 SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Company Name	Kind of legal entity	Place of incorporation/ establishment/ operation	Principal activities	Issued and paid-in capital/ registered capital	Percentage of effective interest held
Beijing Mico World Technology Co., Ltd. ("北京米可世界科技有限公司")	Limited liability company	PRC	Support services to operation	Issued and paid-up: RMB200,000,000	100.00%
Mico World Limited	Limited liability company	Hong Kong	Social networking business	Number of shares: 100	100.00%
Mobile Alpha Limited	Limited liability company	Hong Kong	Social networking business	Number of shares: 100	100.00%
Shenzhen Leyuyou Internet Technology Co., Ltd. ("深圳樂游網絡科技有限公司")	Limited liability company	PRC	Support services to operation	Issued and paid-up: RMB1,000,000	100.00%
Hainan Jidu Kongjian Internet Technology Co., Ltd. ("海南幾度空間網絡科技有限責任公司")	Limited liability company	PRC	Support services to operation	Issued: RMB1,000,000 Paid-up: RMB105,000	100.00%
Mico World Egypt Network Ltd.	Limited liability company	Egypt	Social networking business	Number of shares: 600	100.00%
Mico World Technology FZ-LLC	Limited liability company	UAE	Social networking business	–	100.00%
Micro Showtime PTE. LTD.	Limited liability company	Singapore	Innovative business	–	85.00%
Guangzhou Qingying Network Technology Co., Ltd. ("廣州清盈網絡科技有限公司")	Limited liability company	PRC	Support services to operation	Issued: RMB2,000,000 Paid-up: RMB1,686,400	85.00%
Shenzhen Bobi Joy Technology Co., Ltd ("深圳市波比歡樂科技有限公司")	Limited liability company	PRC	Social networking business	Issued: RMB1,250,000 Paid-up: RMB250,000	100.00%

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19 SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Company Name	Kind of legal entity	Place of incorporation/ establishment/ operation	Principal activities	Issued and paid-in capital/ registered capital	Percentage of effective interest held
NBT Social Networking Inc.	Limited liability company	Cayman Islands	Investment holding	USD50,000	100.00%
NBT Social Networking Pte. Ltd.	Joint stock limited liability company	Singapore	Investment holding	Number of shares: 10,000	100.00%
Beijing Mico World Internet Technology Co., Ltd. ("北京米可世界網絡技術有限公司")	Limited liability company	PRC	Support services to operation	Issued: RMB1,000,000 paid-up: nil	100.00%
Multelement Limited	Limited liability company	Cayman Islands	Investment holding	Number of shares: 18,538,363	73.29%
Land of Glory Ltd.	Limited liability company	Cayman Islands	Investment holding	Number of share: 1	73.29%
BlueCity Holdings Limited	Limited liability company	Cayman Islands	Investment holding	Number of share: 1	73.29%
BlueCity Holdings Hong Kong Limited	Limited liability company	Hong Kong	Social networking business	Number of shares: 10,000	73.29%
BlueCity Holdings Global Limited	Limited liability company	Hong Kong	Investment holding	Number of share: 1	73.29%
Beijing BlueCity Information & Technology Co., Ltd. ("北京藍城兄弟信息技術有限公司")	Limited liability company	PRC	Support services to operation	Issued: USD61,680,000 Paid-up: USD51,680,000	73.29%
Blued Japan Co., Ltd. ("Blued Japan 株式會社")	Limited liability company	Japan	Social networking business	Number of share: 100	73.29%
Fleeper Holdings Limited	Limited liability company	Hong Kong	Investment holding	Number of share: 1	73.29%
Catchme LLC	Limited liability company	United States	Investment holding	Number of share: 1	73.29%
iRainbow Hong Kong Limited	Limited liability company	Hong Kong	Social networking business	Number of share: 1	73.29%
Beijing Aloha Technology Co, Ltd. ("北京阿羅哈科技有限公司")	Limited liability company	PRC	Support services to operation	Issued: USD1,700,000 Paid-up: USD299,960	73.29%

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19 SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Company Name	Kind of legal entity	Place of incorporation/ establishment/ operation	Principal activities	Issued and paid-in capital/ registered capital	Percentage of effective interest held
Beijing BlueCity Culture and Media Co., Ltd. (北京藍城兄弟文化傳媒有限公司)	Limited liability company	PRC	Social networking business	Issued and paid-up: RMB3,040,000	73.29%
Guangzhou Yingyou Tianxia Network Technology Co., Ltd. (廣州影遊天下網路科技有限公司)	Limited liability company	PRC	Social networking business	Issued: RMB1,000,000 paid-up: nil	73.29%
City of Glory Chengdu Information Technology Co., Ltd. (榮耀之城成都資訊技術有限公司)	Limited liability company	PRC	Support services to operation	Issued and paid-up: RMB1,000,000	73.29%
Beijing Asphere Interactive Network Technology Co., Ltd. (北京猩球互動網路科技有限公司)	Limited liability company	PRC	Social networking business	Issued: RMB10,000,000 Paid-up: RMB19,000	73.29%
Danlan (Beijing) Media Co., Ltd. (淡藍(北京)傳媒有限公司)	Limited liability company	PRC	Social networking business	Issued: RMB1,000,000 paid-up: nil	73.29%
Beijing BlueCity Youning Health Management Co., Ltd. (北京藍城佑甯健康管理有限公司)	Limited liability company	PRC	Innovative business	Issued and paid-up: RMB3,000,000	73.29%
Shandong Youping Pharmacy Chain Co., Ltd. (山東佑平大藥房連鎖有限公司)	Limited liability company	PRC	Innovative business	Issued: RMB10,000,000 Paid-up: RMB3,000,000	73.29%
Chongqing Changyuan Pharmaceutical Co., Ltd. (重慶長遠醫藥有限公司)	Limited liability company	PRC	Innovative business	Issued: RMB10,000,000 Paid-up: RMB4,729,000	73.29%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19 SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

19a Investments accounted for using the equity method

The following table presents the changes in investments accounted for using equity method for the years ended 31 December 2025 and 2024. None of these investments are individually material.

	Year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the year	26,648	24,300
Additions	12,500	10,000
Share of net profit attributable to the Group	1,726	(1,725)
Impairment of equity method investee	—	(5,954)
Effects of exchange rate changes	—	27
At the end of the year	40,874	26,648

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20 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

		As at 31 December	
	Note	2025 RMB'000	2024 RMB'000
Financial assets			
Financial assets at amortised cost	(i)		
Accounts and other receivables	21,22	624,672	488,606
Cash and cash equivalents	24	2,558,041	2,048,631
Time deposits		90,202	–
Restricted bank deposits	23	4,548	1,337
Financial assets measured at FVPL			
Investment in WMPs	(ii)	166,516	239,293
Investments in equity interests of certain private companies and limited partnership	(iii)	66,055	39,884
		3,510,034	2,817,751
Financial liabilities			
Financial liabilities at amortised cost	(i)		
Accounts and other payables and other non-current liabilities		1,175,837	1,410,885
Lease liabilities	16b	85,864	83,271
Bank overdraft		140	46
		1,261,841	1,494,202

Notes:

- (i) As at 31 December 2025 and 2024, the fair values of the financial assets and financial liabilities at amortised cost approximate their respective carrying amounts due to short-term maturities of these financial instruments.
- (ii) The WMPs were not principal or interest guaranteed and were therefore classified as financial assets as FVPL. The fair value measurement of these assets is disclosed in Note 3.3.
- (iii) The Group has made equity investments in certain private companies and limited partnerships, including entering a limited partnership agreement with a subsidiary of a non-controlling shareholder in August 2025, pursuant to which the Group invested RMB30,000,000 as a limited partner, and the subsidiary of the non-controlling shareholder is the general partner. The carrying amount of the investment in the limited partnership is RMB30,000,000 as at 31 December 2025.

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(Expressed in RMB unless otherwise indicated)

21 ACCOUNTS RECEIVABLE

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current assets		
Gross carrying amount	481,644	391,269
Less: loss allowance (Note 3.1b)	(70,159)	(49,370)
Total accounts receivable	411,485	341,899

An ageing analysis of the gross accounts receivable as at 31 December 2025 and 2024, based on date of recognition, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Up to 6 months	411,773	341,833
6 months to 1 year	23,862	1,179
1 year to 2 years	1,323	10,393
2 years to 3 years	8,453	3,823
Over 3 years	36,233	34,041
	481,644	391,269

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. Movement in lifetime expected credit losses that has been recognised for accounts receivable is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	(49,370)	(44,578)
Provision for impairment, net (Note 9)	(22,082)	(3,842)
Currency translation impacts	1,293	(950)
At the end of the year	(70,159)	(49,370)

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21 ACCOUNTS RECEIVABLE (CONTINUED)

As at 31 December 2025 and 2024, the analysis of carrying amounts of accounts receivable denominated in different currencies is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Denominated in USD	319,497	246,271
Denominated in HKD	115,622	92,550
Denominated in RMB	46,525	52,448
	481,644	391,269

22 OTHER RECEIVABLES

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Amounts due from subsidiaries of a non-controlling shareholder	(i)	106,645	–
Deposits placed at foreign licensed payment platforms	(ii)	44,730	86,309
Loans to employees	(iii)	35,810	22,720
Rental deposits		14,753	17,202
Others		35,235	34,967
		237,173	161,198
Less: loss allowance (Note 3.1b)		(23,986)	(14,491)
		213,187	146,707
Including:			
Current portion		180,129	134,898
Non-current portion		33,058	11,809

Notes:

- (i) As at 31 December 2025, the balance represents unsecured loans granted to a subsidiary of a non-controlling shareholder of the Company, mainly bearing an annual interest rate of 6%. For the year ended 31 December 2025, loans granted by the Group, interest income accrued by the Group and settlement received from this debtor amounted to are RMB296,994,000, RMB1,666,000 and RMB192,015,000, respectively. The loans are mainly due in one year.
- (ii) The balance mainly represents the deposits placed at foreign licensed payment platforms.
- (iii) In order to retain high-performance employees within the Group, the Group adopted an employee interest-free loan arrangement, under which employees can receive interest-free and unsecured loans from the Group and repay such amount over the terms (1 – 5 years) agreed with the Group.

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23 RESTRICTED BANK DEPOSITS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Security deposits for litigation	3,237	—
Guarantee deposits at bank	1,311	1,337
	4,548	1,337

The restricted bank deposits include security deposits for litigation and guarantee deposits at bank.

24 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Bank deposits at call	746,939	854,995
Bank deposits with original maturities within three months	1,793,229	1,183,658
Other cash and cash equivalents	17,873	9,978
	2,558,041	2,048,631

For the years ended 31 December 2025 and 2024, the average interest rates of bank deposits at call were 0.3% and 0.4%, and those of deposits with original maturities within three months were 4.0% and 4.2% respectively.

As at 31 December 2025 and 2024, the analysis of carrying amounts of cash and cash equivalents denominated in different currencies is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Denominated in USD	2,339,904	1,722,348
Denominated in RMB	138,519	287,203
Denominated in HKD	71,234	35,265
Other currencies	8,384	3,815
	2,558,041	2,048,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

25 ACCOUNTS PAYABLE

Analysis of the accounts payable as at 31 December 2025 and 2024, based on the date of recognition is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Up to 1 year	489,425	373,081
1 year to 2 years	56	741
More than 2 years	3,688	8,735
	493,169	382,557

Accounts payable are usually settled within 1 year of recognition.

As at 31 December 2025 and 2024, the analysis of carrying amounts of accounts payable denominated in different currencies is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Denominated in USD	420,999	300,097
Denominated in RMB	52,178	46,852
Denominated in HKD	10,032	31,703
Other currencies	9,960	3,905
	493,169	382,557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

26 OTHER PAYABLES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Employee benefits payable	278,547	213,391
Payable to former non-controlling interest of a subsidiary	169,883	468,623
Dividends payable to former non-controlling interest of a subsidiary	139,920	168,360
Other tax payables	122,537	62,417
Others	42,620	68,941
	753,507	981,732

27 DEFERRED INCOME TAX

The amount of offsetting deferred income tax assets/liabilities is RMB10,979,000 and RMB11,270,000 as at 31 December 2025 and 2024, respectively. The analysis of deferred income tax assets and liabilities before offsetting is as follows:

27a Deferred tax assets

	As at 31 December	
	2025 RMB'000	2024 RMB'000
The balance comprises temporary differences attributable to:		
Lease liabilities	9,890	9,476
Accrued operating expenses	—	884
Others	1,432	1,357
Total deferred tax assets	11,322	11,717
Set-off of deferred tax liabilities pursuant to set-off provisions	(10,979)	(11,270)
	343	447

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 DEFERRED INCOME TAX (CONTINUED)

27a Deferred tax assets (continued)

Movements	Accrued operating expenses RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 31 December 2023	1,675	15,064	1,509	18,248
Charged to profit or loss	(791)	(5,588)	(152)	(6,531)
At 31 December 2024	884	9,476	1,357	11,717
Charged to profit or loss	(884)	414	75	(395)
At 31 December 2025	–	9,890	1,432	11,322

Deferred tax assets are recognised for deductible temporary differences to the extent that the realisation of the related tax benefits through future tax profit is probable.

As at 31 December 2025 and 2024, the Group did not recognise deferred tax assets in respect of accumulated tax losses amounting to RMB1,063,306,000 (2024: RMB852,957,000), which are expected to expire from 31 December 2026 to 31 December 2034.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 DEFERRED INCOME TAX (CONTINUED)

27b Deferred tax liabilities

	As at 31 December	
	2025 RMB'000	2024 RMB'000
The balance comprises temporary differences attributable to:		
Intangible assets identified in business combination	41,230	52,727
Right-of-use assets	9,616	9,182
Fair value changes of financial assets	11,963	12,482
Total deferred tax liabilities	62,809	74,391
Set-off of deferred tax liabilities pursuant to set-off provisions	(10,979)	(11,270)
	51,830	63,121

Movement	Changes in fair value of financial assets RMB'000	Intangible assets identified in business combination RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 31 December 2023	11,994	61,509	15,132	88,635
Charged to profit or loss	488	(8,782)	(5,950)	(14,244)
At 31 December 2024	12,482	52,727	9,182	74,391
Acquisition through business combination	–	2,021	–	2,021
Charged to profit or loss	(519)	(13,518)	434	(13,603)
At 31 December 2025	11,963	41,230	9,616	62,809

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 SHARE CAPITAL

	Number of shares authorised for issue (Par value USD0.0001)	Number of shares in issue	Share capital RMB'000	Shares held for employee share scheme RMB'000	Share premium RMB'000
As at 1 January 2024	3,000,000,000	1,191,216,000	818	(40,404)	669,523
Transaction with NCI and modification of share incentive plan	–	219,748,391	158	(82,604)	782,183
Restricted share units vesting	–	–	–	2	–
Purchase of own shares	–	–	–	(143,275)	–
As at 31 December 2024	3,000,000,000	1,410,964,391	976	(266,281)	1,451,706
Exercise for options	–	1,994,000	1	–	13,863
Restricted share units vesting	–	–	–	5,730	–
Purchase of own shares	–	–	–	(236,969)	–
As at 31 December 2025	3,000,000,000	1,412,958,391	977	(497,520)	1,465,569

Shares held for employee share scheme

The shares held for employee share scheme mainly comprises the cost of the Company's shares held by the Group for the RSU Award Scheme. At 31 December 2025, the trusts for the Group's employee share scheme held 119,768,000 (2024: 70,366,000) shares that the Group purchased and 35,398,486 (2024: 42,582,935) shares that the Company issued to the trusts.

Share premium

The share premium mainly comprises the portion of contributions from equity shareholders of the Group in excess of par value of share capital.

Notes:

- (i) During the year 2025, the Company provided funds to Three D Partners Limited to purchase a total of 49,402,000 (2024: 46,148,000) ordinary shares pursuant to the RSU Award Scheme adopted by the Company in June 2022 (Note 31), at a total consideration of approximately HK\$257,510,000, equivalent to RMB236,969,000 (2024: HK\$155,757,000, equivalent to RMB143,275,000).
- (ii) On 23 December 2024, as a part of modification of Mico RSU Scheme, the Company issued 22,215,102 shares to JJQJ Limited, a share incentive platform of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

29 OTHER RESERVES

	Statutory reserve <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Total other reserves <i>RMB'000</i>
Balance at 1 January 2024	7,247	(3,054)	6,763	10,956
Other comprehensive income	–	–	(3,177)	(3,177)
Appropriation to statutory reserves	7,180	–	–	7,180
Share-based compensation expenses	–	102,157	–	102,157
Modification of share incentive plan	–	(14,324)	–	(14,324)
Restricted share units vesting	–	(2)	–	(2)
Transaction with non-controlling interests	–	(701,248)	–	(701,248)
As at 31 December 2024 and 1 January 2025	14,427	(616,471)	3,586	(598,458)
Other comprehensive income	–	–	(10,222)	(10,222)
Appropriation to statutory reserves	2,487	–	–	2,487
Share-based compensation expenses	–	197,176	–	197,176
Exercise for options	–	(5,079)	–	(5,079)
Restricted share units vesting	–	(5,730)	–	(5,730)
As at 31 December 2025	16,914	(430,104)	(6,636)	(419,826)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

29 OTHER RESERVES (CONTINUED)

Capital reserve

The capital reserve includes the portion of the grant date fair value of unexercised share options granted to employees of the company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 31 and equity transactions with non-controlling interests.

Statutory reserve

In accordance with the Company Law of the PRC, domestic enterprises in Mainland China are required to transfer 10% of their profit after taxation, as determined under accounting principles generally accepted in the PRC ("PRC GAAP"), to the statutory surplus reserve until such reserve balance reaches 50% of the registered capital of such entities. Moreover, upon a resolution made by the shareholders, a certain percentage of domestic enterprises' profit after taxation, as determined under PRC GAAP, is transferred to the discretionary surplus reserve.

The statutory surplus reserve can be used to reduce previous years' losses, if any, and may be converted into paid-in capital, provided that the statutory reserve after such conversion is not less than 25% of the registered capital of relevant subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

30 CASH FLOW INFORMATION

30a Cash generated from operations

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Profit before income tax		955,186	784,841
Adjustments for			
Depreciation and amortisation	7	104,438	95,805
Net impairment losses on financial assets	9	32,148	14,103
Impairment loss on equity investment	10	—	5,954
Finance income	11	(87,449)	(63,201)
Finance costs	11	18,761	5,551
Exchange loss/(gain), net	10	37,977	(576)
Share-based compensation expense	8, 31	225,596	138,423
Share of profits of investments accounted for using the equity method	19a	(1,726)	1,725
Fair value change of financial assets measured at FVPL	10	1,162	(6,984)
Loss on disposal of property and equipment and intangible assets		2,363	646
Change in operating assets and liabilities:			
Increase in accounts receivable		(88,480)	(103,530)
Decrease in inventories		1,259	1,122
Increase in other current assets		(1,010)	(13,317)
Decrease/(increase) in other receivables		71,602	(33,580)
Increase in restricted bank deposits		(3,211)	(35)
Increase in accounts payable		110,534	89,560
(Decrease)/Increase in contract liabilities and other payables		(3,566)	99,041
Cash generated from operations		1,375,584	1,015,548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

30 CASH FLOW INFORMATION (CONTINUED)

30b Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000
As at 1 January 2024	108,230
Changes from financing cash flows	
Capital element of lease rentals paid	(30,510)
Interest element of lease rentals paid	(5,406)
Total changes from financing cash flows	(35,916)
Other changes	
Interest expenses	5,406
Increase in lease liabilities from entering into new leases during the year	5,551
Total other changes	10,957
As at 31 December 2024	83,271
Changes from financing cash flows	
Capital element of lease rentals paid	(51,292)
Interest element of lease rentals paid	(4,322)
Total changes from financing cash flows	(55,614)
Other changes	
Interest expenses	4,322
Increase in lease liabilities from entering into new leases during the year	53,885
Total other changes	58,207
As at 31 December 2025	85,864

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

30 CASH FLOW INFORMATION (CONTINUED)

30c Non-cash investing and financing activities

There is no non-cash investing and financing activities except those disclosed in other notes.

31 SHARE-BASED PAYMENTS

31a RSUs granted to employees

On 7 June 2022, the Board of Directors resolved and approved the adoption of the restricted share unit award scheme ("RSU Award Scheme"). The purpose of the RSU Award Scheme is to incentivize the Group's directors (excluding independent non-executive directors), senior management, officers and consultants for their contribution to the Group, to attract and retain skilled and experienced personnel to strive for the future growth of the Group by providing them with the opportunity to own equity interests in the Company. The aggregate number of Shares involved in the RSUs under the RSU Award Scheme (excluding the RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Award Scheme) shall not exceed 3% of the Company's share capital in issue on the adoption date of the RSU Award Scheme, being 35,736,480 Shares. The Company will provide funds to TMF Trust (HK) Limited (the "RSU Trustee") and Three D Partners Limited, a wholly-owned subsidiary of the RSU Trustee to purchase Shares in the market at the prevailing market price which will be used to satisfy the relevant Shares upon the exercise of the RSUs.

On 23 March 2023, the Board of Directors resolved and approved the grant of 2,441,170 RSUs to 4 grantees pursuant to the Employee RSU Scheme, which amounted to approximately 0.20% of the issued share capital of the Company as at the grant date. The fair value of the RSUs as at the grant date was HK\$4.1 million. The first batch of the RSUs (being 25% of the total RSUs granted) vested on 20 July 2023, and the second to fourth batches of the RSUs (being 25% of the total RSUs granted respectively) will be vested on 20 July 2024, 20 July 2025 and 20 July 2026 respectively.

On 21 March 2024, the Board of Directors resolved and approved the grant of 2,099,133 RSUs to 7 grantees pursuant to the RSU Award Scheme, which amounted to approximately 0.18% of the issued share capital of the Company as at the grant date. The fair value of the RSUs as at the grant date was HK\$5.4 million. The first batch of the RSUs (being 25% of the total RSUs granted) vested on 20 July 2024, and the second to fourth batches of the RSUs (being 25% of the total RSUs granted respectively) will be vested on 20 July 2025, 20 July 2026 and 20 July 2027 respectively.

On 21 March 2024, the Board of Directors resolved and approved the grant of 2,679,744 RSUs to 6 grantees pursuant to the Employee RSU Scheme, which amounted to approximately 0.22% of the issued share capital of the Company as at the grant date. The fair value of the RSUs as at the grant date was HK\$6.8 million. The first batch of the RSUs (being 25% of the total RSUs granted) vested on 20 July 2024, and the second to fourth batches of the RSUs (being 25% of the total RSUs granted respectively) will be vested on 20 July 2025, 20 July 2026 and 20 July 2027 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 SHARE-BASED PAYMENTS (CONTINUED)

31a RSUs granted to employees (Continued)

On 21 May 2024, the Board of Directors resolved and approved the grant of 659,668 RSUs to 4 grantees pursuant to the Employee RSU Scheme, which amounted to approximately 0.06% of the issued share capital of the Company as at the grant date. The fair value of the RSUs as at the grant date was HK\$2.6 million. The first batch of the RSUs (being 25% of the total RSUs granted) vested on 20 July 2024, and the second to fourth batches of the RSUs (being 25% of the total RSUs granted respectively) will be vested on 20 July 2025, 20 July 2026 and 20 July 2027 respectively.

On 12 December 2024, the shareholders of the Company approved and adopted the NBT RSU Scheme ("NBT RSU Scheme") to retain, incentivise and compensate employees.

On 23 December 2024, as disclosed in Note 1.2, the unvested shares under Mico RSU Scheme have been replaced by restricted shares of the Company under NBT RSU Scheme with the same grantees and the service condition period has been extended. On 23 December 2024, unvested shares under Mico RSU Scheme were replaced by 25,172,052 RSUs granted under the NBT RSU Scheme, which amounted to approximately 0.02% of the issued share capital of the Company as at the modification date. The first batch of the RSUs (being 25% of the total RSUs granted) vested on 23 December 2025, and the second to fourth batches of the RSUs (being 25% of the total RSUs granted respectively) will be vested on 20 July 2026, 20 July 2027 and 20 July 2028 respectively.

On 20 March 2025, the Board of Directors resolved and approved the grant of 30,316,184 RSUs to 76 grantees pursuant to the RSU Award Scheme, which amounted to approximately 2.15% of the issued share capital of the Company as at the grant date. The fair value of the RSUs as at the grant date was HK\$182.14 million. The first batch of the RSUs (being 25% of the total RSUs granted) vested on 20 July 2025, and the second to fourth batches of the RSUs (being 25% of the total RSUs granted respectively) will be vested on 20 July 2026, 20 July 2027 and 20 July 2028 respectively.

On 21 May 2025, the Board of Directors resolved and approved the grant of 897,415 RSUs to 7 grantees pursuant to the RSU Award Scheme, which amounted to approximately 0.06% of the issued share capital of the Company as at the grant date. The fair value of the RSUs as at the grant date was HK\$8.4 million. The first batch of the RSUs (being 25% of the total RSUs granted) vested on 20 July 2025, and the second to fourth batches of the RSUs (being 25% of the total RSUs granted respectively) will be vested on 20 July 2026, 20 July 2027 and 20 July 2028 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31 SHARE-BASED PAYMENTS (CONTINUED)

31a RSUs granted to employees (continued)

Movements in the number of RSUs granted to the Company's employees and management under RSU Scheme as below:

	Number of RSU
Outstanding as at 1 January 2025	24,042,961
Granted during the period	31,213,599
Forfeited during the period	(2,944,251)
Vested during the year	(9,192,000)
Outstanding as at 31 December 2025	43,120,309
Outstanding as at 1 January 2024	1,872,728
Granted during the year	5,438,545
Modification on the share incentive plan of a subsidiary of the Group	25,172,052
Vested during the year	(8,440,364)
Outstanding as at 31 December 2024	24,042,961

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date.

The total expenses recognised in the consolidated statement of comprehensive income for RSUs granted under above RSU schemes were RMB215,371,000 for the year ended 31 December 2025 (2024: RMB8,306,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31 SHARE-BASED PAYMENTS (CONTINUED)

31b Share options granted to executive directors and employees

On 31 May 2021, the shareholders of the Company approved the adoption of Share Option Scheme with the purpose of attracting, retaining and motivating eligible participants to strive towards long term performance target set by the Group and to provide them with an incentive to work better for the interest of the Group.

On 30 August 2021, the Board of Directors proposed to grant in aggregate 80,000,000 share options to 32 eligible persons, including four executive directors under the Share Option Scheme adopted on 31 May 2021 to subscribe for a total of 80,000,000 ordinary shares of US\$0.0001 each in the share capital of the Company at the exercise price of HK\$4.81 per share, of which the grant of 30,000,000 share options to an Executive Director was approved by the Independent Shareholders at an extraordinary general meeting of the Company in March 2022. The grant includes performance-based share options to grantees, which remain valid for a period of ten years. Share options of each grantee will be vested in four tranches subject to the fulfilment of certain performance targets relating to the Company. The performance target is determined by the Board of Directors. For those awards, evaluations are made as of 31 December 2025 to assess the likelihood of performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of original estimates.

On 12 December 2024, the shareholders of the Company approved the termination of the operation of Share Option Scheme, no further options will be offered or granted, but in all other respects the Share Option Scheme shall remain in full force and effect. Any granted but unexercised Options shall continue to be exercisable in accordance with their terms of grant after the termination of the Share Option Scheme.

Movements in the number of share options granted to employees and their related weighted average exercise prices are as below:

	Number of share options	Average exercise price per share option (HK\$)
Outstanding as at 1 January 2025	77,230,000	4.81
Granted during the year	—	
Forfeited during the year	—	
Exercised during the year	(1,994,000)	4.81
Outstanding as at 31 December 2025	75,236,000	4.81
Exercisable as at 31 December 2025	55,106,000	4.81

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31 SHARE-BASED PAYMENTS (CONTINUED)

31b Share options granted to executive directors and employees (continued)

	Number of share options	Average exercise price per share option (HK\$)
Outstanding as at 1 January 2024	78,230,000	4.81
Granted during the year	–	
Forfeited during the year	(1,000,000)	4.81
Exercised during the year	–	
Outstanding as at 31 December 2024	77,230,000	4.81
Exercisable as at 31 December 2024	26,125,000	4.81

The options outstanding as at 31 December 2025 had a weighted average remaining contractual life of 5.9 years (31 December 2024: 6.8 years).

The Company has used the Binomial Model to determine the fair value of the share options as at the grant date, which is to be recorded as share-based compensation expenses in profit or loss over the vesting period.

There were no options granted during the year ended 31 December 2025.

The total share-based compensation expenses recognised in the consolidated statement of comprehensive income for Share Option Scheme were RMB10,225,000 for the year ended 31 December 2025 (2024: RMB27,631,000).

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(Expressed in RMB unless otherwise indicated)

32 RELATED PARTY TRANSACTIONS

In addition to the acquisitions of non-controlling interests of NBT Social Networking Inc. as disclosed in Note 1.2 and an interim dividend declared by NBT Social Networking Inc. to the then non-controlling equity owners of the subsidiary on 1 December 2024 and other transactions disclosed elsewhere in the financial statements, the Group has carried out the following significant transactions with its related parties during the years presented

32a Names and relationships with related parties

The following individuals/companies are significant related parties of the Group that had transactions and/or balances with the Group during all years presented.

Companies	Relationship
BGFG Limited ("BGFG") and its subsidiaries	A non-controlling shareholder of the Company, the then shareholder of NBT Social Networking Inc.
JJQJ Partners Limited ("JJQJ")	A non-controlling shareholder of the Company, the then shareholder of NBT Social Networking Inc.
JZZT Limited ("JZZT")	A non-controlling shareholder of the Company, the then shareholder of NBT Social Networking Inc.

32b Key management personnel remuneration

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	9,266	8,190
Discretionary bonuses	3,527	4,097
Pension costs – defined contribution plans	387	392
Other social security costs, housing benefits and other employee benefits	508	891
Share-based compensation expenses	29,961	37,562
Total employee benefit expenses	43,649	51,132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

32 RELATED PARTY TRANSACTIONS (CONTINUED)

32c Transactions with related parties

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
<i>Loans to key management personnel (exclude directors)</i>		
At the beginning of the year	9,834	11,345
Loans repaid	(9,334)	(1,400)
Loss allowance	—	(111)
At the end of year	500	9,834
<i>Loans to associates</i>		
At the beginning of the year	—	7,966
Loans advanced	—	1,797
Loss allowance	—	(9,763)
At the end of year	—	—

Loans to key management personnel and associates are unsecured, interest-free and have fixed repayment terms ranging from 1 to 5 years.

Other transactions with related parties are disclosed in Notes 6, 20 and 22 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

32 RELATED PARTY TRANSACTIONS (CONTINUED)

32d Outstanding balances arising from transactions with related parties

The following balances are outstanding at the end of the year in relation to transactions with related parties:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
<i>Cash consideration payables to</i>		
BGFG	74,765	156,154
JJQJ	24,152	126,124
JZZT	401,212	468,712
<i>Dividends payables to</i>		
JJQJ	13,720	26,662
JZZT	126,200	141,698

Other outstanding balances with related parties are disclosed in Notes 6, 20 and 22 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

33 BALANCE SHEET AND OTHER RESERVE MOVEMENTS OF THE COMPANY

33a Balance sheet of the Company

		As at 31 December	
	Note	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		5,348,646	4,747,381
Total non-current assets		5,348,646	4,747,381
Current assets			
Amounts due from subsidiaries		1,215,851	534,500
Amounts due from other companies		14,882	–
Other current assets		126	228
Cash and cash equivalents		92,300	367,680
Total current assets		1,323,159	902,408
Total assets		6,671,805	5,649,789
LIABILITIES			
Current liabilities			
Amounts due to related parties		169,883	468,623
Amounts due to subsidiaries		1,191,848	1,043,240
Other payables		65	735
Total current liabilities		1,361,796	1,512,598
Non-current liabilities			
Amounts due to related parties		330,245	321,904
Total liabilities		1,692,041	1,834,502
EQUITY			
Share capital		977	976
Share premium	33b	3,490,410	3,476,547
Other reserves	33b	(535)	(97,034)
Retained earnings		1,488,912	434,798
Total equity		4,979,764	3,815,287
Total liabilities and equity		6,671,805	5,649,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

33 BALANCE SHEET AND OTHER RESERVE MOVEMENTS OF THE COMPANY (CONTINUED)

33b Other reserve movements of the Company

	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Total other reserves <i>RMB'000</i>
As at 1 January 2024	2,694,364	(94,682)	(33,345)	2,566,337
Other comprehensive income	–	–	(5,268)	(5,268)
Share-based compensation expenses	–	36,261	–	36,261
Issuance of ordinary shares and modification of share incentive plan	782,183	–	–	782,183
As at 31 December 2024	3,476,547	(58,421)	(38,613)	3,379,513
Other comprehensive income	–	–	5,913	5,913
Share-based compensation expenses	–	95,665	–	95,665
Exercise for options	13,863	(5,079)	–	8,784
As at 31 December 2025	3,490,410	32,165	(32,700)	3,489,875

“Adoption Date”	the date on which the Share Option Scheme was conditionally adopted by a resolution of the Shareholders
“Affiliates”	any person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the person specified and, for this purpose, a person shall be treated as being controlled by another person if that other person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body
“AGM”	the annual general meeting of the Company to be held on 21 May 2026
“ARPU”	average revenue per user
“Articles” or “Articles of Association”	the articles of association of our Company as amended from time to time
“Audit Committee”	the audit committee of the Company
“BGFG”	BGFG Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“BlueCity Entities”	the VIE and the entities controlled by the VIE
“BlueCity Information & Technology”	Beijing BlueCity Information & Technology Co., Ltd., a limited liability company incorporated in the PRC
“BlueCity”	BlueCity Holdings Limited
“Board” or “Board of Directors”	the board of Directors
“Business Day(s)”	any day (excluding Saturday) on which banks in Hong Kong generally are open for business and the Stock Exchange is open for the business of dealing in securities
“BVI”	the British Virgin Islands
“China”, “PRC” or “Mainland China”	the People’s Republic of China, which for the purpose of this annual report only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Chizicheng Strategy Investment”	Chizicheng Strategy Investment Limited (now known as Glowill Investment Limited), an exempted company with limited liability incorporated in the Cayman Islands on 11 January 2022

DEFINITION

“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”, “our Company” or “the Company”	Newborn Town Inc. (赤子城科技有限公司), a company with limited liability incorporated in the Cayman Islands on 12 September 2018
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Affiliated Entities”	the entities we control through the Structured Contracts, being NewBornTown Mobile Technology and NewBornTown Network Technology
“Contractual Arrangements”	a series of contractual agreements (being the Structured Contracts and the VIE Agreements) reached to consolidate our interests in the Consolidated Affiliated Entities and the BlueCity Entities
“Corporate Governance Code”	the “Corporate Governance Code and Corporate Governance Report” as contained in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of our Company or any one of them
“EBITDA”	earnings before interest and other finance costs, taxation, depreciation and amortisation
“Employee RSU Administrator”	the Employee RSU Scheme shall be subject to the administration of the Board in accordance with the rules of the Employee RSU Scheme. The Board may delegate the authority to administer the Employee RSU Scheme to a committee of the Board, and if no such committee is appointed, it shall mean the Board
“Employee RSU Grant Letter”	the letter containing such offer to grant RSUs to an Employee RSU Eligible Person selected by the Employee RSU Administrator
“Employee RSU Scheme”	the restricted share unit scheme of the Company adopted and revised by our Board on 11 December 2019, 28 May 2020, and 21 May 2024 respectively
“Employee RSU Trustee”	TMF Trust (HK) Limited, an independent and professional trustee appointed by our Company to act as the trustee of the Employee RSU Scheme
“Employee(s)”	any employee(s) or senior management of the Company or its subsidiaries
“ESG”	environmental, social and governance

“Exercise Price”	the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option as described in paragraph 8 of Appendix III to the circular of the Company dated 14 April 2021
“Fund”	Glowill I Fund ELP (formerly known as Metaclass Management ELP), an exempted limited partnership to be established under the laws of the Cayman Islands
“General Partner”	Chizicheng Strategy Investment
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the Share Option Scheme, or (where the context so permits) any person who is entitled to any Option in consequence of the death of the original Grantee
“Group,” “our Group,” or “the Group”	the Company and its subsidiaries from time to time
“Hande Houcheng”	Beijing Hande Houcheng Enterprise Management Centre (Limited Partnership), a limited partnership established in the PRC on 25 August 2014, being held as to 99.9% by Mr. LIU Chunhe (the general partner), and 0.1% by Mr. LI Ping (the limited partner)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	the IFRS Accounting Standards, amendments and interpretation issued from time to time by the International Accounting Standards Board
“Issue and Allotment”	the issue and allotment of 10,000,000 shares by NBT Social Networking to JJQJ at par value, completion of which took place on 22 November 2024
“JJQJ”	JJQJ Partners Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“JZZT”	JZZT Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“Land of Glory”	Land of Glory Ltd., an exempted company with limited liability incorporated in the Cayman Islands

DEFINITION

“Latest Practicable Date”	16 April 2026, being the latest practicable date prior to the printing of this annual report for the purpose of ascertaining certain information contained herein
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	31 December 2019, the date on which the Company was listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Management RSU Administrator”	the Management RSU Scheme shall be subject to the administration of the Board in accordance with the rules of the Management RSU Scheme. The Board may delegate the authority to administer the Management RSU Scheme to a committee of the Board, and if no such committee is appointed, it shall mean the Board
“Management RSU Grant Letter”	the letter containing such offer to grant RSUs to a Management RSU Eligible Person selected by the Management RSU Administrator
“Management RSU Scheme”	the restricted share unit scheme of the Company adopted and revised by our Board on 11 December 2019, 28 May 2020, and 21 May 2024 respectively
“Management RSU Trustee”	TMF Trust (HK) Limited, an independent and professional trustee appointed by our Company to act as the trustee of the Management RSU Scheme
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Multelements”	Multelements Limited, an exempted company with limited liability incorporated in the Cayman Islands

“NBT RSU Scheme”	the restricted share unit scheme of the Company approved and adopted by the Shareholders on 12 December 2024, in its present form or as amended from time to time in accordance with the rules of NBT RSU Scheme
“NBT Social Networking”	NBT Social Networking Inc., a company incorporated under the laws of the Cayman Islands with limited liability
“NewBornTown Mobile Technology”	NewBornTown Mobile Technology (Shandong) Holdings Co., Ltd. (赤子城移動科技(山東)股份有限公司), formerly known as NewBornTown Mobile Technology (Beijing) Co., Ltd. (赤子城移動科技(北京)股份有限公司), a company incorporated under the laws of the PRC with limited liability on 15 August 2007 and by virtue of the Contractual Arrangements, accounted for as our subsidiary
“NewBornTown Network Technology”	NewBornTown Network Technology (Beijing) Co., Ltd. (赤子城網絡技術(北京)有限公司), a company incorporated under the laws of the PRC with limited liability on 28 February 2014 and a direct wholly-owned subsidiary of NewBornTown Mobile Technology
“Nomination Committee”	the nomination committee of the Company
“Offer Date”	the date on which an Offer(s) is/are made to Participant(s), which date must be a Business Day
“Offer(s)”	the offer(s) of the grant of Share Option(s) made by the Board in accordance with the Share Option Scheme
“Option Period”	a period to be determined and notified by the Board to each Grantee, during which an Option may be exercised (provided that such period shall not be more than ten (10) years commencing on the Offer Date and expiring on the last day of such period and the Board may also at its discretion impose any restrictions thereon)
“Option(s)” or “Share Option(s)”	a right granted to subscribe for the Shares pursuant to the Share Option Scheme
“Participant(s)”	participants of the Share Option Scheme, including any director(s) of the Group (including any Director(s)) or Employee(s) who the Board considers, in its sole discretion, have contributed or will contribute to the Group

DEFINITION

“Partnership Agreement”	the amended and restated exempted limited partnership agreement entered into between Spriver, the General Partner and the Company on 4 July 2022
“PRC Equity Holders”	refer to the registered shareholders of NewBornTown Mobile Technology, namely Mr. LIU Chunhe, Mr. HUANG Mingming, Mr. YE Chunjian, Mr. DU Li, Mr. LI Ping, Beijing Phoenix Fortune Interconnection Investment Fund (Limited Partnership), and Hande Houcheng
“PRC Equity Owners”	refer to the registered shareholders of the VIE, namely Hande Houcheng and Newborn Town Network Technology which holds 99.85% interest and 0.15% interest in the VIE, respectively
“PRC Owners”	a collective term referring to the PRC Equity Holders and the PRC Equity Owners
“Prospectus”	the prospectus of the Company dated 17 December 2019
“Relevant Period”	the period from 1 January 2025 and up to the Latest Practicable Date
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the period from 1 January 2025 to 31 December 2025
“RMB”	Renminbi yuan, the lawful currency of China
“RSU”	a restricted share unit award granted to a participant under the Employee RSU Scheme, the Management RSU Scheme and the RSU Award Scheme
“RSU Administrator”	The Board has the power to administer the RSU Award Scheme in accordance with the rules of the RSU Award Scheme. The Board may authorise a committee under the Board to administer the RSU Award Scheme and if no such committee is appointed, it may refer to the Board
“RSU Award Scheme”	the restricted share unit scheme of the Company adopted and revised by our Board on 7 June 2022, 21 May 2024 and 23 July 2024 respectively
“RSU Grant Letter”	the letter containing such offer to grant RSUs to an RSU Eligible Person selected by the RSU Administrator
“RSU Schemes”	the Employee RSU Scheme and the Management RSU Scheme

“RSU Trustee”	TMF Trust (HK) Limited, an independent and professional trustee appointed by our Company to act as the trustee of the RSU Award Scheme
“Sale and Purchase Agreement”	the sale and purchase agreement dated 23 March 2023 entered into between the Company and Spriver in relation to the Acquisition
“Sensor Tower”	a global data analytics platform for the mobile market
“SFC”	the Securities and Futures Commission
“Shandong NewBornTown”	Shandong NewBornTown Network Technology Co., Ltd. (山東赤子城網絡技術有限公司), a company incorporated under the laws of the PRC with limited liability on 30 August 2018 and a direct wholly-owned subsidiary of Solo X Technology
“Share Option Scheme” or “Scheme”	the share option scheme adopted by the Company, a summary of the principal terms of which is set out in the Appendix III to the circular of the Company dated 14 April 2021
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Spriver”	Spriver Tech Limited, a BVI business company incorporated in the British Virgin Islands with limited liability on 22 August 2018, the issued shares of which is owned as to 100% by Mr. LIU Chunhe
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Contracts”	a series of structured contracts entered into on 26 June 2019 with respect to the contractual arrangements of NewBornTown Mobile Technology and the PRC Equity Holders with Shandong NewBornTown, details of which are set out in the Prospectus
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by SFC, as amended or supplemented from time to time
“Target Group”	NBT Social Networking, its subsidiaries, and other entities in the Group which operate the same business

DEFINITION

“Token”	the smallest unit of text processed by large language models
“UGC”	user generated content
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“VIE”	Beijing BlueCity Culture and Media Co., Ltd., a limited liability company incorporated in the PRC
“VIE Agreements”	a series of agreements entered into among the Group (through BlueCity Information & Technology, the WFOE entity), the VIE and the PRC Equity Owners with respect to the contractual arrangements of the BlueCity Entities
“We”, “us” or “our”	our Company or our Group, as the context may require
“WFOE Entities”	the respective WFOEs under the Structured Contracts and the VIE Agreements, namely Shandong NewBornTown and BlueCity Information & Technology
“%”	per cent

