

20 25 ANNUAL REPORT



CMGE
中手游

为热爱而生

CMGE Technology Group Limited
中手游科技集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0302)

CONTENTS

2	Corporate Information
4	Financial Summary
5	Chairman's Statement
20	Management Discussion and Analysis
39	Directors' Report
60	Biographies of Directors and Senior Management
67	Corporate Governance Report
78	Environmental, Social and Governance Report
126	Independent Auditor's Report
132	Consolidated Statement of Profit or Loss
133	Consolidated Statement of Comprehensive Income
134	Consolidated Statement of Financial Position
136	Consolidated Statement of Changes in Equity
137	Consolidated Statement of Cash Flows
139	Notes to Financial Statements
228	Definitions



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. XIAO Jian (*Chairman and Chief Executive Officer*)

Mr. SIN Hendrick *M.H., J.P.* (*Vice Chairman*)

Mr. FAN Yingjie

Non-executive Directors

Mr. ZHANG Shengyan

Mr. JIANG Yukai

Mr. LIU Shanshan

(*appointed with effect from 10 October 2025*)

Independent Non-executive Directors

Ms. NG Yi Kum

Mr. TANG Liang

Mr. HO Orlando Yaukai

AUDIT COMMITTEE

Ms. NG Yi Kum (*Chairlady*)

Mr. TANG Liang

Mr. HO Orlando Yaukai

REMUNERATION COMMITTEE

Mr. HO Orlando Yaukai (*Chairman*)

Mr. SIN Hendrick *M.H., J.P.*

Ms. NG Yi Kum

NOMINATION COMMITTEE

Mr. XIAO Jian (*Chairman*)

Mr. TANG Liang

Mr. HO Orlando Yaukai

Ms. NG Yi Kum (*appointed with effect from 27 March 2025*)

CORPORATE GOVERNANCE COMMITTEE

Ms. NG Yi Kum (*Chairlady*)

Mr. SIN Hendrick *M.H., J.P.*

Mr. HO Orlando Yaukai

AUTHORISED REPRESENTATIVES

Mr. XIAO Jian

Mr. SIN Hendrick *M.H., J.P.*

COMPANY SECRETARY

Ms. LAI Yau Yan Gladys

HONG KONG LEGAL ADVISER

Woo Kwan Lee & Lo

26th Floor, Jardine House

1 Connaught Place

Central

Hong Kong

AUDITOR

BDO Limited

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

REGISTERED OFFICE

PO BOX 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

HEADQUARTERS

10th Floor, Building No. 4

Zhuoyue Meilin Centre Square

Zhongkang North Road

Futian District

Shenzhen

Guangdong Province

The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

13th Floor, 8 Wyndham Street
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

China Guangfa Bank
Shenzhen Branch, Binhai Sub-branch

China Merchants Bank
Shenzhen Branch, Weisheng Building
Sub-branch

Guangdong Huaxing Bank
Shenzhen Branch

China Everbright Bank
Shenzhen Futian Branch

COMPANY'S WEBSITE

www.cmge.com

STOCK CODE

0302

FINANCIAL SUMMARY

FIVE-YEAR FINANCIAL SUMMARY

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	1,389,985	1,930,091	2,605,884	2,713,892	3,956,570
Gross profit	456,876	603,058	943,102	1,111,695	1,473,490
(Loss)/profit for the year	(1,477,133)	(2,110,819)	(38,041)	(216,880)	593,943
Adjusted net (loss)/profit⁽¹⁾	(1,471,341)	(2,077,723)	5,379	(196,134)	630,028
Basic (loss)/earnings per Share (RMB)	(49.12) cents	(74.56) cents	(0.73) cents	(7.42) cents	22.85 cents
Diluted (loss)/earnings per Share (RMB)	(49.12) cents	(74.56) cents	(0.73) cents	(7.42) cents	22.84 cents
Adjusted basic (loss)/earnings per Share (RMB)⁽¹⁾	(49.12) cents	(73.59) cents	0.20 cents	(7.09) cents	23.54 cents
Adjusted diluted (loss)/earnings per Share (RMB)⁽¹⁾	(49.12) cents	(73.59) cents	0.20 cents	(7.09) cents	23.52 cents
Dividend per Share (HK\$)	N/A	N/A	N/A	N/A	N/A
Total assets	3,419,679	5,082,064	7,089,169	7,153,754	7,841,719
Total liabilities	1,017,886	1,186,144	1,394,356	1,461,871	2,047,857
Total equity	2,401,793	3,895,920	5,694,813	5,691,883	5,793,862

Note:

- (1) "Adjusted net (loss)/profit" is not defined under the HKFRS. It is defined by the Group as net (loss)/profit attributable to owners of the parent excluding equity-settled share-based expense which is non-operating in nature. The adjusted net (loss)/profit more closely reflects the Group's operating results, after excluding the above-mentioned non-operating item. "Adjusted basic (loss)/earnings per Share" and "Adjusted diluted (loss)/earnings per Share" are the Group's adjusted net (loss)/profit divided by the weighted average number of Shares and potentially dilutive weighted average number of Shares, respectively, in issue during the year.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2025 was a year of tremendous challenges for the Group. After more than three years of self-development, the Group's large-scale cross-platform game *Legend of Sword and Fairy: World* (仙劍世界) was launched in February 2025, its revenue performance fell short of expectations, resulting considerable loss on the Group's production and operations during the Reporting Period. In response to these operational challenges, the Group actively adopted countermeasures, continued to launch quality games in the Mainland China market, vigorously expanded its overseas game publishing business, strengthened the long-term operations of existing games, and advanced the operation of the *Legend of Sword and Fairy* (仙劍奇俠傳) IP in an orderly manner, ensuring the stable development of the Group's gaming business. Leveraging the Group's advantages and accumulated experience in game publishing and development, together with its proprietary IP resources, the diligent efforts of all employees as well as the strong support and encouragement from shareholders, although the Group recorded an operating loss for the year of 2025, the loss was narrowed compared to the same period last year, the operating results have improved significantly since the second half of the year. For the year ended 31 December 2025, the Group recorded total revenue of RMB1,390.0 million. Among this, revenue from overseas business amounted to RMB358.2 million, representing a year-on-year increase of 31.6%, with overseas business accounting for 25.8% of the Group's total revenue.

During the Reporting Period, the Group launched overseas versions of various games in overseas regions, such as *Dynasty Warriors: Hegemony* (真•三國無雙霸) in Japan; *Soul Land: Space and Time Reversal* (斗羅大陸：逆轉時空) in Hong Kong, Macau and Taiwan; *Fights Break Firmament: Wushuang* (斗破蒼穹：無雙) and *Tauren-T GO* (牛頭人GO) in Hong Kong, Macau, Taiwan, Singapore and Malaysia; and *Soul Land: Shrek Academy* (斗羅大陸：史萊克學院) in Vietnam, which provided ample support for the growth of the Group's overseas business.

Chunqiu Mystery (春秋玄奇), launched in the Mainland China market in 2025, ranked 10th in the Best Selling List of WeGame at its highest. Its payment retention rate significantly outperformed that of the same types

of products, with its cumulative gross billing exceeding RMB100 million within three months of its launch, the revenue performance surpassed expectations. During the Reporting Period, newly launched IP quality games in the Mainland China market including *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) and *Naruto: Konoha Masters* (火影忍者：木葉高手), received positive feedback from their core target user groups, bringing new revenue contributions to the Group.

The Group has formulated long-term operation plans for its existing game products. Through refined operations and continuous content iterations, these games have contributed stable operating revenue to the Group. A number of games, such as *One Piece: The Road of the Strong* (航海王強者之路), *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), *One Piece: The Voyage* (航海王熱血航線), *The National Gunlord – The Frontier* (全民槍神：邊境王者), *Battle of Ling Xiao* (凌霄戰紀), *Happy Mahjong* (歡樂真人麻將) and *Dynasty Warriors: Hegemony* (真•三國無雙霸) have entered the long-term operation phase. The longest one of these games has been in operation for over 10 years. The number of online players of these long-running games remains steady and consistently generate steady revenue and profits.

The revenue of the self-developed game *Legend of Sword and Fairy: World* (仙劍世界) during the Reporting Period fell short of expectations. The Group promptly carried out personnel optimisation and adjustments for the research and development team and the publishing team of *Legend of Sword and Fairy: World* (仙劍世界), resulting in a significant reduction in research and development costs. Although the Group devoted huge research and development costs and marketing expenses for *Legend of Sword and Fairy: World* (仙劍世界), and the redundancy expenses arose from workforce optimisation have adversely affected the Group's performance, these one-off expenses will not exert a persistent negative impact on the Group's financial position in future years. In the area of self-developed games, the Group will focus on legendary games featuring low investment cost and rapid iteration, and will continue to launch new games within this genre. The new legendary game *Dark Night Legend* (暗夜傳奇) is scheduled to be officially launched in 2026.



CHAIRMAN'S STATEMENT

2025 is the 30th anniversary of *Legend of Sword and Fairy* (仙劍奇俠傳) IP. The Group strives to build a "Legend of Sword and Fairy (仙劍) IP universe". The animated series of *Legend of Sword and Fairy 3* (仙劍奇俠傳三) was broadcast on Tencent Video in 2025, and before the broadcast, the anime had already surpassed 1 million pre-launch reservations on the platform. During its initial release phase, its peak in-platform popularity reached 18,103, and subsequently remained stable and ranked among the top of the platform's popularity charts, garnering widespread attention and recognition from audiences. Meanwhile, *Legend of Sword and Fairy 4: Remake* (仙劍奇俠傳四重製版) released a brand-new gameplay trailer titled "*The Way of Heaven Is Ever-Shifting* (天道無常)". Within 24 hours of its release on the Bilibili platform, the trailer exceeded 2.4 million views, and within 48 hours further increased to 3 million views. It quickly rose to the top of the platform's trending charts, triggering extensive discussion among players and across the industry, and once again showcasing the long-term vitality and strong market appeal of the *Legend of Sword and Fairy* (仙劍奇俠傳) IP. The two existing mobile games under the *Legend of Sword and Fairy* (仙劍) IP, *Legend of Sword and Fairy: The New Beginning* (仙劍奇俠傳：新的開始) and *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), continued to provide lasting content and service support to core user groups through sustained content iteration, launching long-term operation activities, and active community engagement. The Group, in collaboration with Kingnet (愷英網絡), after renewing the IP licensing agreement for *Legend of Sword and Fairy: The New Beginning* (仙劍奇俠傳：新的開始), established a new licensing cooperation for an additional card-based role-playing game adapted from the *Legend of Sword and Fairy* (仙劍奇俠傳) IP. This new project is planned to enter development phase in 2026. During the Reporting Period, the Group actively carried out multi-layered cross-game collaborations centred on the *Legend of Sword and Fairy* (仙劍) IP, launching joint content with several top-tier games including *JX3* (劍網三) and *Fantasy Westward Journey* (大話西遊). These collaborations significantly expanded the market exposure and visibility of the *Legend of Sword and Fairy* (仙劍) IP, further broadening its user reach and enhancing its overall

influence. In order to celebrate the 30th anniversary of *Legend of Sword and Fairy* (仙劍奇俠傳), the Group has initiated the "Meeting with Xian Jian (仙劍一面)" national touring animation exhibitions in 2025. More than ten large-scale offline events have been convened across the country, covering ten provinces with a total exhibition area of 50,000 square meters. Through immersive offline scenarios and interactive fan engagements, the Group effectively strengthened the connection between the IP and its core user base, further enhancing the offline influence of the *Legend of Sword and Fairy* (仙劍) IP.

The Group is committed to vigorously promoting the applications of artificial intelligence generated content ("AIGC") in the aspects of game research and development, publishing and marketing and game operations, and has effectively reduced research and development costs and marketing expenses, as well as enhanced operational efficiency. Meanwhile, the Group carried out in-depth streamlining and sorting of organisation structure, after which the staff costs, venue costs and other fixed expenses and other costs significantly decreased in 2025. Due to the above adjustment of cost reduction and efficiency increase, the Group's organisation structure has become more streamlined, and the operational efficiency of the organisation has been further improved.

In April 2025, the Company appointed Mr. Wang Chunye ("Mr. Wang") as a Co-Chief Executive Officer of the Company. Mr. Wang has previously held positions at companies including Lemando Interactive Entertainment (Shanghai) Co., Ltd. (樂曼多互動娛樂(上海)有限公司), 福建省天晴互動娛樂有限公司, a subsidiary engaging in gaming business of NetDragon Websoft Holdings Limited (網龍網絡控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 0777), Giant Network Group Co., Ltd. (巨人網絡集團股份有限公司), a company listed on the Shencnen Stock Exchange (stock code: 2558) and Shengqu Information Technology (Shanghai) Co., Ltd. (盛趣信息技術(上海)有限公司), with nearly 18 years of extensive experience in global game publishing and operation. With Mr. Wang joining the Group, it is expected that he will bring new development opportunities and growth momentum to the Group's global game publishing business expansion.

Looking ahead to 2026, the Group will uphold its development strategy of “small-scale trial and error, large-scale promotional operations, and rapid iteration”. Leveraging the Group’s strong IP resource advantages, and adopting a dual-platform business model centred on “Application (“APP”) + Mini-Games”, the Group will simultaneously advance its global game publishing and its self-developed legendary game business, striving to build market-competitive products with high quality and long-running games with sustainable profitability. At the same time, the Group will continue to deeply cultivate the value of the *Legend of Sword and Fairy* (仙劍奇俠傳) IP. Through premium content creation, quality game development, diversified derivative product expansion and refined fan-community operations, the Group will spare no effort in elevating the *Legend of Sword and Fairy* (仙劍) IP into a world-class cultural IP, ultimately steering the Group’s operating performance back onto a path of steady growth.

BUSINESS REVIEW

Global Publishing Business

During the Reporting Period, the Group launched 10 new games, delivering fresh gaming experiences to players worldwide and contributing solid revenue to the Group. Meanwhile, several of the Group’s games currently in operation continue to maintain stable revenue performance. Regrettably, due to the performance of certain newly launched games fell short of expectations, revenue performance was lackluster, which affected the scale of the Group’s publishing revenue during the Reporting Period. For the year of 2025, the Group’s publishing business revenue amounted to RMB1,161.4 million.

Game Publishing in Mainland China

In January 2025, the Group launched *Chunqiu Mystery* (春秋玄奇), a national-style strategic card mobile game based on the historical backdrop of the Spring and Autumn and Warring States period, fusing mythological elements and cross-era character interactions. The game ranked 10th

in the Best Selling List of WeGame at its highest after its launch, with its payment retention rate significantly outperforming that of the same types of product. Within the first three months of its launch, *Chunqiu Mystery* (春秋玄奇) achieved cumulative gross billings exceeding RMB100 million, and its revenue performance surpassed expectations. In 2025, the game had fully entered the profit recovery period, delivering considerable revenue for the Group.

Licensed by Koei Tecmo Games Co., Ltd., a strategic miniatures mobile game *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) was officially launched in Mainland China on 27 June 2025 by the Group. The game brings back, in the form of an officially licensed title, the vast-map battlefields and highly flexible strategic gameplay that once impressed countless players. Since its launch, *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) has recorded a relatively steady market performance and player feedback, receiving particularly positive reviews from its core target user group. In the first month of its launch, the game maintained a rating of 8 out of 10 on TapTap and approximately 4.5 out of 5 on Huawei AppGallery, representing a high standard of performance. It maintained a stable rating of 4.8 out of 5 and ranked 3rd in the Strategy Game List on the Apple’s App Store. These data clearly demonstrate the players’ recognition for the quality of the game *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳).

Naruto: Konoha Masters (火影忍者：木葉高手), exclusively published by the Group, is an officially licensed and animated mobile game that launched in Mainland China in July 2025, which vividly presents the thrilling storylines, iconic characters and fantastic ninjutsu of the anime, *Naruto* (火影忍者), with exquisitely detailed visuals and free-flowing animations through mobile tools. In addition, it offers a completely new immersive experience by faithful recreation of the storylines, a new interpretation by the original voice actors and a cluster of all ninja characters. In the first month of its launch, *Naruto: Konoha Masters* (火影忍者：木葉高手) ranked No.1 on the Top Free Game List of Apple’s App Store.



CHAIRMAN'S STATEMENT

In April and May 2025, the Group successively launched two mobile games licensed by China Literature Limited (閱文集團), *Sanqian Huanshi* (三千幻世) and *Daily Life of Chat Group* (聊天群的日常生活). Among them, *Sanqian Huanshi* (三千幻世) demonstrated low efficiency in converting paying users, while *Daily Life of Chat Group* (聊天群的日常生活), despite undergoing multiple rounds of version updates and optimisation, did not meet the expected performance. As a result, both games' revenue performance failed to reach anticipated levels during the Reporting Period.

Multiple games already launched by the Group, such as *One Piece: The Road of the Strong* (航海王強者之路), *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), *One Piece: The Voyage* (航海王熱血航線), *The National Gunlord – The Frontier* (全民槍神：邊境王者), *Battle of Ling Xiao* (凌霄戰紀), *Happy Mahjong* (歡樂真人麻將) and *Dynasty Warriors: Hegemony* (真•三國無雙霸), have all entered the long-term operation phase with the longest one of these games has been in operation for over 10 years. Through refined operations and continuous content iteration, the number of online players of these long-running games remain steady and contribute steady game revenue and profit, which contribute stable long-term operating revenue to the Group.

Overseas Game Publishing

Leveraging the Group's abundant IP resources and product layout, the Group has accumulated extensive and highly effective experience in overseas game publishing. First, the Group prioritises mature games that have been fully validated in the Mainland China market, takes into full consideration the adaptability of game themes and gameplay across different countries and regions, and orderly expands into overseas markets. For instance, games published by the Group such as *The New Legend of The Condor Heroes: Iron Blood and Loyal Heart* (新射鵰

群俠傳之鐵血丹心), *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), *Soul Land: Shrek Academy* (斗羅大陸:史萊克學院) and *Dynasty Warriors: Hegemony* (真•三國無雙霸) achieved strong results in the Mainland China market, and subsequently delivered outstanding performance in regions such as Hong Kong, Macau and Taiwan and Southeast Asia. Second, in overseas regions where it has achieved satisfying publishing results, the Group continues to expand its product portfolio by launching other mature games, while collaborating with developers who have successful game development experience to develop new games targeting unmet player needs in terms of theme and gameplay in those regions. By continuously strengthening its capabilities of publishing and user operations, the Group consolidates and expands its market presence in those regions. For example, the Group continues to launch multiple games in regions such as Hong Kong, Macau and Taiwan, Southeast Asia and Japan, which exemplifies the Group's execution strategy of reinforcing and expanding market scale based on the success of individual products. Third, the Group actively explores overseas markets with higher gross profit margins, such as Europe, the Americas and Russia, and has prepared products with strong thematic and gameplay adaptability for these regions. As of 31 December 2025, the Group's overseas publishing revenue had achieved double-digit growth for two consecutive years, and the share of overseas publishing business in the Group's total publishing revenue has also been increasing. This fully demonstrates that the Group's overseas publishing strategy has begun to yield results.

In January 2025, the mini game *Tauren-T GO* (牛頭人GO) published by the Group was officially launched in Hong Kong, Macau, Taiwan, Singapore and Malaysia, and surged to No.1 on the Top Free Game List of Apple's App Store in Hong Kong, Taiwan and Singapore in 4 days after its launch. It is also the overseas version of *Smash* (消個錘子) launched by the Group in Mainland China.

Officially licensed by China Literature Limited and developed by Shenzhen EZfun Interactive Technology Co., Ltd. (深圳易帆互動科技有限公司), a developer in which the Group invested, the faithfully recreated Dynasty Warriors type action mobile game *Fights Break Firmament: Wushuang* (斗破蒼穹：無雙), published by the Group, has received an enthusiastic response from users since its official launch on 9 April 2025 in Hong Kong, Macau, Taiwan, Singapore and Malaysia. In the first month of its launch, the game ranked No.1 on the Top Free Game List of Apple's App Store in Taiwan and Hong Kong, and achieved 28th on the Best Selling Game List in Taiwan and 41th in Hong Kong on the Apple's App Store, with gross billings performing well to date. The success of this game once again demonstrates that the top-tier IP *Fights Break Firmament* (斗破蒼穹) not only has high popularity in Mainland China, but also commands strong market appeal and commercial potential in the Chinese-speaking markets such as Hong Kong, Macau, Taiwan, Singapore and Malaysia.

In March 2025, the Group granted a company under Shanghai Lingmu Network Technology Co., Ltd. (上海靈木網絡科技有限公司) the rights to publish *Soul Land: Shrek Academy* (斗羅大陸：史萊克學院) in Vietnam. In the first month of its launch, the game ranked No.1 on the Top Free Game List and 9th on the Best Selling Game List on Apple's App Store, and ranked 2nd on the Top Free Game List and 15th on the Best Selling Game List on the Google Play Store, respectively, in Vietnam, achieving remarkable performance. In August 2025, the game was launched in Korea under the same title.

Developed by Love Games (Shanghai) Internet Technology Co., Ltd. (樂府互娛(上海)網絡科技有限公司), a developer in which the Group invested, the mobile game *Soul Land: Space and Time Reversal* (斗羅大陸：逆轉時空), adapted from the *Soul Land* (斗羅大陸) IP, was published in Hong Kong, Macau and Taiwan by Taiwan Game Tree Company in May 2025 under license from the Group. In the first month of its launch, the game ranked No.1 on the Top Free Game List and 19th on the Best Selling Game List of Apple's App Store in Taiwan, and ranked 3rd on the Top Free Game List and 9th on the Best Selling Game List of Apple's App Store in Hong Kong, achieving excellent results. In October 2025, the game was launched in Southeast Asia under the same title.

In September 2025, the Group globally launched *Dynasty Warriors: Hegemony* (真·三國無雙霸), an officially licensed 3D action role-playing game ("ARPG") Shin Sangokumusou title from Japan's Koei Tecmo Games Co., Ltd. The game successfully penetrated the Japanese market, debuting at No. 1 on the Top Free Game List of Apple's App Store in Japan.

Self-Development of Games

Legend of Sword and Fairy: World (仙劍世界), the Group's self-developed game, did not meet expectation since its launch in February 2025. The development of *Legend of Sword and Fairy: World* (仙劍世界) spanned over three years, representing the Group's self-developed project with substantial investment of both capital and effort. Despite undergoing multiple rounds of testing and optimisation, post-launch revenue still fell short of expectations, resulting in substantial financial losses for the Group. The substantial research and development costs and marketing expenses invested by the Group in *Legend of Sword and Fairy: World* (仙劍世界) have materially adversely affected the Group's performance. These one-off expenses have been fully accounted for in 2025 and will not exert a persistent negative impact on the Group's financial position in future years. In response to the failure of *Legend of Sword and Fairy: World* (仙劍世界) project, the Group promptly carried out organisational restructuring and personnel optimisation to substantially reduce project investment, and appointed a new project lead while redesigning the in-game commercialisation model with the aim of maximising the return on initial investments. Since its launch, the game has completed nearly 50 version updates; the Group will sustain ongoing version updates for *Legend of Sword and Fairy: World* (仙劍世界) to ensure stable operations and strive to improve revenue generation. Concurrently, the Group has strengthened risk control mechanisms for project approval decisions and project budget oversight in corporate governance, ensuring more effective internal decision-making and control systems.



CHAIRMAN'S STATEMENT

The dynasty-themed strategic mobile game *World of Castellan* (城主天下) was self-developed by Wenmai Hudong, a wholly-owned subsidiary of the Group, and was exclusively published by 37 Interactive Entertainment in the Mainland China market. The overseas version of the game *World of Castellan* (城主天下), *Three Kingdoms: Heroes of the Land* (三國·群英燎原), was exclusively published by Hangzhou Wanxinbuzhi Network Technology Co., Ltd. (杭州玩心不止網絡科技有限公司). It was launched in Vietnam in May 2025, followed by launches in Hong Kong, Macau, Taiwan, Singapore and Malaysia in July 2025, and ranked No. 1 on the Top Free Game List of Apple's App Store in Taiwan in the No.1 month of its launch. It was subsequently launched in South Korea in November 2025. As a strategic game set in the Three Kingdoms period, *Three Kingdoms: Heroes of the Land* (三國·群英燎原) will serve as a long-term overseas operation project for the Group.

The Group conducted multiple game running tests for a new self-developed legendary game *Dark Night Legend* (暗夜傳奇) by Wenmai Hudong during the Reporting Period prior to its launch. To establish the game's quality as a benchmark among similar products, the development team extended the period for adjustment and optimisation and strived to offer players a perfect user experience. The game's launch has been postponed until 2026. Drawing upon Wenmai Hudong's proven track record of success in developing Legend-genre titles, the Group has every reason to believe that the game *Dark Night Legend* (暗夜傳奇) will not only continue the market performance of its predecessor, *The World of Legend – Thunder Empire* (傳奇世界之雷霆霸業), but will also achieve new breakthroughs in multiple dimensions such as player scale, revenue contribution and brand influence. It will become another outstanding self-developed product of Wenmai Hudong, providing strong support for the Group's continuous efforts in the research and development of self-developed games.

Legend of Sword and Fairy (仙劍奇俠傳) IP Operation

The Group continued to grow "Legend of Sword and Fairy (仙劍) IP universe". 2025 is the 30th anniversary of *Legend of Sword and Fairy* (仙劍奇俠傳), the Group took this opportunity to vigorously launch numerous and diverse anniversary series of activities, covering games, comics, literature, content experience, real-scene entertainment, film and television series, animation, music and merchandise, offering immersive online and offline experiences.

In the area of game licensing cooperation, *Legend of Sword and Fairy 4: Remake* (仙劍奇俠傳四重製版) released a brand-new gameplay trailer titled "*The Way of Heaven Is Ever-Shifting* (天道無常)" in December 2025. Within 24 hours of its release on the Bilibili platform, the trailer exceeded 2.4 million views, and within 48 hours further increased to 3 million views. It quickly rose to the top of the platform's trending charts, triggering extensive discussion among players and across the industry, and once again showcasing the long-term vitality and strong market appeal of the *Legend of Sword and Fairy* (仙劍奇俠傳) IP. The two existing mobile games under the *Legend of Sword and Fairy* (仙劍) IP, *Legend of Sword and Fairy: The New Beginning* (仙劍奇俠傳：新的開始) and *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), continued to provide lasting content and service support to core user groups through sustained content iteration, launching long-term operation activities, and active community engagement. The Group, in collaboration with Kingnet (愷英網絡), after renewing the licensing agreement for *Legend of Sword and Fairy: The New Beginning* (仙劍奇俠傳：新的開始), established a new licensing cooperation for an additional card-based role-playing game adapted from the *Legend of Sword and Fairy* (仙劍奇俠傳) IP. This new project is planned to enter development phase in 2026. During the Reporting Period, the Group actively carried out multi-layered cross-game collaborations centred on the *Legend of Sword and Fairy* (仙劍) IP, launching joint content with several top-tier games including *JX3* (劍網三) and *Fantasy Westward Journey* (大話西遊). These collaborations significantly expanded the market exposure and visibility of the *Legend of Sword and Fairy* (仙劍) IP, further broadening its user reach and enhancing its overall influence.

In the area of film and television licensing cooperation, the Group has entered into a strategic cooperation with Tencent's Penguin Pictures (企鵝影視) to co-produce an animated series of *Legend of Sword and Fairy 3* (仙劍奇俠傳三), which was officially broadcast on Tencent Video on 30 December 2025. The animated series surpassed 1 million pre-launch reservations, and upon release, its peak in-platform popularity reached 18,103, later remained stable and ranked among the top of the platform's popularity charts and receiving significant attention and recognition from audiences. The production of the animation series of *Legend of Sword and Fairy 4* (仙劍奇俠傳四) has also begun, and the style test video was first exposed in November 2025. The animation series will be jointly launched by Bilibili and the Group. Meanwhile, the Group will once again collaborate with Bilibili to co-produce an animated adaptation of the classic game *Legend of Sword and Fairy 1* (仙劍奇俠傳一). The first original live-action films and television series named *Legend of Sword and Fairy: The Mortal World* (仙劍染歸塵) is in preparation. This brand new story was adapted from *Legend of Sword and Fairy* (仙劍奇俠傳) and set within the game's worldview for the first attempt. Another live-action films and television series named *Legend of Sword and Fairy 2 Gaiden•Memories* (仙劍奇俠傳二外傳•憶如傳) is also in preparation, aiming to strategically tap the commercial potential of popular characters and bring classic characters to shine under the spotlight again. *Legend of Sword and Fairy: The Mortal World* (仙劍染歸塵) and *Legend of Sword and Fairy 2 Gaiden•Memories* (仙劍奇俠傳二外傳•憶如傳) are expected to continue the popularity of the three new television dramas of *Legend of Sword and Fairy* (仙劍) that were launched in early 2024, namely *Sword and Fairy: Youjian Xiaoyao* (又見逍遙), *Legend of Sword and Fairy 6: Qi Jinzhao* (仙劍六祈今朝) and *Legend of Sword and Fairy 4* (仙劍四), achieving the Group's long-term development in the film and television adaptation of IP. The Group collaborated with *Spirited Media* (有朝氣影視) and *Mahua Fun Age* (開心麻花) to create a live-action short drama of *Legend of Sword and Fairy 3: Mengqiannian* (仙劍三•夢千年). The Group cooperated deeply with the energetic team who created the long drama of *Legend of*

Sword and Fairy 6: Qi Jinzhao (仙劍六祈今朝) to develop a series of short dramas of *Legend of Sword and Fairy* (仙劍), and the core creative idea is to explore the "supporting character stories that have not been fully developed" in the works of the nine generations of *Legend of Sword and Fairy* (仙劍), and to refine and reshape them in the form of micro-short dramas.

In June 2025, the Group forged a deep cooperation with ChineseAll (中文在線) to co-produce a *Legend of Sword and Fairy* (仙劍奇俠傳) radio drama. Featuring an all-star voice cast and cinematic sound design technology, the series will retell the classic story with sound. It will be released exclusively on the "Rabbit U" radio-drama app. The 30th anniversary theme song of *Legend of Sword and Fairy* (仙劍), "Free and Easy Again (再逍遙)", sung by Huang Zihongfan, has reached No. 1 on the domestic trend music chart on Kugou Music platform. Simultaneously, *Legend of Sword and Fairy* (仙劍奇俠傳) IP is contributing to the creative evolution of traditional performing art repertoires. In June 2025, the Group teamed up with Shanghai's professional theatre SoundVenue (曉聚場) to develop a new Yue-opera adaptation of *Legend of Sword and Fairy* (仙劍奇俠傳), opening a fresh Sword and Fairy world through intangible cultural heritage and sharing its distinctive Eastern aesthetics with the public.

The novel of *Legend of Sword and Fairy 1* (仙劍奇俠傳一) jointly published by the Group and CITIC Press Corporation (中信出版集團股份有限公司) was officially released in January 2025. *Legend of Sword and Fairy 3* (仙劍奇俠傳三), *Legend of Sword and Fairy 3 Gaiden* (仙劍奇俠傳三外傳), the official original derivative works of *Legend of Sword and Fairy 3* (仙劍奇俠傳三), *Yao Tai Xue* (瑤台雪), and the sequel of *Legend of Sword and Fairy 4* (仙劍奇俠傳四), *Qiong Hua Hou Zhuan* (瓊華後傳), are all in creation stages and scheduled to be launched in 2026. *Legend of Sword and Fairy 5* (仙劍奇俠傳五), *Prequel of Legend of Sword and Fairy 5* (仙劍奇俠傳五前傳) and *Legend of Sword and Fairy 6* (仙劍奇俠傳六) are also in creation stages and will be gradually presented to readers.



CHAIRMAN'S STATEMENT

The Group established a wide range of cooperation networks in relation to physical derivatives and commercial licensing, to develop new products derived from the *Legend of Sword and Fairy* (仙劍) IP in a continuous manner. In the first half of 2025, the Group and Suplay, a company specialising in trendy IP consumer products, jointly designed and initiated mini blind boxes of immortal life characterised by IP features and Chinese elements. The product with a cute cartoon-style design and the fun of blind drawing has attracted many users to purchase. In the field of collectable statues, the presale of the Legend of Sword and Fairy 30th Anniversary Zhao Linger statue (仙劍三十周年趙靈兒雕像) jointly produced by the Group and Lightyear Studio (光年工作室) has officially begun and reservations for Han Ling Sha (韓菱紗) and Liu Mengli (柳夢璃) statues produced in collaboration with STAREXVA Studio (Star Club) (STAREXVA工作室 (星星社)) are also open, and it set a record of selling out within 24 hours. In the PVC figurine field, the 1/7 figurine of Zhao Linger - Lei Yin Xian Ling (趙靈兒-雷引仙靈1/7手辦), produced in collaboration with APEX TOYS, is now available for pre-order. While constantly launching high-quality physical products and meeting the collection demands of fans, the Group has collaborated with the retail brand March Monster to expand offline channels and continuously build a comprehensive and immersive IP derivative ecosystem, allowing the culture of Legend of Sword and Fairy (仙劍) to fully integrate into the lives of the general public.

The Group has collaborated with Jingtian Technology, a subsidiary of Ant Group, to jointly explore the digital presentation of IP assets. In March 2025, the both parties jointly launched the Sword and Fairy 30th Anniversary - Youth's Original Aspiration Series Collection Cards (仙劍三十周年·少年初心系列收藏卡), which sold out immediately upon release. In July 2025, to meet users' collection demands, the Group held a sales return event for digital cards. The aim of digital commemorative cards is to transform classic characters and scenes that carry countless players' memories into digital cards with collection and interactive value, creating new IP connection points for users.

In order to celebrate the 30th anniversary of *Legend of Sword and Fairy* (仙劍奇俠傳), the Group has initiated the "Meeting with Xian Jian (仙劍一面)" national touring animation exhibitions in 2025. More than ten large-scale offline events were convened across the country in 2025, covering ten provinces with a total exhibition area of 50,000 square meters. In 2025, the Sword and Fairy 30th Anniversary Tour presented themed animation exhibitions successfully in various locations, including Hefei in Anhui Province, Beijing, Hangzhou in Zhejiang Province, Chengdu in Sichuan Province, Shenzhen in Guangdong Province, Nanning in Guangxi Zhuang Autonomous Region, Wuhan in Hubei Province, Shanghai, and Puyuan Town of Jiaying in Zhejiang Province, offering more novel offline interactive experiences to fans and bringing the 30th anniversary event of *Legend of Sword and Fairy* (仙劍奇俠傳) to a successful conclusion. In October 2025, *Legend of Sword and Fairy* (仙劍奇俠傳), as a well-known game IP, participated in the 18th China International Brand Licensing Exhibition (第十八屆中國國際品牌授權展覽會). As part of the 30th anniversary celebrations, the Group partnered with Mochi Music (魔池音樂) to release a 30th anniversary physical album series, including a deluxe collector's edition set of *Legend of Sword and Fairy* (仙劍奇俠傳) original soundtrack, for fans' collection.

Artificial Intelligence Generated Content (AIGC) Technology Applications

The Group continued to vigorously advance the application of AIGC technology across game development, publishing and marketing, and game operations, effectively reducing research and development costs and marketing expenses while enhancing operational efficiency. At the same time, the Group integrated AIGC into its daily corporate operations, continuously optimising workflows, streamlining organisational structures and improving overall operational efficiency. During the Reporting Period, the Group achieved significant reductions in staff costs, venue costs and other fixed expenses. Through these cost-reduction and efficiency-enhancement measures, the Group's organisational structure has become more streamlined, and its overall operational efficiency has been further improved. The Group has introduced AI as an auxiliary tool across various aspects of game research and development and publishing to enhance efficiency. Serving as an "industrial foundation", AI undertakes content production and the highly repetitive and standardised aspects of operations. The Group's target during the Reporting Period of achieving a "50%–60% reduction in outsourcing costs" was not aimed at cost compression, but rather at freeing up resources by assigning basic tasks to AI, thereby reducing resource occupancy and creating more space for the core team to engage in creative exploration and product iteration, ultimately enhancing overall organisational flexibility. In the future, the Group will further explore the creative and production directions of AI-native games, enabling creative teams to fully exert their creativity and ideas, while commercialising game concepts more cost-effectively and efficiently.

Social Responsibility

Since its selection as a Key Enterprise for National Cultural Export in 2021 and 2023, the Group was once again successfully selected as a national key enterprise for cultural export in 2025. As a global IP game operator, the Group emphasises the deep integration of excellent

Chinese traditional culture into game research and operation as well as IP management. It consistently rolls out games based on Chinese cultural IPs with global spreading value. The Group's successful inclusion in the list demonstrated that its persistence in internationalising Chinese stories has garnered recognition and support from the Ministry of Commerce of the PRC. The Group will continue to proactively launch diversified cultural products, relentlessly promoting Chinese culture on a global scale.

The Group has been actively committed to fulfilling its social responsibility by incorporating "public welfare and social responsibility" into its core corporate culture and focusing on the health, learning and growth of youth to guide and help teenagers to develop good reading habits. The Group has successively collaborated with China Population Welfare Foundation (中國人口福利基金會) and Lingshan Foundation (靈山基金會), and supported the "CMGE Dream Libraries (中手游築夢圖書館)" project for a long time to promote reading among the youth, and the operation of this project has been under steady implementation. Since 2017, fourteen "CMGE Dream Libraries (中手游築夢圖書館)" have been successively constructed in Yunan, Guangdong Province, Zhengding, Hebei Province, Meihekou, Jilin Province, Yangchun, Guangdong Province, Jishan, Shanxi Province, Luxi, Jiangxi Province, Huoqiu, Anhui Province, Enshi, Hubei Province, Jiyuan, Henan Province, Heyuan, Guangdong Province, Jizhou, Tianjin City, Ji'an, Jiangxi Province, Huayuan, Hunan Province and Nanping, Fujian Province. The fourteenth "CMGE Dream Library (中手游築夢圖書館)" was constructed at Hedong Central Primary School (河東中心小學), Hedong Village, Hedong Township, Songxi County, Nanping City, Fujian Province in September 2025. The Group donated 1,200 volumes of exquisite children's books to Hedong Central Primary School (河東中心小學), and donated 8 sets of reading chairs, 6 globes, science experimental material packages and other operating equipment to the school's book reading room. In December 2025, the Group was recognised as the "Most Socially Responsible Listed Company (最具社會責任上市公司)" by Zhitongcaijing (智通財經).



CHAIRMAN'S STATEMENT

The Group actively promotes industry self-discipline, purifies the cyber environment and ensures the healthy growth of minors. The Group strictly follows the relevant national policies, and all published games are embedded with a real-name authentication system, an anti-addiction system and age limit reminders, striving to ensure the healthy growth of minors. As of 2025, minor players under the age of 18 accounted for less than 0.01% of the Group's revenue from games for six consecutive years.

The Group has always fulfilled its social responsibility in different dimensions. The Group's business does not have a significant impact on the environment. The Group has always adhered to the concept of environmental protection and integrated environmental protection and environmental management into its business decisions. The Group has established environmental, social and governance policies and procedures and the ESG Working Committee in 2025 and has incorporated the concept of sustainable development into its daily management to continuously enhance the environmental protection awareness of the employees of the Group. It implements paperless approval procedures and comprehensively uses web conferencing and cuts down paper usage and the frequency of business travel to reduce carbon emissions in daily operations, striving to decrease the impact of production and business operations on the natural environment. In 2025, the Group was rated as "Outstanding ESG Information Disclosure Enterprise (ESG信息披露卓越企業)" by the Gamma Data.

2026 BUSINESS OUTLOOK

In 2026, the Group will continue to uphold its development strategy of "small-scale trial and error, large-scale promotional operations, and rapid iteration". Leveraging the Group's strong IP resource advantages and adopting a dual-platform business model centred on "APP + Mini-Games", the Group will concurrently advance its global game publishing and its self-developed legendary game business, striving to build market-competitive products with high quality and long-running games with sustainable profitability. The Group has entered into a strategic cooperation with Hangzhou Tianqiong Interactive Network Technology Co., Ltd. (杭州天穹互動網絡科技有限公司) ("**Tianqiong Interactive**"), obtaining the authorisation for two classic IPs, *Legend of MIR* (熱血傳奇) and *The World of Legend* (傳奇世界). The parties have jointly established a joint venture to further integrate resources, coordinate efforts, and continue to deepen their presence in the legendary game market while expanding business development opportunities. Tianqiong Interactive reached a significant cooperation with Shanqu Games (盛趣遊戲) in 2025 regarding the licensing of intellectual property rights relating to the online games *Legend of MIR* (熱血傳奇) and *The World of Legend* (傳奇世界). Under this agreement, Tianqiong Interactive will hold exclusive rights to derivative games, IP protection, derivative products, virtual merchandise and film and television products derived from the two major IPs, *Legend of MIR* (熱血傳奇) and *The World of Legend* (傳奇世界), in Mainland China (excluding PC games). Leveraging the Group's accumulated experience in both game publishing and self-developed games, the Group will continue to deepen its full-chain cooperation across the entire industry for the IPs, *Legend of MIR* (熱血傳奇) and *The World of Legend* (傳奇世界), from game development to game publishing and marketing. At the same time, the Group will continue to deepen the *Legend of Sword and Fairy* (仙劍奇俠傳) IP value through premium content creation, quality game development, diversified derivative product expansion and refined fan-community operations, the Group will spare no effort in elevating the *Legend of Sword and Fairy* (仙劍奇俠傳) IP into a world-class cultural IP, ultimately steering the Group's operating performance back onto a path of stable growth.

The table below sets forth the product reserves planned to be published by the Group in 2026:

Projects	Latest progress	Platform	Category	IP	Publishing area	License
1. <i>Moon Palace Saga</i> (月宮傳)	To be published	APP/Mini-game	Legendary	Legendary	Mainland China	Obtained
2. <i>Star Legend</i> (星號傳奇)	To be published	Mini-game	Legendary	Legendary	Mainland China	Obtained
3. <i>Dark Night Legend</i> (暗夜傳奇)	Beta test	APP/Mini-game	Legendary	Legendary	Mainland China	Obtained
4. <i>Heroes of Jianghu</i> (俠羅江湖) (originally Code: <i>Xian</i> (代號: 仙))	Beta test	APP/Mini-game	Massively multiplayer online role-playing game ("MMORPG")	/	Mainland China	Obtained
5. <i>New Rakshasa Street</i> (新鎮魂街)	Under development	APP/Mini-game	Role-playing game ("RPG")	Rakshasa Street (鎮魂街)	Global	Obtained
6. <i>Code: New Zhetian</i> (代號: 新遮天)	Under development	APP/Mini-game	Card	Zhetian (遮天)	Global	Application in progress
7. <i>Code: New Soul Land</i> (代號: 新斗羅)	Under development	APP	Card	Soul Land (斗羅大陸)	Global	Application in progress
8. <i>Code: DreamWorks All Stars</i> (代號: 夢工場全明星)	Under development	APP	Card	DreamWorks All Stars (夢工場全明星)	Global	Application in progress
9. <i>Code: FR</i> (代號: FR)	Under development	APP/Mini-game	RPG	Licensed IP	Global	Application in progress
10. <i>Code: YZ</i> (代號: YZ)	Under development	APP/Mini-game	MMORPG	Licensed IP	Mainland China	Application in progress
11. <i>New Romance of the Three Kingdoms: The Legend of Cao Cao</i> (新三國志曹操傳)	Published in March 2026	APP	Strategy RPG	Romance of the Three Kingdoms: The Legend of Cao Cao (三國志曹操傳)	Hong Kong, Macau and Taiwan	/
12. <i>Fights Break Firmament: Peak Confrontation</i> (斗破蒼穹: 巔峰對決)	To be published	APP	ARPG	Fights Break Firmament (斗破蒼穹)	Indonesia/Thailand/ Philippines/ Vietnam	/
13. <i>Sangokushi: Gisaicai</i> (三國志: 極彩)	To be published	APP	Card	/	Japan	/
14. <i>Island Genesis</i> (開局一座島)	To be published	APP	Tower-Defense + Card	/	Overseas Regions	/
15. <i>Legend of Sword and Fairy: World</i> (仙劍奇俠傳)	To be published	APP	Open World	Legend of Sword and Fairy (仙劍奇俠傳)	Hong Kong, Macau and Taiwan/Singapore/ Malaysia	/
16. <i>Soul Land: Shrek Academy</i> (斗羅大陸: 史萊克學院)	To be published	APP	MMORPG	Soul Land (斗羅大陸)	Russia	/
17. <i>Code: KD</i> (代號: KD)	To be published	APP	MMORPG	Licensed IP	Hong Kong, Macau and Taiwan/ Southeast Asia	/
18. <i>Code: SHSG</i> (代號: SHSG)	To be published	APP	Card	/	Japan	/
19. <i>Code: RS</i> (代號: RS)	Under development	APP	Card	/	Europe/America	/



CHAIRMAN'S STATEMENT

GLOBAL PUBLISHING BUSINESS

Game Publishing in Mainland China

The Group will continue to leverage its advantages in IP resources, focusing on the development of the legendary game category and classic IP games and continuously deepening the core competitiveness of the game business. In the first half of 2026, the Group will focus on advancing the joint promotion of two legendary games, *Moon Palace Saga* (月宮傳) and *Star Legend* (星號傳奇), and provide strong support for product launch and long-term operation by leveraging its own traffic acquisition and operation and promotion capabilities. *Moon Palace Saga* (月宮傳) is positioned as a fair gold-farming legendary game, with a well-designed balancing mechanism that fully accommodates the game experience of both paying players and non-paying players, resulting in a very healthy in-game ecosystem. The core gameplay of the game is to clear elite tasks and obtain first-time equipment drops. Zero-spending players can also make up for any growth gaps through in-game mechanics to meet the needs of users for free trading and growth through treasure hunting. *Star Legend* (星號傳奇), a classic mobile game product officially licensed by the original franchise *Legend* (傳奇) game and remade from legendary PC game, completely restores the system of "Warrior, Mage, Taoist". It supports large-scale "Shobak Castle" sieges with thousands of players on the same server, while retaining numerous classic scenes in the legendary game. Meanwhile, it introduces new dynamic weather and day-night systems, blending nostalgic experience with immersion. It is suitable for veteran players preferring the original PC experience and are passionate about castle siege battles.

Code: DreamWorks All Stars (代號:夢工場全明星), a mobile game project developed by the Group based on authentic IP authorisation licensed from Universal Studios, will enter the development and beta testing stage in 2026. The Group will subsequently publish the game globally. *Code: DreamWorks All-Stars* (代號:夢工場全明星) is an idle card mobile game featuring a collection of IPs from numerous well-known DreamWorks Animation film and television series, including the Shrek series, Madagascar series, Kung Fu Panda series, How to Train Your Dragon series, and The Bad Guys, as well as many other popular and brand-new works. Iconic star characters from these IP series will also appear in the game to accompany players on their magical adventures, allowing IP fans to experience the joy of controlling their favorite characters firsthand.

Heroes of Jianghu (俠耀江湖) (originally *Code: Xian* (代號:仙)), a massively multiplayer online ("MMO") game themed on fairy and hero that integrates player versus player ("PVP") competitive gameplay, player versus environment ("PVE") game instance and casual social interaction. Its art style subtly mixes elements of "ink wash painting" and "Chinese civilisation", which is highly favored by fairy and hero enthusiasts. The game constructs a profound martial worldview with core experience of "strategy + strong social interaction + simple controls", while integrating classic MMO game elements such as multi-character cultivation, cross-server teaming and equipment trading. Players can simultaneously enjoy the dual pleasures of personal cultivation and treasure hunting, making it highly suitable for players who enjoy martial worldview and prefer gameplay that combines cultivation with social interaction.

Code: New Zhetian (代號:新遮天), a card mobile game developed based on the authentic IP authorisation of *Zhetian* (遮天) animation. It focuses on a core experience of "plot immersion + strategic cultivation + IP restoration". The game is highly faithful to the original work, precisely catering to *Zhetian* (遮天) fans who seek restoration of the original plot and worldview, strategic players who enjoy strategy cards, excel at free lineup combinations and focus on tactics, as well as casual cultivation enthusiasts who like light away-from-keyboard gameplay while still enjoying deep character development. The animated series *Zhetian* (遮天) first aired in May 2023, and as of July 2025, its total views exceeded 15 billion. In 2025, *Zhetian* (遮天) frequently ranked among the top ten animated series across multiple platforms, maintaining a popularity index between 15,000 and 17,000 on Tencent Video, securing a consistently top position on the platform. The vast and stable animated audience provides a natural core user base for the game, reducing customer acquisition costs and promotional difficulty. Classic character designs, iconic storylines and worldview designs can be directly translated into game content, enhancing authenticity and player immersion. The sustained popularity of the animation and the momentum from its sequels generate long-term traffic and sustained topics for the game, supporting its long-term operations and word-of-mouth promotion, while significantly boosting the product's competitiveness and commercial potential.

Code: New Soul Land (代號:新斗羅) is a card mobile game developed based on the authentic IP authorisation of *Soul Land* (斗羅大陸). The game breaks the limitations of traditional card games, with genuine IP authorisation as the foundation with a Chinese anime-style art style, strategic gameplay at its core, and a comprehensive character development system, as the support, to create an immersive soul master world for *Soul Land* (斗羅大陸) fans and card game enthusiasts. As a phenomenon-level top-tier Chinese animation and a benchmark for fantasy adaptations, *Soul Land* (斗羅大陸) has, since its premiere in 2018, accumulated over 62 billion views on the internet by leveraging its consistently updated broadcast model over the years and high-quality production, making it an extremely influential representative work in the history of Chinese animation. Its popularity has remained consistently

high across major video platforms with over 2.3 billion effective views in 2025, securing a leading position in the annual Chinese animation viewership list. During the 2026 Chinese New Year period, its popularity surged once again, with the original series maintaining a weekly viewership exceeding 30 million and weekly views of its sequel surpassing 60 million, demonstrating strong national appeal and enduring market vitality, while also establishing a solid IP foundation and extensive user potential for the mobile game *Code: New Soul Land* (代號:新斗羅).

In 2026, the Group also plans to launch several IP mobile games, including *New Rakshasa Street* (新鎮魂街), *Code: FR* (代號:FR), and *Code: YZ* (代號:YZ), covering various game categories such as card, RPG and MMORPG, which will provide strong momentum for the Group's performance growth in 2026.

Overseas Publishing of Games

In response to the competitive changes in overseas game markets, the Group will firmly focus on leveraging its extensive IP resources and product portfolio and continue to execute its mature and efficient overseas game publishing strategy. The Group will continue to strengthen its overseas publishing capabilities, fully expand overseas markets and further scale up the Group's overseas business in 2026.

Licensed by Koei Tecmo Games Co., Ltd., *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) was officially launched across all platforms on 20 March 2026 in Hong Kong, Macau and Taiwan, as well as Singapore and Malaysia. Following its launch, the game quickly ranked No.1 on the Top Free Game List of Apple's App Store in Hong Kong and Macau, and ranked 5th on the Top Free Game List of App store in Taiwan. Based on the classic game *Romance of the Three Kingdoms: The Legend of Cao Cao* (三國志曹操傳) released in 1998, the *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) faithfully revives the iconic large-scale battlefield maps and highly flexible strategic gameplay that captivated countless players, reimagined through a high-definition remake.



CHAIRMAN'S STATEMENT

Sangokushi: Gisaicai (三國志：極彩) is an upcoming Three Kingdoms-themed card-based RPG mobile game to be launched in Japan. The game's core gameplay combines "strategic card battles + idle progression", "emphasising emotional bonds and character interactions", while its art direction highlights high-quality character illustrations and impactful visual effects, delivering a highly immersive sensory experience. Player reservations for the game opened in March 2026.

Island Genesis (開局一座島) is a casual mobile game featuring "tower-defense + card-based" gameplay. Players take on the role of a lone survivor starting from a deserted island, gathering resources, constructing facilities and developing industries to gradually transform the isolated island into a thriving home. The title focuses on lightweight progression, high freedom and idle rewards, catering to fragmented-time gameplay.

For products that have already achieved satisfying publishing performance in overseas regions, the Group has also formulated expansion plans for more overseas markets. Among them, *Soul Land: Shrek Academy* (斗羅大陸：史萊克學院), an IP game that has delivered outstanding performance in Vietnam and South Korea, is scheduled to be launched in Russia in 2026. *Fights Break Firmament: Wushuang* (斗破蒼穹：無雙), an IP game that has achieved success in Hong Kong, Macau and Taiwan, Singapore and Malaysia, will be launched in Indonesia, Thailand, the Philippines and Vietnam.

Projects with confirmed overseas publishing plans also include *Code: KD* (代號：KD) for Hong Kong, Macau, Taiwan and Southeast Asia; *Code: DreamWorks All Stars* (代號：夢工場全明星) and *Legend of Sword and Fairy: World* (仙劍世界) for Hong Kong, Macau, Taiwan, Singapore and Malaysia, *Code: SHSG* (代號：SHSG) for Japan, *Code: RS* (代號：RS) for Europe and America. It is believed that with the successive launch of several overseas games in 2026, the Group's revenue from overseas games will be further boosted.

Self-Development of Games

Additionally, a brand new legendary game developed by Wenmai Hudong, *Dark Night Legend* (暗夜傳奇), has undergone multiple rounds of testing. Also exclusively published by Wanxinbuzhi, it is set to be officially launched within 2026. The gameplay of the game is in line with the previous successful game *The World of Legend - Thunder*

Empire (傳奇世界之雷霆霸業). The Group is confident that the game will not only continue the market performance of its predecessor, *The World of Legend - Thunder Empire* (傳奇世界之雷霆霸業), but will also achieve new breakthroughs in multiple dimensions such as user scale, revenue contribution and brand influence and become another outstanding self-developed product of Wenmai Hudong.

Legend of Sword and Fairy (仙劍奇俠傳) IP Operation

Up to now, *Legend of Sword and Fairy* (仙劍) IP Matrix has covered games, comics, literature, content experience, real-scene entertainment, films and television series, animation, music, virtual idols, derivative products and other fields. Focusing on the future, the Group will create more high quality content, reach young consumers who are interested in *Legend of Sword and Fairy* (仙劍) IP and Chinese-style elements by various channels, and continuously enhance the reputation of *Legend of Sword and Fairy* (仙劍奇俠傳) among young people and further enrich the users' interactive experience.

The original live-action drama *Legend of Sword and Fairy* (仙劍) series, namely *Legend of Sword and Fairy: The Mortal World* (仙劍染歸塵) and *Legend of Sword and Fairy 2 Gaiden•Memories* (仙劍奇俠傳二外傳•憶如傳) have substantially entered the preparation phase. *Legend of Sword and Fairy: The Mortal World* (仙劍染歸塵) and *Legend of Sword and Fairy 2 Gaiden•Memories* (仙劍奇俠傳二外傳•憶如傳) will build on the momentum of the three new *Legend of Sword and Fairy* (仙劍) television dramas released in early 2024, including *Sword and Fairy: Youjian Xiaoyao* (又見逍遙), *Legend of Sword and Fairy 6: Qi Jinzhao* (仙劍六祈今朝) and *Legend of Sword and Fairy 4* (仙劍四), thus reinforcing the Group's long-term strategy in IP-based film and television adaptations. The live-action short drama *Legend of Sword and Fairy 3: Mengqiannian* (仙劍三•夢千年), jointly produced by the Group, Bilibili and Mahua FunAge, has been officially announced and is about to enter the preparation phase. Additionally, the animated series adaptation of *Legend of Sword and Fairy 4* (仙劍奇俠傳四) has unveiled its first style preview and is expected to start production soon. The radio drama adaptation of *Legend of Sword and Fairy* (仙劍奇俠傳), co-produced by the Group and Rabbit U Platform (兔U平台), is currently under development and is scheduled for release in 2026.

Legend of Sword and Fairy 3 (仙劍奇俠傳三), *Legend of Sword and Fairy 3 Gaiden* (仙劍奇俠傳三外傳), the official original derivative work of *Legend of Sword and Fairy 3* (仙三) series, Yao Tai Xue (瑤台雪) and the sequel to *Legend of Sword and Fairy 4* (仙四), Qiong Hua Hou Zhuan (瓊華後傳), are in creation stages and scheduled for release in 2026. *Legend of Sword and Fairy 5* (仙劍奇俠傳五), *Prequel of Legend of Sword and Fairy 5* (仙劍奇俠傳五前傳), *Legend of Sword and Fairy 6* (仙劍奇俠傳六) are also in creation stages, and will be successively released to the audience.

In 2026, the Group will carry out a variety of game collaboration initiatives. Meanwhile, the Group has again cooperated with Kingnet to launch a new *Legend of Sword and Fairy* (仙劍奇俠傳) game project, which is also scheduled to enter the development phase in 2026. AStation Legend of Sword and Fairy XR (AStation仙劍XR), an immersive interactive entertainment project of the Group in collaboration with Beijing Huanjin Digital Research Technology Co., Ltd. (北京幻景數研科技有限公司), will be launched in 2026. The project, which will be available on Apple's Apple Vision Pro, eliminates traditional VR controllers in favor of gesture-based controls to deliver a novel sense of freedom and heightened immersion for players.

Robust content creation will generate new business opportunities for the Group's derivative product collaborations. The Group has extensive experience and expertise in the collaboration of derivatives of the *Legend of Sword and Fairy* (仙劍) IP. In the field of collectable statues, the statues of Yun Tianhe(雲天河) and Murong Ziying(慕容紫英) jointly produced by the Group and STAREXVA Studio (Star Club) (STAREXVA工作室(星星社)) will be available for sale within 2026. In the field of action figures, the articulated figurines of Li Xiao Yao (李逍遙) and Zhao Linger (趙靈兒) in cloth outfits co-produced by the Group with Feiwan Toys and the *Chonglou Soldier* (重樓兵人) co-produced by the Group with Yiyue (已悦), are scheduled to launch for sale successively.

The extensive and in-depth communication and collaboration between *Legend of Sword and Fairy* (仙劍) IP and its partners in multiple areas such as games, films and television series, interactive entertainment, licensed goods and physical derivatives indicates that the national IP *Legend of Sword and Fairy* (仙劍奇俠傳) has entered a new development stage, with more diversified value and ecological prosperity under the operation of the whole industrial chain. During the operation of *Legend of Sword and Fairy* (仙劍) IP, the Group will continue to integrate the *Legend of Sword and Fairy* (仙劍) IP with China's outstanding traditional culture, actively pioneering new pathways for cultural export.

All members of the Group will always uphold the values of "integrity, transparency, honesty, in-depth thinking and long-termism (正直守信、透明坦誠、深度思考、長期主義)" and the mission of "creating quality products with passion (用熱愛鑄造精品)", being a company that is full of passion and creativity! The Group will promote China's wonderful traditional culture and socialist values, becoming a responsible practitioner and a promoter of cultural values.

The Company would like to thank all Shareholders and investors for their continued strong support!

By order of the Board
XIAO Jian
Chairman

Hong Kong, 27 March 2026



MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December 2025, the Group had a vast IP reserve of a total of 98 IPs, comprising 30 licensed IPs and 68 proprietary IPs.

The table below sets forth the Group's revenue and gross billings derived from its IP-based games and non-IP based games for the years indicated:

	For the year ended 31 December	
	2025 Revenue RMB'000	2024 Revenue RMB'000
IP-based games		
(i) licenced and proprietary IPs held by the Group	991,051	1,019,207
(ii) IPs held by game developers	14,279	34,804
Non-IP based games	384,655	876,080
Total	1,389,985	1,930,091

The Group is committed to creating a highly competitive IP-based game ecosystem. Apart from proprietary IPs, the Group also actively obtained a large number of selected licenced IPs from third parties and adapted them into premium IP-based games for users. For the year ended 31 December 2025, the Group's total number of IP games in operation reached 18 and revenue generated from the Group's IP games reached RMB1,005.3 million.

The following table sets forth the key performance indicators, namely, (i) average MAUs; (ii) average MPUs; (iii) ARPPU; and (iv) total new registered users of the Group for the years indicated:

	For the twelve months ended 31 December	
	2025	2024
Average MAUs (<i>thousands</i>)	11,942	14,713
Average MPUs (<i>thousands</i>)	801	1,015
ARPPU (<i>RMB</i>)	144.6	158.5
Total new registered users (<i>thousands</i>)	69,819	74,536

The newly released games during the Reporting Period, including *Chunqiu Mystery* (春秋玄奇) and *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) have achieved remarkable results. However, the average MAUs, average MPUs and ARPPU declined as the market performance of flagship game *Legend of Sword and Fairy: World* (仙劍世界) and some new games launched by the Group during the Reporting Period failed to meet expectations. The Group had approximately 69.8 million newly registered users in 2025.

During the Reporting Period, the Group received the following main awards and recognitions for the quality and popularity of its games or services, as well as the contributions to social responsibility:

Award/Recognition	Date of Award	Awarding Institution/Authority
National Key Enterprise for Cultural Export in 2025 (2025年度國家文化出口重點企業)	May 2025	Ministry of Commerce of the PRC
Outstanding ESG Information Disclosure Enterprise (ESG信息披露卓越企業)	July 2025	Gamma Data
Pioneer Award of Content Co- production (內容共創先鋒獎) <i>Fights Break Firmament: Peak Confrontation</i> (斗破蒼穹：巔峰對決)	July 2025	Huawei Game Center
“White Horse Award” for 2025 Excellent and Leading Game Enterprise (2025年度強基領航遊戲企業「白馬獎」)	August 2025	Gamma Data
The Most Influential Enterprise in Intelligence Terminals (智能終端領域最具影響力企業)	August 2025	Intelligent Application and Cloud Services Branch of China Software Industry Association (Mobile Hardcore Alliance) (中國軟件協會智雲分會(硬核聯盟))
2025 Outstanding Mini Game (2025年度優秀小遊戲) <i>The National Gunlord – The Frontier</i> (全民槍神：邊境王者)	October 2025	vivo Developer Conference (vivo開發者大會)
Guangdong Top 500 Enterprise (廣東省500強企業)	October 2025	Enterprise Association of Guangdong (廣東省企業聯合會) and Entrepreneur Association of Guangdong (廣東省企業家協會)



MANAGEMENT DISCUSSION AND ANALYSIS

Award/Recognition	Date of Award	Awarding Institution/Authority
Top 100 Modern Service Industry Enterprises (現代服務業企業TOP 100)	October 2025	Enterprise Association of Shenzhen (深圳市企業聯合會) and Entrepreneur Association of Shenzhen (深圳市企業家協會)
"Golden Plume Award" as Most Influential Mobile Game Publisher (金翎獎最具影響力移動遊戲發行商)	December 2025	Shanghai Hanwei Xinheng Exhibition Co., Ltd (上海漢威信恒展覽有限公司)
"Golden Plume Award" as Best ACGN Mobile Game (金翎獎最佳二次元移動遊戲) <i>Naruto: Konoha Masters</i> (火影忍者：木葉高手)	December 2025	Shanghai Hanwei Xinheng Exhibition Co., Ltd (上海漢威信恒展覽有限公司)
"Golden Plume Award" as Players' Favourite Mobile Game (金翎獎玩家最喜愛的移動網絡遊戲) <i>New Romance of the Three Kingdoms: The Legend of Cao Cao</i> (新三國志曹操傳)	December 2025	Shanghai Hanwei Xinheng Exhibition Co., Ltd (上海漢威信恒展覽有限公司)
"Jinge Award" as the Annual Brand Value Award (金格獎年度品牌價值獎)	December 2025	Gelonghui (格隆匯)
Most Socially Responsible Listed Company (最具社會責任上市公司)	December 2025	Zhitongcaijing (智通財經)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table sets forth the comparative figures for the years ended 31 December 2024 and 2025:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue	1,389,985	1,930,091
Cost of sales	(933,109)	(1,327,033)
Gross Profit	456,876	603,058
Other income and gains, net	11,856	108,268
Selling and distribution expenses	(491,644)	(494,316)
Administrative expenses	(127,619)	(137,897)
Research and development costs	(136,270)	(244,255)
Impairment of financial assets, net	(229,482)	(255,573)
Other expenses		
— Impairment of goodwill	(58,273)	(546,759)
— Write-off of prepayments	(607,639)	(211,827)
— Fair value losses on financial assets at fair value through profit or loss	(336,154)	(696,299)
— Impairment of other intangible assets	(27,640)	(211,557)
— Others	(34,871)	(39,883)
Finance costs	(19,783)	(19,852)
Share of profits and losses of associates	(13,194)	4,010
Loss before tax	(1,613,837)	(2,142,882)
Income tax credit	136,704	32,063
Loss for the year	(1,477,133)	(2,110,819)
Attributable to:		
Owners of the parent	(1,471,341)	(2,105,005)
Non-controlling interests	(5,792)	(5,814)
	(1,477,133)	(2,110,819)
Adjusted net loss	(1,471,341)	(2,077,723)



MANAGEMENT DISCUSSION AND ANALYSIS

Adjusted net loss

The table below sets forth a quantitative reconciliation of the Group's adjusted net loss for the years indicated:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Loss for the year attributable to owners of the parent	(1,471,341)	(2,105,005)
Add		
(i) Equity-settled share-based expense	—	27,282
Adjusted net loss	(1,471,341)	(2,077,723)

Revenue

The Group's revenue decreased by approximately 28.0% from RMB1,930.1 million for the year ended 31 December 2024 to RMB1,390.0 million for the year ended 31 December 2025.

Revenue by category:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Game publishing	1,161,425	83.6	1,664,508	86.2
Game development	115,670	8.3	149,122	7.7
IP licensing	112,890	8.1	116,461	6.1
Total	1,389,985	100.0	1,930,091	100.0

- (i) The Group's game publishing revenue decreased by 30.2% from RMB1,664.5 million for the year ended 31 December 2024 to RMB1,161.4 million for the year ended 31 December 2025. During the Reporting Period, the Group's newly launched mini game *Chunqiu Mystery* (春秋玄奇) delivered strong revenue performance and was well recognised by the market and players. The IP-based game *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) also achieved favorable rankings on the list. And the Group successively launched flagship IP games including *Fights Break Firmament: Wushuang* (斗破蒼穹:無雙), *Soul Land: Shrek Academy* (斗羅大陸:史萊克學院) and *Soul Land: Space and Time Reversal* (斗羅大陸:逆轉時空) in overseas markets, leading to a significant increase in overseas revenue; however, the newly launched games *Sanqian Huanshi* (三千幻世) and *Daily Life of Chat Group* (聊天群的日常生活) did not achieve the expected revenue following their launch during the Reporting Period; and the IP license for the previously successful game *The New Legend Of The Condor Heroes: Iron Blood and Loyal Heart* (新射雕群俠傳之鐵血丹心) had expired, by mutual agreement with the partner, operations were terminated in 2024, resulting in no revenue during the Reporting Period; the foregoing factors led to a decline in game publishing revenue;

MANAGEMENT DISCUSSION AND ANALYSIS

- (ii) The Group's game development revenue decreased by 22.4% from RMB149.1 million for the year ended 31 December 2024 to RMB115.7 million for the year ended 31 December 2025. *Legend of Sword and Fairy: World* (仙劍世界), the self-developed game of the Group, has underperformed since its launch in February 2025, and there were no other self-developed games launched during the Reporting Period, resulting in a decrease in game development revenue; furthermore, the testing phase for the legendary game *Dark Night Legend* (暗夜傳奇), which was self-developed by Wenmai Hudong, exceeded the expected timeline and not able to be launched during the Reporting Period; and
- (iii) The Group actively operates the *Legend of Sword and Fairy* (仙劍奇俠傳) IP. The revenue generated from the Group's IP licensing decreased by 3.1% from RMB116.5 million for the year ended 31 December 2024 to RMB112.9 million for the year ended 31 December 2025.

Cost of sales

The Group's cost of sales consists primarily of (i) commissions charged by publishing channel and content providers ("CPs"); (ii) commissions charged by IP owners; and (iii) amortisation of CP licences and IP licences. The table below sets forth the Group's cost of sales by category, and its contribution to the revenue of the Group as a percentage, for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	% to Revenue	RMB'000	% to Revenue
Commissions charged by publishing channels and CPs	697,881	50.2	1,027,361	53.2
Commissions charged by IP owners	42,262	3.0	81,314	4.2
Amortisation of CP licences	28,384	2.0	41,479	2.1
Amortisation of IP licences	66,387	4.8	59,655	3.1
Others	98,195	7.1	117,224	6.1
Total	933,109	67.1	1,327,033	68.7

The Group's cost of sales decreased by 29.7% from RMB1,327.0 million for the year ended 31 December 2024 to RMB933.1 million for the year ended 31 December 2025. Such decrease was primarily attributable to: the decrease in the Group's overall game publishing and game development revenue has led to a corresponding decrease in commissions charged by corresponding channels and CPs, as well as the corresponding decrease in commissions charged by IP owners which depend on game revenue.



MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by 24.2% from RMB603.1 million for the year ended 31 December 2024 to RMB456.9 million for the year ended 31 December 2025. The Group's gross profit margin increased from 31.2% for the year ended 31 December 2024 to 32.9% for the year ended 31 December 2025. The Group's overseas business revenue increased by 31.6% compared to the same period last year during the Reporting Period; as the commissions charged by overseas channels are lower than those in Mainland China, the commissions charged by channels decreased significantly compared with the same period in 2024, resulting in an increase in the gross profit margin for the Reporting Period compared with the same period last year.

Other income and gains

The Group's other income and gains consist primarily of (i) bank interest income; (ii) government grants; and (iii) foreign exchange gains. The table below sets forth the Group's other income and gains by category for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Bank interest income	87	0.8	773	0.7
Government grants	4,130	34.8	5,631	5.2
Dividend income from financial assets at fair value through profit or loss	1,755	14.8	—	—
Fair value adjustment of contingent consideration	—	—	100,000	92.4
Foreign exchange gains	2,489	21.0	—	—
Others	3,395	28.6	1,864	1.7
Total	11,856	100.0	108,268	100.0

The Group's other income and gains decreased by 89.0% from RMB108.3 million for the year ended 31 December 2024 to RMB11.9 million for the year ended 31 December 2025. The decrease was mainly due to the fair value adjustment of contingent consideration of business combination recorded by the Group in 2024, but this adjustment did not occur in 2025. In 2025, the Group recorded a dividend income of RMB1.8 million from Guohong Jiaxin (Shenzhen) Angel Venture Capital Enterprise (L.P.).

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

The Group's selling and distribution expenses consist primarily of (i) marketing expenses; and (ii) salaries and benefits for its sales and marketing team. The table below sets forth the Group's selling and distribution expenses by category and its contribution to the total revenue of the Group as a percentage for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	% to Revenue	RMB'000	% to Revenue
Marketing expenses	476,286	34.3	468,317	24.3
Salaries and benefits	12,186	0.9	19,102	1.0
Office costs and utilities	1,447	0.1	1,092	0.1
Others	1,725	0.1	5,805	0.3
Total	491,644	35.4	494,316	25.7

The Group's selling and distribution expenses decreased by 0.5% from RMB494.3 million for the year ended 31 December 2024 to RMB491.6 million for the year ended 31 December 2025. The Group continued to optimise organisational operation efficiency and streamlined its workforce, and actively controlled the cost of relevant sales personnel. As a result, related salaries and benefits expenses decreased by 36.2% compared to the same period last year. During the Reporting Period, marketing expenses increased by 1.7% compared to the same period, primarily due to: (i) the launch of the new game *Legend of Sword and Fairy: World* (仙劍世界) in February 2025, which incurred significant game marketing and promotion expenses before and after its launch; (ii) the Group's promotion of several new games launched in Mainland China in 2025, including *Chunqiu Mystery* (春秋玄奇), *Sanqian Huanshi* (三千幻世), *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) and *Naruto: Konoha Masters* (火影忍者：木葉高手); and (iii) the Group's marketing and promotion for various games launched overseas in 2025, such as *Tauren-T GO* (牛頭人GO), *Fights Break Firmament: Wushuang* (斗破蒼穹：無雙), *Soul Land: Shrek Academy* (斗羅大陸：史萊克學院) and *Dynasty Warriors: Hegemony* (真•三國無雙霸).



MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

The Group's administrative expenses consist primarily of (i) salaries and benefits; and (ii) office costs and utilities. The table below sets forth the Group's administrative expenses by category and its contribution to the total revenue of the Group as a percentage for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	% to Revenue	RMB'000	% to Revenue
Salaries and benefits	89,422	6.4	88,159	4.6
Office costs and utilities	35,449	2.6	46,982	2.4
Others	2,748	0.2	2,756	0.1
Total	127,619	9.2	137,897	7.1

The Group's administrative expenses decreased by 7.5% from RMB137.9 million for the year ended 31 December 2024 to RMB127.6 million for the year ended 31 December 2025. The decrease was primarily attributable to: (i) the Group's proactive efforts to reduce office costs, with office costs and utilities expenses decreased by 24.5% compared to the same period last year; and (ii) the reorganisation and downsizing of the research and development and publishing teams for the game *Legend of Sword and Fairy: World* (仙劍世界), which incurred one-off staff redundancy expenses. Consequently, salaries and benefit expenses increased by 1.4% from RMB88.2 million for the year ended 31 December 2024 to RMB89.4 million for the year ended 31 December 2025.

Research and development costs

The Group's research and development costs consist primarily of (i) salaries and benefits for research and development department; (ii) production costs; and (iii) office costs and utilities. The table below sets forth the Group's research and development costs by category and its contribution to the total revenue of the Group as a percentage for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	% to Revenue	RMB'000	% to Revenue
Salaries and benefits	97,263	7.0	191,508	9.9
Production costs	18,536	1.3	28,032	1.5
Office costs and utilities	11,681	0.9	13,187	0.7
Others	8,790	0.6	11,528	0.6
Total	136,270	9.8	244,255	12.7

The Group's research and development costs decreased by 44.2% from RMB244.3 million for the year ended 31 December 2024 to RMB136.3 million for the year ended 31 December 2025. The decrease was primarily attributable to: (i) the reorganisation and downsizing of the research and development team for the game *Legend of Sword and Fairy: World* (仙劍世界), resulting in a 49.2% decrease in salaries and benefit expenses for the research and development department from RMB191.5 million for the year ended 31 December 2024 to RMB97.3 million for the year ended 31 December 2025; (ii) the completion of research and development for the game *Legend of Sword and Fairy: World* (仙劍世界) in 2024 and the game was launched in February 2025, which led to a significant decrease in relevant outsourcing production costs during the Reporting Period, with production costs decreasing by 33.9% from RMB28.0 million for the year ended 31 December 2024 to RMB18.5 million for the year ended 31 December 2025; and (iii) the Group's withdrawal of certain office premises during the Reporting Period, resulting in a 11.4% decrease in office costs and utilities from RMB13.2 million for the year ended 31 December 2024 to RMB11.7 million for the year ended 31 December 2025.

Impairment of financial assets, net

The Group's asset impairment loss refers to the impairment loss on financial assets of trade receivables, other receivables and other assets. According to the relevant accounting policies under HKFRS 9, the impairment loss on financial assets recorded by the Group decreased by 10.2% from RMB255.6 million for the year ended 31 December 2024 to RMB229.5 million for the year ended 31 December 2025.

Impairment of trade receivables

To ensure the Group's games achieve maximum market coverage, the Group collaborates with various third-party publishing channels. These channels are authorised to promote the Group's licensed games and collect revenue from in-game purchases, which is then settled with the Group according to the contractual payment cycle. With regard to such collaborations, these channels would deduct the amount of the promotion fee payable by the Group to them from the in-game purchase revenue and then pay the remaining amount of such revenue to the Group in accordance with the terms of the contracts. These arrangements are consistent with prevailing industry practices. The Group normally grants existing channels and other counterparties (including the aforesaid channels) a credit period of 180 days, and a credit period of not more than 270 days for major channels and key counterparties. The Group has a well-defined settlement management system in place, regularly reviews overdue accounts, and maintains ongoing communication with business partners regarding settlement arrangements.

According to the "2025 China Mobile Game Advertising and Marketing Report" published by the third-party research institution Gamma Data, the growth rate of mobile game users in China was less than 2% in the first half of 2025, and the industry structure has shifted to one primarily driven by existing users. However, advertising spending on mobile games in 2025 continued to grow, indicating that under the same level of promotion expenses, the number of new paying users acquired through channels has declined, which in turn has led to a decrease in game revenue and a reduction in free cash flow. Considering such industry challenges, it has become increasingly difficult for channels to make payments on a timely basis. During the Reporting Period, the Group recognised an impairment of trade receivables of approximately RMB203.0 million, as compared to approximately RMB175.8 million recognised for the year ended 31 December 2024. The impairment of trade receivables recognised during the Reporting Period related to balances with third-party publishing channels. Due to the adverse market conditions mentioned above, the time required for such channels to settle outstanding in-game purchase revenue owed to the Group was longer than that stipulated under the contractual terms.



Impairment of other receivables

During the Reporting Period, the Group recognised an impairment of other receivables of approximately RMB26.5 million. Such impairment comprises the following major items:

1. In 2021, the Group successively entered into agreements for game product development with a game developer in Shanghai and its holding subsidiary (the "**Developer**") for a contractual sum of RMB20.7 million, pursuant to which the Developer agreed to develop certain game products according to the requirements of the Group and the Group had made a total prepayment of approximately RMB20.7 million. Since the Developer failed to deliver the game products in a timely manner as agreed in the contract and fulfil the obligations, the Group commenced litigation against the Developer in March 2026 and demanded the Developer to return part of the amount paid by the Group. Since the Developer refused to repay the amount, the Board had doubt in the Developer's repayment ability. Therefore, the Group recognised a relevant impairment of approximately RMB19.3 million during the Reporting Period.
2. In 2022, the Group invested in a promotion company in Guangzhou (the "**Promoter**") through a convertible bond investment, and in 2023, lent the Promoter RMB6.0 million for business expansion purposes. Since the Promoter's revenue in 2024 fell short of expectations and the Promoter was involved in multiple litigation disputes, which showed that its business became unsustainable, the Board had doubt in the Promoter's repayment ability. Therefore, the Group recognised a relevant impairment of approximately RMB6.0 million during the Reporting Period.

Other expenses

The Group's other expenses decreased by 37.6% from RMB1,706.3 million for the year ended 31 December 2024 to RMB1,064.6 million for the year ended 31 December 2025. Other expenses mainly comprised: (i) the write-off of prepayments of approximately RMB607.6 million relating to games and IP licenses that failed to be launched as scheduled or whose contracts expired; (ii) certain investee enterprises of the Group did not achieve the expected revenue during the Reporting Period due to a combination of adverse factors, including intensified market competition, increased difficulty in product innovation and weak consumer demand; based on assessments by a third-party valuation institution, the Group recognised fair value losses of RMB336.2 million on financial assets measured at fair value; and (iii) Wenmai Hudong underperformed and recorded a loss during the Reporting Period, and the Group recognised goodwill impairment of approximately RMB58.3 million in respect of Wenmai Hudong. The decrease in other expenses was primarily attributable to: (i) the goodwill impairment in relation to Wenmai Hudong for the year ended 31 December 2025 was significantly lower than that for the year ended 31 December 2024; (ii) amidst a rise in write-off of prepayments for the year ended 31 December 2025 in comparison to the year ended 31 December 2024, the Group's overall impairment on assets is estimated to be offset by less impairment of other intangible assets, such as intellectual property licenses (IP Licenses), content provider licenses (CP Licenses) and development expenditure, recorded during the year ended 31 December 2025; and (iii) the improvement in the investment environment during the year ended 31 December 2025 also contributed to a reduction in the fair value loss on financial assets measured at fair value.

Impairment of goodwill

The Group recorded a significantly lower impairment of goodwill of Wenmai Hudong of approximately RMB58.3 million for the year ended 31 December 2025 in comparison to approximately RMB529.9 million recorded for the year ended 31 December 2024. An impairment of approximately RMB16.8 million was also recorded for Shanghai Zhoujing for the year ended 31 December 2024.

As at 31 December 2025, part of the Group's goodwill is allocated to the cash-generating unit ("CGU") of Wenmai Hudong for impairment testing. The recoverable amount of the CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The value depends on the present worth of future economic benefits to be derived from the projected revenue. The revenue growth rate applied in the cash flow projections for the CGU of Wenmai Hudong to undertake impairment testing of the relevant goodwill for the year ended 31 December 2025 was significantly adjusted upward to 2%-355% (for the year ended 31 December 2024: 2%-157%) based on the actual revenue amount in the respective financial year and the forecasted annual revenue amount over the next 5-year period which has significantly reduced the impairment of goodwill of the CGU for the year ended 31 December 2025. Wenmai Hudong underperformed with loss results due to launch delay as a result of an extended testing period in its self-developed legendary game *Dark Night Legend* (暗夜傳奇) originally set to be launched in 2025. The game is now scheduled for launch in 2026 with further adjustment and optimisation by the development team and the highest rate of 355% (2024: 157%) mainly represents the revenue growth expected to be brought from the launch of this game.

With reference to the valuation made by an independent valuer (the "Valuer") in respect of the CGU of Wenmai Hudong as at 31 December 2025 in accordance with Hong Kong Accounting Standard 36 - Impairment of Assets, the Group recognised the relevant impairment and the Valuer adopted the following key assumptions:

- (a) The Valuer has relied on and assumed the operating licences and incorporating documents provided are reliable and legitimate.
- (b) There will be no material change in the existing political, legal, technological, fiscal or economic conditions that may adversely affect the business of the CGU.
- (c) The operational and contractual terms bound by the contracts and agreements entered into by the CGU will be honored.
- (d) The competitive advantages and disadvantages of the CGU do not change significantly during the period under consideration.



MANAGEMENT DISCUSSION AND ANALYSIS

Write-off of prepayments

As at 31 December 2025, the prepayments of the Group amounted to approximately RMB580.1 million. The prepayments of the Group mainly included prepaid licence fees (non-current) of approximately RMB299.4 million, prepaid minimum guarantees (current) of approximately RMB266.0 million and other prepayments of approximately RMB14.7 million. The underlying contracts for such prepayments for licence fees and minimum guarantees were made with more than 26 renowned enterprises worldwide, representing more than 29 operating or developing games and will be amortised monthly after the game development is completed and officially launched. During the Reporting Period, the Group recognised a write-off of prepayments of approximately RMB607.6 million involving approximately 30 prepaid contracts for the following reasons. During the development of games, unforeseen issues may arise, such as substandard game quality or preset gameplay mechanics being unacceptable to users. As a result, third-party developers may fail to deliver new games on schedule as stipulated in the contracts. Additionally, game development typically involves repeated rounds of tests and revisions, each of which may encounter the aforementioned unpredictable problems. This makes it difficult for third-party developers to provide a clear timeline for completing all development work. Therefore, when the third-party developers are unable to provide new game products as scheduled according to the contract terms and are unable to provide concrete completion schedules of all development work, the Group will recognise a one-time impairment on the corresponding prepaid licence fees (non-current) and the corresponding non-refundable prepaid minimum guarantees (current). Besides, prepaid licence fees (non-current) for a game/IP without a corresponding game development plan for a long period of time will be subject to the same one-time impairment treatment. Apart from that, when a contract expires or an IP is abandoned during the contract period mainly due to the underlying game failing to meet the anticipated revenue, any unutilised and non-refundable prepaid minimum guarantees (current) will be subject to a one-time impairment. The Group generally involves the third-party developers in rounds of negotiation throughout the contract period prior to reaching the conclusion for the aforesaid one-time impairment treatment.

Among the total impairment amount:

- (a) Prepaid minimum guarantees (current) amounted to approximately RMB163.1 million; and
- (b) Prepaid licence fees (non-current) amounted to approximately RMB444.5 million.

Impairment of other intangible assets

During the Reporting Period, the Group recognised an impairment of other intangible assets, such as IP licences and CP licences, of approximately RMB27.6 million, in comparison to approximately RMB211.6 million recorded for the year ended 31 December 2024. The amount recorded during the Reporting Period mainly comprised: (i) the remaining unamortised licence fees (non-current) of approximately RMB14.4 million that are yet to be amortised in full at the time of early withdrawal of 2 games (for the year ended 31 December 2024: 11 games) collaborated with third-party partners from the market; and (ii) an impairment loss of approximately RMB13.2 million on the remaining unamortised development expenditure for *Legend of Sword and Fairy: World* (仙劍世界).

Please refer to the supplemental announcement of the Company dated 5 November 2025 for details of the circumstances leading to and the valuation relating to the impairment loss in relation to *Legend of Sword and Fairy: World* (仙劍世界).

Finance costs

The Group's finance costs mainly consist of interest expenses, which decreased by 0.3% from RMB19.9 million for the year ended 31 December 2024 to RMB19.8 million for the year ended 31 December 2025.

Share of profits and losses of associates

The Group's share of profits and losses of associates turned from a profit of RMB4.0 million for the year ended 31 December 2024 to a loss of RMB13.2 million for the year ended 31 December 2025, which mainly included share of loss of Shenzhen Zhichengqianli Investment Enterprise (Limited Partnership) (深圳市志成千里投資企業 (有限合夥)) of RMB9.9 million and share of loss of Shanghai Fengguo Network Technology Co., Ltd. (上海蜂果網絡科技有限公司) of RMB4.0 million. During the Reporting Period, the Group recorded a share of profit of RMB0.7 million from Guangzhou Zhonghui Digital Co., Ltd. (廣州中繪數碼有限公司).

Loss before tax

As a result of the foregoing, the Group's loss before tax decreased from a loss of RMB2,142.9 million for the year ended 31 December 2024 to a loss of RMB1,613.8 million for the year ended 31 December 2025.

Income tax credit

The Group's income tax credit increased from RMB32.1 million for the year ended 31 December 2024 to RMB136.7 million for the year ended 31 December 2025. It was mainly because the Group recognised deferred income tax credit of RMB136.8 million.

Loss for the year

As a result of the foregoing, the Group's loss for the year decreased from a loss of RMB2,110.8 million for the year ended 31 December 2024 to a loss of RMB1,477.1 million for the year ended 31 December 2025.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 December 2025, the Group funded its cash requirements principally from cash generated from its operating activities and financing activities. The Group had cash and cash equivalents of RMB101.8 million and RMB91.0 million as at 31 December 2024 and 2025, respectively. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash which are unrestricted in use.

The Group generally deposits its excess cash in its interest-bearing bank accounts and current accounts. The Group believes that its liquidity requirements will be satisfied by using a combination of (i) cash generated from its operating activities; (ii) bank and other borrowings; and (iii) other funds raised from the capital markets from time to time. The Group currently does not have any plans for material additional external financing.

Indebtedness

For the year ended 31 December 2025, the Group obtained bank and other loans of RMB739.0 million and repaid bank and other loans of RMB749.4 million.

As at 31 December 2025, the Group had bank and other borrowings of RMB502.4 million (2024: RMB512.8 million). The effective interest rates on the Group's unsecured bank loans of RMB405.1 million (2024: RMB462.0 million) and unsecured other loans of RMB95.9 million (2024: RMB22.0 million) range from 2.0% to 4.7% and 0% to 5.0% respectively. The Group's secured bank loans of RMB1.4 million (2024: RMB28.8 million) were interest free and were secured by the Group's bills receivable of RMB1.4 million as at 31 December 2025 (2024: RMB28.8 million).

As at 31 December 2025, the lease liabilities of the Group were RMB9.7 million (2024: RMB22.5 million).



MANAGEMENT DISCUSSION AND ANALYSIS

Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss as at 31 December 2025 have decreased as compared to 31 December 2024. The decrease was mainly attributable to the disposal of an unlisted equity investment of approximately RMB14.2 million, acquisitions of certain unlisted equity investments amounting to a total of approximately RMB149.3 million and the unrealised fair value losses of approximately RMB336.2 million recognised during the Reporting Period (2024: approximately RMB696.3 million). A decrease in fair value losses on financial assets at fair value through profit or loss was recorded by the Group during the year ended 31 December 2025. The fair value losses fully recognised on certain investees in operation difficulty had contributed to a substantial fair value loss to the Group during the year ended 31 December 2024. Moreover, improvement in the investment environment during the year ended 31 December 2025 has also relieved the fair value losses on financial assets at fair value incurred by the Group. As at 31 December 2025, the Group's financial assets at fair value through profit or loss mainly include listed equity investments, unlisted equity investments and convertible loans, representing 3.0%, 77.1% and 19.9% of financial assets at fair value through profit or loss, respectively. As at 31 December 2025, save as disclosed below, the Group did not have any significant investments (including any investment in an investee company) with a value of 5 per cent or more of the Group's total assets as at 31 December 2025.

Investees	Investment		Fair value gains/(losses) on financial assets at fair value through profit or loss for the year ended	Fair value as at	Size relative to the Group's total assets as at	Dividends received for the year ended
	Cost RMB'000	Shareholding %	31 December 2025 RMB'000	31 December 2025 RMB'000	31 December 2025	31 December 2025 RMB'000
China Prosperity Capital Mobile Internet Fund L.P. ("CPC Fund")*	201,194	25.65%	12,129	233,892	6.84%	—
Guohong Jiixin (Shenzhen) Angel Venture Capital Enterprise (L.P.) ("Angel Venture")**	163,000	39.01%	16,000	227,000	6.64%	1,755
Delta Global Group Limited ("Delta")***	264,095	N/A	(17,161)	203,681	5.96%	—

* The investment portfolio of CPC Fund primarily focuses on the mobile internet and technology industries in the Greater PRC region, in particular, the culture and entertainment industry, such as internet literature, dramas and movies, motion pictures, manga and animations. CPC Fund has been classified as an unlisted equity investment at fair value.

** The investment portfolio of Angel Venture primarily focuses on artificial intelligence, big data, internet of things, mobile internet and other new information technology businesses. Angel Venture has been classified as an unlisted equity investment at fair value.

*** Delta is planning to operate a Bitcoin mining facility in the United States. In March 2022, the Group invested in the convertible bond at USD38,000,000, which embedded a call option on the shares of Delta. The maturity date of the Convertible Bond is 25 March 2027. In 2024, Delta and the Group entered into a supplemental agreement to extend the term of the convertible bond to 31 December 2027.

**** For details of the financial assets at fair value through profit or loss, please refer to note 19 to the consolidated financial statements.

As at 31 December 2025, the Group has invested in more than 20 companies, the majority of which are engaged in game development, operation and promotion. As one of the world's leading IP-based game operators, the Group is committed to investing in quality game developers and fostering continuous and in-depth cooperation with these developers in the development and publishing of games so as to lay a strong foundation for expanding the Group's game and IP reserves and creating a highly competitive IP-based game ecosystem. As such, investments have been instrumental in developing and enriching the Group's IP portfolio, promoting its mobile games, and creating synergistic values, which in turn facilitate its business development and secure long-term investment returns for the Group. The Group is prohibited from investing in high-risk projects, such as transactions in secondary securities markets for speculative purposes. Investments in structured products, including without limitation, derivatives, hedge funds, and other investment products the risk level of which exceeds the Group's acceptable level, are strictly prohibited.

The Group regularly appoints professional independent valuers to evaluate the fair value of unlisted investments, including financial assets falling under Level 2 and Level 3 of the fair value hierarchy. The fair values of the unlisted investments have been estimated by using various applicable valuation techniques, including the discounted cash flow approach, adjusted net assets value method and other option pricing models.

Investment strategy

The Group adopts a balanced investment approach with its investment broadly divided into two categories: (a) short-term investments; and (b) long-term investments. Short-term investments refer to those low-risk instruments which are held for 1 year or less with the objective of generating reasonable returns while balancing risk and

liquidity, and consist primarily of liquid and short-term deposits placed at licensed banks in Mainland China and Hong Kong, whereas long-term investments cover investments with a holding period of more than 1 year for the purpose of diversifying operational risks and promoting capital preservation and/or appreciation. The Board considers that a diversified investment portfolio of the Group has been and will be maintained to enable the effective utilisation of idle funds in optimising shareholder returns and enhancing shareholder value. Investment proposals are originated from the Investment Manager of the Group and subject to evaluation processes led by the Group's Investment Management Team, which is responsible for pre-investment assessment and post-investment oversight and monitoring. Suitable investment proposals are subsequently presented to the Group's Investment Committee for review and approval. The Group's Investment Committee, comprising the Chairman, Vice Chairman, the head of the Business Operation Analysis Centre and the head of the Finance Centre, serves as the approving body for investment management. In addition, any proposed investment reaching the disclosure threshold stipulated in the Listing Rules, other applicable laws and regulations and/or the Articles of Association of the Company shall be subject to the Board's approval prior to execution.

Risk management and control measures

In selecting long-term investments, the Group generally conducts a comprehensive evaluation of the potential investee's track record, business reputation, market opportunities, and synergies with the Group's existing businesses and long-term strategy to ensure that the investment not only aligns with the Group's business development in the short run, but also enables the Group to secure long-term investment returns.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group conducts due diligence on potential investees in relation to, among others, their legal and litigation risks, corporate and ownership structures, and ultimate beneficial owners. Moreover, the Group assesses the potential investees' financial performance, financial position and cash position in the immediately preceding three years so as to see to it that the investees have the capacity to continue as a going concern over the longer term. Any profit forecasts provided by the investees are also rigorously assessed and analysed to mitigate risks associated with unrealistic earnings projections. The Group pursues an active investment approach and maintains close communication with the investees to monitor their business operations on an ongoing basis. Amidst macroeconomic headwinds largely from intensified market competition, heightened challenges in product innovation and weaker consumer demand, the Group seeks to leverage its industry expertise to provide the investees with guidance on game publishing and operations from time to time so as to enhance their operating performance and minimise potential investment losses. For other unlisted equity investments, the maximum loss borne by the Group is limited to the total investment amount contributed or committed to each investment as the Group will not provide any guarantee or security over its assets in respect of the investee's liabilities. Specifically, in order to mitigate counterparty risk, the Group evaluates the capability and business prospect of the potential investees who are game developers or operators based on their track record, including the ranking and gross billings attained by the games previously developed by these investees, their industry reputation as well as the expertise of their core development or operation teams in the gaming sector.

Investments are actively monitored on an ongoing basis through regular validation of key operational and financial data so that the Group's investment portfolio can be kept within an acceptable risk level. In terms of liquidity management, the Group has funded its cash requirements, including investments, principally from cash generated from its operating activities and financing activities, and regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. Investment activities are carried out without compromising the cash requirements of the Group's core business operations.

Prepayments

As at 31 December 2025, the prepayments of the Group amounted to approximately RMB580.1 million, representing a decrease of 57.6% as compared with approximately RMB1,367.0 million as at 31 December 2024. The prepayments of the Group mainly included prepaid licence fees (non-current) of approximately RMB299.4 million, prepaid minimum guarantees (current) of approximately RMB266.0 million and other prepayments of approximately RMB14.7 million. The underlying contracts for such prepayments for licence fees and minimum guarantees were made with more than 26 renowned enterprises worldwide, representing more than 29 operating or developing games and will be amortised monthly after the game development is completed and officially launched.

During the Reporting Period, more than 30 prepaid contracts involved impairment losses and the Group recognised a write-off of prepayments of approximately RMB607.6 million. For further details of the write-off of prepayments, please refer to the section headed "Write-off of prepayments" in this report.

Off-balance sheet commitments and arrangements

As at 31 December 2025, the Group did not enter into any off-balance sheet transactions (2024: Nil).

KEY FINANCIAL METRICS

The table below sets forth the Group's key financial metrics for the years indicated:

	For the year ended 31 December/ as at 31 December	
	2025	2024
Current ratio (times) ⁽¹⁾	0.86	1.44
Gearing ratio ⁽²⁾	20.9%	13.2%
Gross profit margin	32.9%	31.2%

Notes:

- (1) Current ratio is the Group's current assets divided by its current liabilities as at the end of each financial year.
- (2) Gearing ratio is total debt divided by total equity as at the end of each financial year. Total debt equals to the Group's total bank and other borrowings.

CAPITAL EXPENDITURES

The Group's historical capital expenditures primarily included royalties paid to game developers and IP owners. The Group funded its capital expenditure requirements during the year ended 31 December 2025 mainly with its internal resources.

The Group's capital commitments as at 31 December 2024 and 2025 amounted to RMB134.1 million and RMB69.5 million, respectively. The Group's capital commitments as at 31 December 2025 were for the purchase of IP and game licences.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS OR DISPOSAL

During the year ended 31 December 2025, and up to the date of this report, the Group did not make any significant investment, or perform any material acquisition or disposal of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to focus on its existing business. The Group did not have concrete plans for material investments or capital assets as at 31 December 2025.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as of 31 December 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE SUBSCRIPTION

The net proceeds from the subscriptions of new shares by Infini Global Master Fund, Farrich Investments Limited and Actoz Soft Hong Kong Limited completed on 22 October 2024 (the "**Subscription**") was approximately HK\$94.2 million after deducting related fees and expenses in connection with the Subscription. The Company has applied part of the net proceeds in the manner as set out in the Company's announcements dated 13 October 2024 and 22 October 2024. The amount of net proceeds brought forward from the previous financial year to the current financial year is HK\$89.0 million.

The table below sets forth (i) the amount of net proceeds utilised by the Company from the completion of the Subscription to 31 December 2025; (ii) the amount of unutilised net proceeds of the Company as at 31 December 2025; and (iii) the expected timeline of the Company for the full utilisation of the remaining unutilised net proceeds:

Purpose	Amount of net proceeds utilised between the completion of the Subscription and			Expected timeline for the full utilisation of the remaining net proceeds
	Amount of the net proceeds (HK\$ in millions)	31 December 2025 (HK\$ in millions)	Amount of net proceeds utilised as at 31 December 2025 (HK\$ in millions)	
Further enhance IP-based game publishing and development business through acquisitions and/or investments	94.2	94.2	—	N/A

As illustrated in the above table, the Company has fully utilised the net proceeds from the Subscription and there is no unutilised net proceeds from the Subscription as at 31 December 2025.

CHARGE ON GROUP ASSETS

As at 31 December 2025, the Group had pledged bills receivables with carrying amount of approximately RMB1.4 million (2024: RMB28.8 million) to secure the Group's bank loans of RMB1.4 million (2024: RMB28.8 million).

Save as disclosed above, the Group did not have any charges on its assets as at 31 December 2025.

FOREIGN EXCHANGE EXPOSURE

The operations of the Group are mainly located in the PRC and its functional currency is RMB. For the year ended 31 December 2025, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign exchange risk.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES AND SUBSIDIARIES

The Group is a leading IP-based game publisher and developer, focusing primarily on IPs relating to well-known cultural products and art works such as icons or characters from popular animations, novels and motion pictures which have a significant fan base, market acceptance and commercial value.

A description of the Company's principal activities is set out in note 1 to the consolidated financial statements in this annual report.

A list of the Company's principal subsidiaries as at 31 December 2025, together with, among others, their dates and places of incorporation and particulars of their issued share capital, are set out in note 1 to the consolidated financial statements in this annual report.

BUSINESS REVIEW

The section headed "Management Discussion and Analysis" in this annual report forms part of this business review.

Principal Risks and Uncertainties

As an IP-based game publisher and developer in the PRC, the Group faces various risks involved in its daily business operations as well as the industry and regulatory landscape in the PRC. These risks include (i) the Group may not be successful in licensing games and IPs from game developers and IP owners; (ii) the Group may not be successful in developing games in-house; (iii) the Group's new games may not be commercially successful and the Group may not be able to attract new players; (iv) the Group may fail to maintain and grow its player base or keep its players engaged through popular games; and (v) the laws and regulations regulating mobile games in the PRC continue to evolve and change, and the Group may be unable to obtain or maintain all applicable permits and approvals. For details, please refer to the section headed "Risk Factors" in the Prospectus.

The Group also operates its business under the Contractual Arrangements, and is therefore subject to the related risks which are summarised in the section headed "Directors' Report — Contractual Arrangements — Risks relating to the Contractual Arrangements" in this annual report.

Major Customers and Major Suppliers

For the year ended 31 December 2025, the Group's five largest customers accounted for 27.1% (2024: 38.2%) of the Group's total revenue, and the Group's single largest customer accounted for 7.6% (2024: 12.7%) of the Group's total revenue.

For the year ended 31 December 2025, the Group's five largest suppliers accounted for 51.5% (2024: 69.5%) of the Group's total cost of sales, and the Group's single largest supplier accounted for 28.8% (2024: 30.3%) of the Group's total cost of sales.

During the year ended 31 December 2025, none of the Directors, their close associates or any Shareholders (who or which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any interest in any of the Group's top five customers and suppliers.

Environmental Protection

Due to the Group's business nature as a game publisher and developer, the Group is not subject to significant environmental risks. During the year ended 31 December 2025 and up to the date of this directors' report, the Group was not subject to any fines or other penalties due to non-compliance with environmental regulations.

The Group is committed to minimising the impact on the environment from its business activities. For details of the Group's environmental protection measures, please refer to the section headed "Environmental, Social and Governance Report - Environment" in this annual report.

FINANCIAL RESULTS

The financial results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss in this annual report.



DIRECTORS' REPORT

RESERVES

Details of the movements in the reserves of the Company and reserves available for distribution to Shareholders as at 31 December 2025 are set out in note 38 to the consolidated financial statements in this annual report. The distributable reserves of the Company as at 31 December 2025 were RMB2,383.1 million (2024: RMB2,383.1 million).

FINAL DIVIDEND

The Board does not recommend the declaration of a final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: Nil).

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed in the section headed "Biographies of Directors and Senior Management", there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the year ended 31 December 2025 and up to the date of this directors' report.

DONATIONS

During the year ended 31 December 2025, the Group made a total of approximately RMB80,900 (2024: RMB125,000) of charitable and other donations.

TAX RELIEF AND EXEMPTION

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.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 December 2025 are set out in note 25 to the consolidated financial statements in this annual report.

PROPERTY AND EQUIPMENT

Details of the movements in the property and equipment of the Group for the year ended 31 December 2025 are set out in note 14 to the consolidated financial statements in this annual report.

DIRECTORS

Directors during the year ended 31 December 2025 and up to the date of this directors' report

Executive Directors

Mr. XIAO Jian
(Chairman and Chief Executive Officer)
Mr. SIN Hendrick *M.H., J.P.*
(Vice Chairman)
Mr. FAN Yingjie

Non-executive Directors

Mr. ZHANG Shengyan
Mr. JIANG Yuka
Mr. LIU Shanshan
(appointed with effect from 10 October 2025)

Independent Non-executive Directors

Ms. NG Yi Kum
Mr. TANG Liang
Mr. HO Orlando Yaukai

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

Resignation of Directors

During the year ended 31 December 2025, no Directors resigned from office or refused to stand for re-election to office.

Independence of Independent Non-executive Directors

As there was no change of circumstances affecting the independence of the independent non-executive Directors during the year ended 31 December 2025, the Company considers that each of them continues to be independent.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save for the Contractual Arrangements as disclosed in the section headed "Connected Transaction" in this annual report, to the best knowledge of the Directors, no Director, or any entity connected with a Director, is or was materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Company to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2025.

Rights and Interests of Directors on Competing Business

To the best knowledge of the Directors, during the year ended 31 December 2025, none of the Directors, or their respective close associates, had any interest in a business, apart from the business of the Group, which competed or is likely to compete, directly or indirectly, with the Group's business, and which would require disclosure under Rule 8.10 of the Listing Rules.

Positions of Directors in Substantial Shareholders of the Company

During the year ended 31 December 2025, to the best knowledge of the Directors, the positions (as director or employee) of the Directors in a company which had an interest in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Director	Entity which had an interest in the Shares and underlying Shares which would fall to be disclosed under the SFO	Position
Mr. Xiao	Fairview Ridge	Director
	Motion Game	Director
	Profound Power	Director
	Ambitious Profit	Director
	Zhongshouyou Brothers BVI	Director
Mr. Sin	Fairview Ridge	Director
	Motion Game	Director
	Profound Power	Director
	Ambitious Profit	Director
	Silver Joyce	Director

Save as disclosed above, to the best knowledge of the Directors, none of the Directors is a director or employee of a company which has an interest in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.



DIRECTORS' REPORT

MANAGEMENT CONTRACTS

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

EMPLOYEES REMUNERATION AND RELATIONS

As at 31 December 2025, the Group had approximately 260 full-time employees (2024: 710). The success of the Group depends on its ability to attract, retain and motivate qualified personnel. As part of the Group's human resources strategy, the Group offers employees competitive salaries, performance based promotion systems and other incentives. Some of the Group's employees have also been granted share options under the Post-IPO Share Option Scheme. The Group provides training programmes to employees, including new hire training for new employees and continuing technical training for the Group's research and development team and game operation team to enhance their skills and knowledge.

REMUNERATION POLICY

A remuneration committee has been set up to assist the Board to develop and administer a formal and transparent procedure for setting policy on the remuneration of Directors and senior management, evaluating the performance of Directors and senior management, reviewing and approving the terms of incentive schemes (including the Post-IPO Share Option Scheme) and Directors' service contracts, and recommending to the Board the remuneration packages for all Directors and senior management. Emoluments of Directors shall be determined by the Board in accordance with the Company's remuneration policy, and with reference to Directors' experience, working performance and position as well as the market conditions.

Details of the emoluments of the Directors and five highest paid individuals for the year ended 31 December 2025 are set out in notes 9 and 10 to the consolidated financial statements in this annual report.

Mr. TANG Liang waived his own emolument of HK\$180,000 for the year ended 31 December 2025.

POST-IPO SHARE OPTION SCHEME

On 20 September 2019, the Post-IPO Share Option Scheme of the Company was approved and adopted by the Shareholders. The Post-IPO Share Option Scheme is subject to Chapter 17 of the Listing Rules.

Purpose

The purpose of the Post-IPO Share Option Scheme is to incentivise and reward the eligible persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

Participants

The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Post-IPO Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to an employee (whether full time or part-time) or a director of a member of the Group or associated companies of the Company ("**Eligible Persons**").

Maximum Number of Shares in respect of which options may be granted

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme of the Company must not in aggregate exceed 10% of the total number of Shares issued as at the Listing Date, i.e. 226,100,000 (the "**Scheme Mandate Limit**"). The Scheme Mandate Limit represented approximately 7.5% of the Company's issued shares as at the date of this directors' report. Options lapse in accordance with the terms of the Post-IPO Share Option Scheme and any other schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit. The number of options that may be granted under the Post-IPO Share Option Scheme was 98,285,000 as at 1 January 2025 and 122,225,000 as at 31 December 2025.

The Board may, with the approval of the Shareholders in a general meeting, refresh the Scheme Mandate Limit provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes of the Company under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares issued as at the date on which the Shareholders approve the refreshment of the Scheme Mandate Limit. Options previously granted under the Post-IPO Share Option Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as "refreshed". The Board may, with the approval of the Shareholders in a general meeting, grant options to any Eligible Person specifically identified by them which would cause the Scheme Mandate Limit to be exceeded. The Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

At any time, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Post-IPO Share Option Scheme and any other schemes of the Company to Eligible Persons must not exceed 30% of the total number of Shares issued from time to time.

The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditor of the Company or an independent financial adviser appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalisation of profits or reserves, rights issue, consolidation or subdivision of shares, or reduction of the share capital of the Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction.

Maximum Entitlement of Each Individual

No options shall be granted to any Eligible Person under the Post-IPO Share Option Scheme and any other schemes of the Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of offer of such options, would exceed 1% of the Shares in issue at such date.

Any further grant of options to an Eligible Person in excess of this 1% limit shall be subject to the approval of the Shareholders in a general meeting with such Eligible Person and his or her associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Person in question, the number and terms of the options to be granted (and options previously granted to such Eligible Person) and such other information required under the Listing Rules.

The number and terms (including the exercise price) of the options to be granted to such Eligible Person must be fixed before the Shareholders' approval and the date of the Board meeting approving such further grant shall be taken as the date of grant for the purpose of determining the exercise price of the options.

Period within which an Offer of Options must be accepted

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the Eligible Person concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Post-IPO Share Option Scheme. An offer of options not accepted within this period shall lapse. An amount of RMB1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.



DIRECTORS' REPORT

Exercise Price

Subject to any adjustment made pursuant to the Post-IPO Share Option Scheme, the exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option;
- (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and
- (iii) the nominal value of the Shares.

Duration of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date (i.e. expiring on 31 October 2029), after which period no further options will be granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any option granted prior thereto which are at that time or become thereafter capable of exercise under the Post-IPO Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Accordingly, as at 31 December 2025, the remaining life of the Post-IPO Share Option Scheme is approximately three years and ten months.

Time of vesting and exercise of options

Any option shall be vested on an option-holder immediately upon his or her acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfilment of the vesting conditions (as the case may be). Such offer of options may also include any minimum period for which any option must be held before it can be exercised. Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board at its sole discretion may, unless the Board determines otherwise at its absolute discretion, be exercised at any time from the next business day after

the offer of options has been accepted. Any option which remains unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option.

No option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement.

Restriction on the Time of Grant of Options

A grant of options may not be made after inside information has come to the Company's knowledge until such inside information has been announced as required under the Listing Rules. In particular, no option may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of the results for any year, or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

Options granted under the Post-IPO Share Option Scheme

On 20 September 2019, the Post-IPO Share Option Scheme of the Company was approved and adopted by the Shareholders. The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date. The terms of the Post-IPO Share Option Scheme are governed by Chapter 17 of the Listing Rules. The purpose of the Post-IPO Share Option Scheme is to incentivise and reward the Eligible Persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

The following table discloses movements in the Company's share options outstanding during the year ended 31 December 2025:

Name of Grantees	Date of grant of share options	Closing price of the Shares immediately before the date on which the share options were granted (HK\$)	Number of Shares underlying options outstanding as at 1 January 2025	Number of share options granted during the year	Number of share options exercised during the year	Weighted average price of Shares immediately before the date of exercise (HK\$)	Number of share options expired/lapsed during the year	Number of share options canceled during the year	Number of Shares underlying options outstanding as at 31 December 2025	Exercise period of share options ⁽¹⁾	Exercise price of share option per Share (HK\$)	Fair value of options at the date of grant ⁽²⁾ (HK\$)
Mr. Xiao	20 January 2023 ⁽²⁾	1.95	2,750,000	—	—	—	—	—	2,750,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024 ⁽³⁾	1.15	2,750,000	—	—	—	—	—	2,750,000	24 April 2024 to 24 April 2027	1.50	0.38
Mr. Sin	20 January 2023 ⁽²⁾	1.95	2,750,000	—	—	—	—	—	2,750,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024 ⁽³⁾	1.15	2,750,000	—	—	—	—	—	2,750,000	24 April 2024 to 24 April 2027	1.50	0.38
Mr. FAN Yingjie	20 January 2023 ⁽²⁾	1.95	800,000	—	—	—	—	—	800,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024 ⁽³⁾	1.15	800,000	—	—	—	—	—	800,000	24 April 2024 to 24 April 2027	1.50	0.38
Mr. ZHANG Shengyan	20 January 2023 ⁽²⁾	1.95	200,000	—	—	—	—	—	200,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024 ⁽³⁾	1.15	200,000	—	—	—	—	—	200,000	24 April 2024 to 24 April 2027	1.50	0.38
Mr. JIANG Yukai	24 April 2024 ⁽³⁾	1.15	200,000	—	—	—	—	—	200,000	24 April 2024 to 24 April 2027	1.50	0.38
Ms. NG Yi Kum	20 January 2023 ⁽²⁾	1.95	200,000	—	—	—	—	—	200,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024 ⁽³⁾	1.15	200,000	—	—	—	—	—	200,000	24 April 2024 to 24 April 2027	1.50	0.38
Mr. TANG Liang	20 January 2023 ⁽²⁾	1.95	200,000	—	—	—	—	—	200,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024 ⁽³⁾	1.15	200,000	—	—	—	—	—	200,000	24 April 2024 to 24 April 2027	1.50	0.38
Mr. HO Orlando Yaukai	20 January 2023 ⁽²⁾	1.95	200,000	—	—	—	—	—	200,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024 ⁽³⁾	1.15	200,000	—	—	—	—	—	200,000	24 April 2024 to 24 April 2027	1.50	0.38
Other Employees	20 January 2023 ⁽²⁾	1.95	40,715,000	—	—	—	—	—	40,715,000	20 January 2023 to 19 January 2026	2.50	0.56 - 0.62
Other Employees	24 April 2024 ⁽³⁾	1.15	72,700,000	—	—	—	—	(23,940,000)	48,760,000	24 April 2024 to 24 April 2027	1.50	0.35
Total			127,815,000	—	—	—	—	(23,940,000)	103,875,000			



DIRECTORS' REPORT

Notes:

- (1) There is no minimum vesting period or any performance target attached to the share options granted on 20 January 2023 and 24 April 2024.
- (2) The share options are exercisable in installments from the date of grant (i.e. 20 January 2023) until 19 January 2026 (both days inclusive): (a) half of the options can be exercised from 20 January 2023 to 19 January 2026; and (b) the remaining half of the options can be exercised from 20 January 2024 to 19 January 2026.
- (3) The share options are exercisable from the date of grant (i.e. 24 April 2024) until 24 April 2027 (both days inclusive).
- (4) None of the grants of share options to any Eligible Persons is in excess of the 1% individual limit (as defined under Chapter 17 of the Listing Rules).
- (5) There was no related entity participant or service provider (as defined under Chapter 17 of the Listing Rules) with share options granted or to be granted by the Company exceeding 0.1% of the total issued Shares of the Company in any 12-month period; and the Company has not granted any share options to any related entity participants or service providers during the year ended 31 December 2025.
- (6) Details of the valuation of share options, including the accounting standard and policy adopted for the Post-IPO Share Option Scheme, are set out in notes 2.4 and 28 to the consolidated financial statements in this annual report.

Please refer to the Prospectus for full details of the terms and conditions of the Post-IPO Share Option Scheme.

The number of share options available for grant under the Post-IPO Share Option Scheme at the beginning and the end of the year ended 31 December 2025 were approximately 98,285,000 and 122,225,000 respectively.

During the year ended 31 December 2025, the ratio of the number of Shares that may be issued in respect of options granted under all share option schemes adopted by the Company (i.e. 103,875,000 share options) to the weighted average number of Shares in issue for the year (i.e. 2,995,413,777 Shares) was approximately 3.47%.

SHARE CAPITAL

Details of the movements in the share capital of the Company for the year ended 31 December 2025 are set out in note 27 to the consolidated financial statements in this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and the chief executives 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 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 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:

(i) Interest in the Shares

Name of Directors/ Chief Executive	Nature of Interest	Number of Shares held/ interested ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Mr. Xiao	Founder of a discretionary trust, interest in a controlled corporation, beneficial interests and other ⁽³⁾	785,358,067(L)	26.21%
Mr. Sin	Interest in a controlled corporation, beneficial interests and other ⁽⁴⁾	824,887,663(L)	27.53%
Mr. FAN Yingjie	Beneficial Interests ⁽⁵⁾	2,518,000(L)	0.08%
Mr. ZHANG Shengyan	Beneficial Interests ⁽⁶⁾	400,000(L)	0.01%
Mr. JIANG Yukai	Beneficial Interests ⁽⁷⁾	200,000(L)	0.00%
Ms. NG Yi Kum	Beneficial Interests ⁽⁸⁾	400,000(L)	0.01%
Mr. TANG Liang	Beneficial Interests ⁽⁹⁾	400,000(L)	0.01%
Mr. HO Orlando Yaukai	Beneficial Interests ⁽¹⁰⁾	400,000(L)	0.01%

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) The percentages are calculated on the basis of 2,995,413,777 Shares in issue as at 31 December 2025.
- (3) As at 31 December 2025, Mr. Xiao was interested in 785,358,067 Shares, among which, Mr. Xiao:
 - (i) was the beneficial owner of 15,950,000 Shares;
 - (ii) through ZSY Holding, a company which is nominated by Trident Trust Company (B.V.I.) Limited, the trustee of the Xiao Family Trust, (a) was deemed to be interested in 70,598,642 Shares held by his wholly-owned company, Zhongshouyou Brothers BVI; (b) was deemed to be interested in 693,309,425 Shares held by Fairview Ridge through Motion Game, Profound Power, Changpei Cayman and Ambitious Profit (the general partner of Changpei Cayman owned as to 64% by Zhongshouyou Brothers BVI); and
 - (iii) Mr. Xiao was also interested in share options for 5,500,000 Shares pursuant to the Post-IPO Share Option Scheme.
- (4) As at 31 December 2025, Mr. Sin was interested in 824,887,663 Shares, among which, Mr. Sin (i) was the beneficial owner of 2,328,000 Shares; (ii) was deemed to be interested in 123,750,238 Shares held by his wholly-owned company, Silver Joyce; (iii) was deemed to be interested in 693,309,425 Shares held by Fairview Ridge through Motion Game, Profound Power, Changpei Cayman and Ambitious Profit (the general partner of Changpei Cayman owned as to 36% by Silver Joyce); and (iv) Mr. Sin was also interested in share options for 5,500,000 Shares pursuant to the Post-IPO Share Option Scheme.
- (5) As at 31 December 2025, Mr. FAN Yingjie was interested in 2,518,000 Shares, among which, Mr. FAN Yingjie (i) was the beneficial owner of 918,000 Shares; and (ii) was interested in share options for 1,600,000 Shares pursuant to the Post-IPO Share Option Scheme.
- (6) As at 31 December 2025, Mr. ZHANG Shengyan was interested in share options for 400,000 Shares pursuant to the Post-IPO Share Option Scheme.
- (7) As at 31 December 2025, Mr. JIANG Yukai was interested in share options for 200,000 shares pursuant to the Post-IPO Share Option Scheme.
- (8) As at 31 December 2025, Ms. NG Yi Kum was interested in share options for 400,000 Shares pursuant to the Post-IPO Share Option Scheme.
- (9) As at 31 December 2025, Mr. TANG Liang was interested in share options for 400,000 Shares pursuant to the Post-IPO Share Option Scheme.
- (10) As at 31 December 2025, Mr. HO Orlando Yaukai was interested in share options for 400,000 Shares pursuant to the Post-IPO Share Option Scheme.



DIRECTORS' REPORT

(ii) Interest in associated corporations

Name of Director	Name of associated corporation	Approximate percentage of shareholding
Mr. Xiao	Chengdu Zhuoxing ⁽¹⁾	31.53%
Mr. Xiao	Shenzhen Zhongshouyou ⁽¹⁾	31.53%
Mr. Xiao	Shenzhen Douyue ⁽¹⁾	31.53%

Note:

(1) Mr. Xiao, through Zhongshouyou Brothers PRC, indirectly held 31.53% equity interests of the PRC Operating Entities.

Save as disclosed above, as at 31 December 2025, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified 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 required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the Post-IPO Share Option Scheme, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As at 31 December 2025, to the best knowledge of the Directors, the following persons had interests or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares held ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Mr. Xiao	Founder of a discretionary trust, interest in a controlled corporation, beneficial owners and other ⁽³⁾	785,358,067(L)	26.21%
Trident Trust Company (B.V.I.) Limited	Trustee of a trust ⁽³⁾	763,908,067(L)	25.50%
ZSY Holding	Interest in a controlled corporation ⁽³⁾	763,908,067(L)	25.50%
Zhongshouyou Brothers BVI	Beneficial owner ⁽³⁾	70,598,642(L)	2.36%
	Interest in a controlled corporation ⁽³⁾	693,309,425(L)	23.14%
Mr. Sin	Interest in a controlled corporation, beneficial owners and other ⁽⁴⁾	824,887,663(L)	27.53%
Silver Joyce	Beneficial owner ⁽⁴⁾	123,750,238(L)	4.13%
	Interest in a controlled corporation ⁽⁴⁾	693,309,425(L)	23.14%
Fairview Ridge	Beneficial owner ⁽³⁾⁽⁴⁾	693,309,425(L)	23.14%
Motion Game	Interest in a controlled corporation ⁽³⁾⁽⁴⁾	693,309,425(L)	23.14%
Profound Power	Interest in a controlled corporation ⁽³⁾⁽⁴⁾	693,309,425(L)	23.14%
Changpei Cayman	Interest in a controlled corporation ⁽³⁾⁽⁴⁾	693,309,425(L)	23.14%
Ambitious Profit	Interest in a controlled corporation ⁽³⁾⁽⁴⁾	693,309,425(L)	23.14%
Zhongrong Trust	Interest in a controlled corporation ⁽⁵⁾⁽⁶⁾	369,461,107(L)	12.33%
Beijing Zhongrong Dingxin	Interest in a controlled corporation ⁽⁵⁾⁽⁶⁾	369,461,107(L)	12.33%
Dazi Dingcheng	Interest in a controlled corporation ⁽⁵⁾⁽⁶⁾	369,461,107(L)	12.33%
Shanghai Pegasus	Interest in a controlled corporation ⁽⁵⁾	293,327,517(L)	9.79%
Pegasus Technology	Interest in a controlled corporation ⁽⁵⁾	293,327,517(L)	9.79%
Pegasus BVI	Interest in a controlled corporation ⁽⁵⁾	293,327,517(L)	9.79%
Pegasus HK	Beneficial owner ⁽⁵⁾	293,327,517(L)	9.79%
Farrich Investments Limited	Beneficial owner ⁽⁷⁾	295,032,214(L)	9.84%
Mr. CHU Yat Hong	Interest in a controlled corporation ⁽⁷⁾	295,032,214(L)	9.84%
Clear Build Investments Limited	Interest in a controlled corporation ⁽⁷⁾	295,032,214(L)	9.84%
Thebest Investments Limited	Interest in a controlled corporation ⁽⁷⁾	295,032,214(L)	9.84%



DIRECTORS' REPORT

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) The percentages are calculated on the basis of 2,995,413,777 Shares in issue as at 31 December 2025.
- (3) Mr. Xiao, (i) was the beneficial owner of 15,950,000 Shares; (ii) through ZSY Holding, a company which is nominated by Trident Trust Company (B.V.I.) Limited, the trustee of the Xiao Family Trust, (a) was deemed to be interested in 70,598,642 Shares held by his wholly-owned company, Zhongshouyou Brothers BVI; (b) was deemed to be interested in 693,309,425 Shares held by Fairview Ridge through Motion Game, Profound Power, Changpei Cayman and Ambitious Profit (the general partner of Changpei Cayman owned as to 64% by Zhongshouyou Brothers BVI); and (iii) Mr. Xiao was also interested in share options for 5,500,000 Shares pursuant to the Post-IPO Share Option Scheme. Ms. HUO Dongyan is the spouse of Mr. Xiao and was deemed to be interested in the 785,358,067 Shares Mr. Xiao is interested in.
- (4) Mr. Sin (i) was the beneficial owner of 2,328,000 Shares; (ii) was deemed to be interested in 123,750,238 Shares held by his wholly-owned company, Silver Joyce; (iii) was deemed to be interested in 693,309,425 Shares held by Fairview Ridge through Motion Game, Profound Power, Changpei Cayman and Ambitious Profit (the general partner of Changpei Cayman owned as to 36% by Silver Joyce); and (iv) Mr. Sin was also interested in share options for 5,500,000 Shares pursuant to the Post-IPO Share Option Scheme. Ms. SIN LO Siu Wai Sylvia is the spouse of Mr. Sin and was deemed to be interested in the 824,887,663 Shares Mr. Sin is interested in.
- (5) Pegasus Network HK Limited (譽格瑟斯網絡香港有限公司) ("**Pegasus HK**"), a Hong Kong company, is wholly-owned by Pegasus Technology Limited ("**Pegasus BVI**"), a BVI company, which is in turn wholly-owned by Shanghai Pegasus Technology Development Limited (上海譽歌科技發展有限公司) ("**Pegasus Technology**"), a PRC limited liability company. Pegasus Technology is owned as to 0.4% by an independent third party and 99.6% by Shanghai Pegasus Investment Centre (Limited Partnership) (上海譽格瑟斯投資中心(有限合夥)) ("**Shanghai Pegasus**"), a PRC limited partnership, the general partner of which is Dazi Dingcheng Capital Investment Co., Ltd. (達孜縣鼎誠資本投資有限公司) ("**Dazi Dingcheng**"), a limited liability company established in the PRC, which is wholly-owned by Beijing Zhongrong Dingxin Investment Management Co., Ltd. (北京中融鼎新投資管理有限公司) ("**Beijing Zhongrong Dingxin**") and in turn wholly-owned by Zhongrong International Trust Co., Ltd. (中融國際信託有限公司) ("**Zhongrong Trust**").
- (6) Yichong Technology HK Limited (一翀科技香港有限公司) ("**Yichong HK**"), a Hong Kong company, held 76,133,590 Shares, representing approximately 2.54% of the total issued Shares, as at 31 December 2025. Yichong HK is wholly-owned by Yichong Technology Limited, a BVI company, which is in turn wholly-owned by Shanghai Jichong Technology Development Limited (上海紀翀科技發展有限公司) ("**Jichong Shanghai**"), a PRC limited liability company. Jichong Shanghai is owned as to 0.4% by an independent third party and 99.6% by Yichong Investment, a PRC limited partnership, the general partner of which is Dazi Dingcheng, a limited liability company established in the PRC, which is wholly-owned by Beijing Zhongrong Dingxin and in turn wholly-owned by Zhongrong Trust.

- (7) Farrich Investments Limited, a BVI company, is wholly-owned by Thebest Investments Limited, which is also a BVI company. Thebest Investments Limited is a wholly-owned subsidiary of Clear Build Investments Limited, a BVI company, which is in turn wholly-owned by Mr. CHU Yat Hong.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any person (who were not directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

PARTNERSHIP STRUCTURE OF CHANGPEI CAYMAN

Changpei Cayman is an exempted limited partnership registered in the Cayman Islands holding 23.14% of the total issued Shares as at 31 December 2025. The general partner of Changpei Cayman is Ambitious Profit, a company incorporated in the Cayman Islands and indirectly owned as to 64% by Mr. Xiao through Zhongshouyou Brothers BVI, and 36% by Mr. Sin through Silver Joyce.

As at 31 December 2025, Changpei Cayman was held by Ambitious Profit, the general partner, as to 0.004%, and Zhejiang Century Huatong Group Limited (a listed company on the Shenzhen Stock Exchange (SZSE: 002602)), the limited partner, as to 99.996%.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Group had not purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENTS

Other than the Post-IPO Share Option Scheme, during the year ended 31 December 2025, no equity-linked agreement was entered into by or subsisted in the Company, and there was no provision to enter into any agreement which will or may result in the Company issuing Shares.

CONNECTED TRANSACTIONS

Apart from the Contractual Arrangements as disclosed in the section headed "Directors' Report – Contractual Arrangements" in this annual report, the Company had no connected transactions during the year ended 31 December 2025 which are required to be disclosed in accordance with Chapter 14A of the Listing Rules.

CONTRACTUAL ARRANGEMENTS

Shengyue Software, a wholly-owned subsidiary of the Company, has entered into a series of Contractual Arrangements with Shenzhen Lanyue and the PRC Operating Entities pursuant to which the Company would gain effective control over, and receive all the economic benefits generated by, the businesses operated by the PRC Operating Entities. Through the Contractual Arrangements, the results of operations and assets and liabilities of the PRC Operating Entities are consolidated into the results of operations and assets and liabilities of the Company under HKFRS as if they were subsidiaries of the Group.

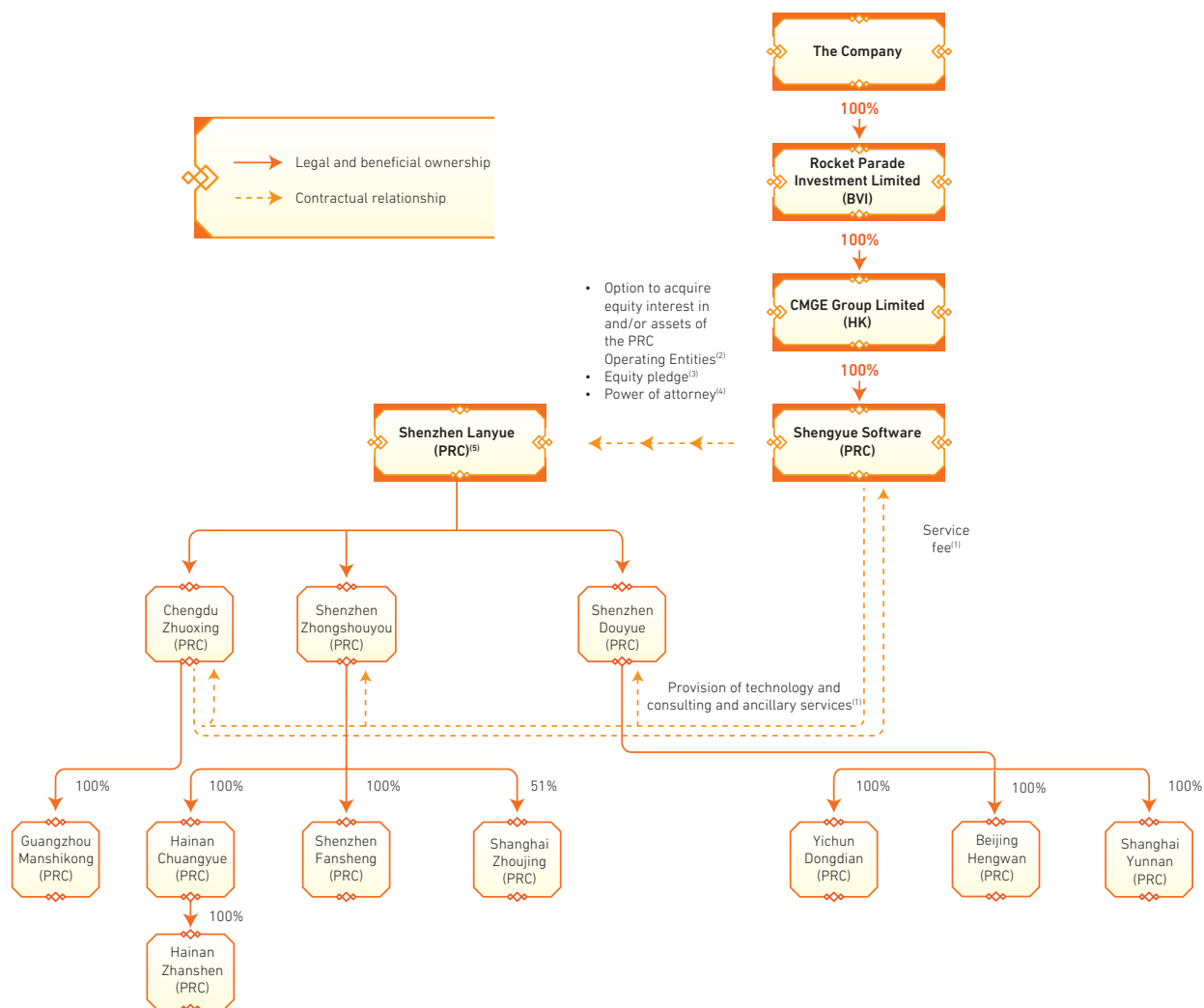
The principal businesses of the PRC Operating Entities involve online publication and operation of online games on the mobile telecommunications network, which businesses are either restricted or prohibited for foreign investment in accordance with the Special Administrative Measures (Negative List) for Foreign Investment Access. The PRC Operating Entities are significant to the Group as they hold the requisite licenses, approvals and permits that are material for the Group's business in the PRC, including the value-added telecommunications service operating permit for internet information services, the online culture operation license and the online publication license. Most of the intellectual property rights of the Group, including trademarks, copyrights and domain names, are also held by the PRC Operating Entities.

The PRC Operating Entities contributed a significant portion of the Group's financial positions and results of operations. The total revenue generated by the PRC Operating Entities for the year ended 31 December 2025 amounted to RMB917.5 million (2024: RMB1,554.0 million), representing approximately 66.0% (2024: 80.5%) of the Group's total revenue. The total assets of the PRC Operating Entities as at 31 December 2025 amounted to RMB1,473.6 million (2024: RMB2,644.5 million), representing approximately 43.1% (2024: 52.0%) of the Group's total assets.



DIRECTORS' REPORT

The following simplified diagram sets forth the structure of the Contractual Arrangements:



Notes:

- (1) Please refer to the section headed "Exclusive Business Cooperation Agreements" below for further details.
- (2) Please refer to the section headed "Exclusive Option Agreements" below for further details.
- (3) Please refer to the section headed "Equity Pledge Agreements" below for further details.
- (4) Please refer to the section headed "Power of Attorney" below for further details.
- (5) As at the date of this directors' report, Shenzhen Lanyue is wholly-owned by CMGE Mobile Tech, which in turn is held as to 44.67% by Changpei Shanghai, 18.90% by Shanghai Pegasus, 31.53% by Zhongshouyou Brothers PRC and 4.90% by Yichong Investment.

Summary of the Contractual Arrangements

A brief description of each of the specific agreements that comprise the Contractual Arrangements is set out as follows:

(i) Exclusive Business Cooperation Agreements

On 30 May 2018, each of the PRC Operating Entities and Shengyue Software entered into the exclusive business cooperation agreements (the "**Exclusive Business Cooperation Agreements**") pursuant to which the PRC Operating Entities agreed to engage Shengyue Software as its exclusive consultant and service provider. Shengyue Software shall provide advice and recommendations to the PRC Operating Entities in respect of, among others, technology support, development, maintenance and upgrading of software, the use of software and intellectual property, web design, consulting services, and other business support and services that are necessary for the operations of the PRC Operating Entities. Without the prior written consent of Shengyue Software, during the term of the Exclusive Business Cooperation Agreements, the PRC Operating Entities shall not directly or indirectly accept from any third party services which are the same or similar to the services under the Exclusive Business Cooperation Agreements. The Exclusive Business Cooperation Agreements also provide that Shengyue Software has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by the PRC Operating Entities during the performance of the Exclusive Business Cooperation Agreements.

The PRC Operating Entities shall pay to Shengyue Software a service fee that equals the profit of the PRC Operating Entities, after off-setting the prior-year loss (if any), actual operating cost, working capital requirements confirmed by Shengyue Software, and tax of the PRC Operating Entities in any given year, and Shengyue Software shall have the right to adjust the level of the service fee based on the actual service scope and with reference to the operating conditions and expansion needs of the PRC Operating Entities. Each of the PRC Operating Entities

has agreed to pay the service fee within ten (10) days after each quarter end for the services provided in the preceding quarter.

The Exclusive Business Cooperation Agreements may be terminated by Shengyue Software by giving the PRC Operating Entities 30 days prior written notice of termination and shall be terminated upon the transfer of the entire equity interests in the PRC Operating Entities to Shengyue Software or its designated person pursuant to the Exclusive Option Agreements.

(ii) Exclusive Option Agreements

On 30 May 2018, each of the PRC Operating Entities, Shengyue Software and Shenzhen Lanyue entered into the exclusive option agreements (the "**Exclusive Option Agreements**") pursuant to which Shenzhen Lanyue jointly and severally granted to Shengyue Software or a third party designated by Shengyue Software irrevocable options to purchase, to the extent permitted by PRC laws and regulations, its equity interests in the PRC Operating Entities, entirely or partially, at RMB1 or a minimum purchase price permitted under PRC laws and regulations. Shengyue Software or the designated party may exercise such options at any time until it has acquired all equity interests of the PRC Operating Entities, subject to applicable PRC laws and regulations. It is also agreed that when the relevant PRC law permits the equity interests of the PRC Operating Entities to be directly held by Shengyue Software while it continues to operate its mobile game publishing and operation businesses, the parties will carry out all necessary actions to implement the transfer of all the shares of the PRC Operating Entities to Shengyue Software upon the exercise of the option granted under the Exclusive Option Agreements.

The Exclusive Option Agreements shall remain effective until they are terminated (i) by Shengyue Software by giving the PRC Operating Entities 30 days prior written notice of termination, or (ii) upon the transfer of the entire equity interests held by Shenzhen Lanyue in the PRC Operating Entities to Shengyue Software or its designee.



(iii) *Equity Pledge Agreements*

On 30 May 2018, each of the PRC Operating Entities, Shengyue Software and Shenzhen Lanyue entered into the equity pledge agreements (the "**Equity Pledge Agreements**") pursuant to which Shenzhen Lanyue agreed to pledge all of its equity interests in the PRC Operating Entities to Shengyue Software as security interest to secure performance of all its obligations and the obligations of the PRC Operating Entities under the Exclusive Business Cooperation Agreements and the Exclusive Option Agreements.

Under the Equity Pledge Agreements, if any of the PRC Operating Entities declares any dividend during the term of the pledge, Shengyue Software is entitled to receive all such dividends, bonus issue or other income arising from the pledged equity interests, if any. If Shenzhen Lanyue breaches or fails to fulfil the obligations under any of the aforementioned agreements, Shengyue Software, as the pledgee, will be entitled to dispose of the pledged equity interests. In addition, pursuant to the Equity Pledge Agreements, Shenzhen Lanyue has undertaken to Shengyue Software, among other things, not to transfer its equity interests in the PRC Operating Entities and not to create or allow any pledge thereon that may affect the rights and interests of Shengyue Software without its prior written consent.

The Equity Pledge Agreements shall remain effective until all the agreements (other than the Equity Pledge Agreements) underlying the Contractual Arrangements have been terminated.

(iv) *Power of Attorney*

On 30 May 2018, Shenzhen Lanyue, Shengyue Software and the PRC Operating Entities executed a power of attorney pursuant to which Shenzhen Lanyue irrevocably appointed Shengyue Software and its designee (including but not limited to the directors of Shengyue Software, Directors and their successors and liquidators replacing the Directors or the directors of Shengyue Software but excluding those non-independent or who may give rise to conflict of interests) as their attorneys-in-fact to exercise on their behalf, any and all rights

that they have in respect of their equity interests in the PRC Operating Entities, including without limitation, the rights to (i) attend shareholders' meetings, (ii) exercise voting rights in shareholders' meetings to appoint directors, supervisors and senior management, (iii) decide on any acquisition or disposal of the equity interest of Shenzhen Lanyue in the PRC Operating Entities or the winding-up or dissolution of the PRC Operating Entities, (iv) file documents with relevant governmental authorities or regulatory bodies, and (v) exercise such other shareholders' rights as stipulated under applicable PRC laws, rules and regulations and the articles of association of the PRC Operating Entities.

Shenzhen Lanyue, as the registered shareholder of the PRC Operating Entities, has undertaken that it will not directly or indirectly participate in, engage in, involve in, or own any business which potentially competes with Shengyue Software and the PRC Operating Entities.

Further, the power of attorney shall remain effective for so long as Shenzhen Lanyue holds equity interest in the PRC Operating Entities, unless Shengyue Software has given written instructions to the contrary.

Reasons for adopting the Contractual Arrangements

The Company and its direct wholly-owned subsidiary, Shengyue Software, as foreign investors, are prohibited from holding equity interests in the PRC Operating Entities, which operate mobile game publishing and operation businesses and are considered to be engaged in the provision of online publication business, online game operation business and value-added telecommunications business for which foreign investment is prohibited or restricted. In order to conduct the business in China through the PRC Operating Entities, the Group, through its wholly-owned subsidiary, Shengyue Software, entered into the Contractual Arrangements.

For further details of the foreign investment restrictions, please refer to the section headed "Contractual Arrangements - Introduction" on pages 244 to 248 of the Prospectus.

Risks relating to the Contractual Arrangements

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

- (i) the Contractual Arrangements may not be as effective in providing operational control as direct ownership. The PRC Operating Entities or their shareholder, Shenzhen Lanyue, may fail to perform their obligations under the Contractual Arrangements;
- (ii) if the PRC government finds that the agreements that establish the structure for operating the Company's business in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Group could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of the Company's interest in the PRC Operating Entities;
- (iii) substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which took effect on 1 January 2020, and how it may impact the viability of the Group's current corporate structure, corporate governance and business operations; and
- (iv) the Company may lose the ability to use and enjoy assets held by the PRC Operating Entities that are material to the Group's business operations if the PRC Operating Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding;
 - (a) the Company conducts its business operations in China through the PRC Operating Entities by way of the Contractual Arrangements. However, certain terms of the Contractual Arrangements may not be enforceable under PRC laws;

- (b) the Contractual Arrangements between Shengyue Software and the PRC Operating Entities may subject the Group to increased income tax due to the different income tax rates applicable to Shengyue Software and the PRC Operating Entities and adversely affect the results of operations of the Group; and
- (c) if the Group exercises the option to acquire equity ownership and assets of the PRC Operating Entities, the ownership or asset transfer may subject the Group to substantial costs.

For further details, please refer to the section headed "Risk Factors - Risks Related to Our Contractual Arrangements" on pages 63 to 68 of the Prospectus.

Actions taken by the Group to mitigate the risks relating to the Contractual Arrangements

The Group has adopted following measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and the Group's compliance with the Contractual Arrangements:

- (i) as part of the internal control measures, major issues arising from implementation of the Contractual Arrangements will be regularly reviewed, at least on a quarterly basis, by the Board;
- (ii) matters relating to compliance and regulatory enquiries from government authorities (if any) will be discussed at these regular meetings;
- (iii) the relevant business units and operation divisions of the Group will report regularly, and no less frequently than on a monthly basis, to the senior management of the Company in relation to compliance and performance conditions under the Contractual Arrangements and other related matters;



DIRECTORS' REPORT

- (iv) the company seals, financial seals, contract seals and crucial corporate certificates of the PRC Operating Entities are kept by the Group's finance department. Any employee of the Group who wishes to use the seals will have to obtain internal approval from the business, legal and/or finance department(s) (as the case may be) of the Group, as well as approval from relevant department heads and vice presidents and the chief executive officer of the Company, depending on the importance or transaction value of the document to which the seal/seals will be affixed. The business, legal and/or finance departments constitute the Group's central management system and the persons in charge of these departments as well as the department members responsible for the custody and handling of the seals and crucial corporate certificates are employees of Shengyue Software or the Company;
- (v) if necessary, legal advisers and/or other professionals will be retained to assist the Group to deal with specific issues arising from the Contractual Arrangements and to ensure that the operation and implementation of the Contractual Arrangements as a whole will comply with applicable laws and regulations;
- (vi) the independent non-executive Directors will review the compliance of the Contractual Arrangements on an annual basis and their confirmation will be disclosed in the Company's annual reports;
- (vii) to avoid potential conflicts of interest, the Board (including the independent non-executive Directors) will ensure that any designee or person or entity designated by Shengyue Software and Shenzhen Lanyue for the purpose of exercising any of the rights originally granted to Shengyue Software and/or such designee under the Contractual Arrangements shall be restricted to a legally-held subsidiary of the Company (and which will be under the management control of the Company) or an authorised director of the Company or a legally-held subsidiary (whom shall own fiduciary duties to the Company) and shall exclude any of its associates. The Board will also ensure that no rights shall be granted to any other third parties outside of the Group which do not owe any fiduciary duties to the Company;
- (viii) the Board (including the independent non-executive Directors) will ensure that Shengyue Software will only approve and consent to the relevant operating entity carrying out the principal business and ancillary business of the Group which would otherwise be prohibited or restricted to be carried out by foreign invested entities under relevant PRC laws and regulations;
- (ix) the Board (including the independent non-executive Directors) will ensure that the PRC Operating Entities shall retain and continue to hold all relevant intellectual properties, including trademarks, computer software, copyrights and domain names, required for the purpose of maintaining and renewing its operating licenses and permits as required by relevant PRC government authorities, and going forward and to the extent permissible under PRC laws and regulations, Shengyue Software or any other legally held member of the Group shall be the registered owner of the trademarks which will be material to the business of the Group; and
- (x) the Group will unwind the Contractual Arrangements as soon as relevant PRC laws and regulations allow the principal business of the Group to be conducted and operated by the subsidiaries of the Company without such arrangements in place.

To ensure that Shenzhen Lanyue and the PRC Operating Entities will comply with the Contractual Arrangements, the Group also introduced the following measures:

- (a) the three independent non-executive Directors will continue to play an independent role on the Board by reviewing the effective implementation of the procedures and controls referred to above and compliance with the Contractual Arrangements; and
- (b) in the event of the occurrence of a conflict of interests (where Shengyue Software has the sole and absolute discretion to determine whether such conflict arises), Shenzhen Lanyue shall take appropriate measures upon the consent of Shengyue Software or its designee to eliminate such conflicts, failing which Shengyue Software may exercise, to the extent permitted under the PRC laws, the option under the Exclusive Option Agreements.

Listing Rules Implications and Waiver from the Stock Exchange

The PRC Operating Entities will be treated as the Company's wholly-owned subsidiaries, and their directors, chief executives or substantial shareholders (as defined in the Listing Rules) and their respective associates will be treated as the Company's connected persons. Shenzhen Lanyue, which is the registered shareholder of the PRC Operating Entities, will be treated as a connected person of the Company. Accordingly, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

In view of the Contractual Arrangements, the Company has applied to the Stock Exchange, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.102 of the Listing Rules from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Rule 14A.105 of the Listing Rules, (ii) the annual cap requirement 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 Shares are listed on the Stock Exchange subject however to the conditions provided under the waiver. For further details, please refer to the section headed "Connected Transactions" on pages 269 to 273 of the Prospectus.

Material Change or Termination of the Contractual Arrangements

During the year ended 31 December 2025, (i) there were no new contractual arrangements entered into, renewed or reproduced between the Group and the PRC Operating Entities, (ii) there were no material changes in the Contractual Arrangements or the circumstances under which they were adopted, and (iii) none of the structured contracts under the Contractual Arrangements mentioned above has been unwound as none of the restrictions that led to the adoption of structured contracts under the Contractual Arrangements have been removed.

Annual Review

The Directors, including the independent non-executive Directors, have reviewed the Contractual Arrangements and have confirmed that the Contractual Arrangements were entered into (i) in the ordinary and usual course of business of the Group, (ii) on normal commercial terms, and (iii) in accordance with the respective agreements governing them on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, and that the profit generated by the PRC Operating Entities has been substantially retained by Shengyue Software;
- (b) no dividends or other distributions have been made by the PRC Operating Entities or any non-wholly owned subsidiary of the Group to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and
- (c) other than the Contractual Arrangements, no new contracts have been entered into, renewed and/or reproduced between the Group and the PRC Operating Entities during the year ended 31 December 2025.

The Auditor has confirmed in a letter to the Board confirming that the transactions under the Contractual Arrangements have been approved by the Board, the transactions carried out during the year ended 31 December 2025 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, and that no dividends or other distributions have been made by the PRC Operating Entities or any non-wholly owned subsidiary of the Group to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group. The Board confirmed that the Auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules.



DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2025 are set out in note 33 to the consolidated financial statements in this annual report.

None of the related party transactions or continuing related party transactions (as the case may be) constitutes a connected transaction or continuing connected transaction of the Company, and the Company has complied with all disclosure requirements in Chapter 14A of the Listing Rules.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the year ended 31 December 2025, the Group was not involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that the Group believes is likely to have a material adverse effect on the Group's business, results of operations, financial condition or reputation. However, the Group is from time to time party to various legal, arbitration or administrative proceedings arising in the ordinary course of its business as a game publisher, operator and developer.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group. As at the date of this directors' report, except as disclosed in the Prospectus, the Group complied with, in all material respects, all the relevant and applicable PRC laws and regulations governing the business of intellectual property development and management and the Group has obtained all licenses, permits and certificates for the purpose of operating its business.

As at the date of this directors' report, the Group is not involved in and the Board is not aware of any non-compliance incidents that might adversely affect the value of the Company's interests in them.

ISSUANCE OF SHARES AND DEBENTURES

During the year ended 31 December 2025, the Group did not make issuance of shares or debentures.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers. Such permitted indemnity provisions were in force during the year ended 31 December 2025.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. A report on the principle corporate governance practices adopted by the Company is set out in the corporate governance report of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) (which was amended as Rule 8.08(1) after 1 January 2026) of the Listing Rules requires that at least 25% of the issuer's total number of issued shares must at all times be held by the public. Based on information that is publicly available and to the best knowledge of the Directors, at least 25% of the Company's total issued shares was held by the public at all times during the year ended 31 December 2025.

PRE-EMPTIVE RIGHTS

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

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

The Directors have confirmed that during the year ended 31 December 2025, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters with the management. The Audit Committee, together with the Auditor, has reviewed the Group's consolidated financial statements for the year ended 31 December 2025. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

AUDITOR

The Company has appointed BDO Limited as its external auditor for the year ended 31 December 2025.

A resolution for BDO Limited's re-appointment as the Company's auditor and the authorisation to the Board to determine their remuneration will be proposed at the Company's forthcoming annual general meeting.

By order of the Board
CMGE Technology Group Limited
XIAO Jian
Chairman

Hong Kong, 27 March 2026



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The following table presents certain information in respect of the members of the Board.

Members of the Board

Name	Age	Position	Date of Appointment as a Director
Mr. XIAO Jian (肖健)	46	Executive Director, Chairman and Chief Executive Officer	25 April 2018
Mr. SIN Hendrick <i>M.H. J.P.</i> (洗漢迪)	51	Executive Director and Vice Chairman	25 April 2018
Mr. FAN Yingjie (樊英傑)	55	Executive Director	23 December 2020
Mr. ZHANG Shengyan (張聖晏)	36	Non-executive Director	10 May 2021
Mr. JIANG Yukai (江育凱)	50	Non-executive Director	22 April 2024
Mr. LIU Shanshan (劉杉杉)	45	Non-executive Director	10 October 2025
Ms. NG Yi Kum (伍綺琴)	68	Independent Non-executive Director	20 September 2019
Mr. TANG Liang (唐亮)	48	Independent Non-executive Director	20 September 2019
Mr. HO Orlando Yaukai (何猷啟)	34	Independent Non-executive Director	20 September 2019

The biography of each Director is set out below:

Executive Directors

Mr. XIAO Jian (肖健), aged 46, is an executive Director, the chairman and the chief executive officer of the Company. Mr. Xiao is responsible for the overall business operation, management and strategic planning of the Group. Mr. Xiao has over 10 years of experience in the China mobile game industry, and is one of the founders of the Group. He was the chief operating officer of the Group from January 2011 to April 2012 and has been the chief executive officer and a director of the Group since April 2012 and August 2012, respectively. Prior to that, in July 2007, Mr. Xiao founded Huiyou Digital (Shenzhen) Ltd. (匯友數碼(深圳)有限公司), a mobile game developer in the PRC, which was subsequently acquired by Crazy Sports Group Limited (瘋狂體育集團有限公司) (formerly known as V1 Group Limited), a company listed on the Main Board of the Stock Exchange (stock code: 0082), in October 2009.

Mr. Xiao is a recognised figure in the industry and was recognised as (i) a "Top Ten Influencer (十大影響力人物)" by Game Publishing Committee of China Audio-Video and Digital Publishing Association (中國音數協遊戲工委) for three consecutive years from 2014; (ii) an "Outstanding Entrepreneur of China's Game Industry (中國遊戲行業優秀企業家)" by China Culture and Entertainment Association (中國文化娛樂協會) for three consecutive years from 2015; (iii) "The Person of the Year in the Industry (年度行業風雲人物)" by Sina Games (新浪遊戲) in 2015 and 2018; (iv) a "Top Ten Person (十大風雲人物)" by China.com (中華網) in 2015; (v) among the "Top Ten CEOs of Influence (十大影響力CEO)" in 2015 and 2016 and "The Most Influential Person in the Industry (年度行業領軍人物)" in 2017 by Mobile Hardcore Alliance (硬核聯盟); (vi) a "Top Ten Person of the Year (十大風雲人物)" by the Youthun Club (遊聯社) in 2016; (vii) "The Most Influential Person in the Industry (最具業內深度影響力人物)" jointly by "Internet Weekly (互聯網週刊)" of the Chinese Academy of Sciences (中國科學院) and the Informatisation Research Centre of the Chinese Academy of Social Sciences (中國社會科學院信息化研究中心) in 2017 and 2018; (viii) the "2017 Tianfu Award-winning Influencer (2017年度天府獎影響力人物)" by CMGC in 2017; (ix) the "Outstanding Entrepreneur of Guangdong Province (廣東省優秀企業家)" by Guangdong Provincial Enterprise Confederation (廣東省企業聯合會組織) and Guangdong Provincial Entrepreneur Association (廣東省企業家協會) in 2017 and 2019; (x) a director of Shenzhen Young Entrepreneurs Federation (深圳市青年企業家聯合會) in 2017; and (xi) an expert of the Guangdong Entertainment & Game Industry Association (廣東省遊戲產業協會) in 2018.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Xiao is (i) a special expert of the Expert Think Tank of the China Game Industry Research Institute (中國遊戲產業研究院) and a vice chairman of the Game Working Committee (遊戲出版工作委員會) of the China Audio-video and Digital Publishing Association (中國音像與數字出版協會) since September 2021; (ii) an expert of the Guangdong Entertainment & Game Industry Association (廣東省遊戲產業協會) since January 2022; (iii) the executive vice president of the Networkers Branch of Shenzhen New Social Stratum Association (深圳市新的社會階層人士聯合會網絡人士分會) since January 2023; (iv) a deputy director of Shenzhen Internet Industry Association Game Industry Professional Committee (深圳市互聯網行業聯合會遊戲行業專業委員會) and an executive director of Shenzhen Internet Culture Market Association (深圳市互聯網文化市場協會) since 2018; (v) a director of Shenzhen Federation of Industry & Commerce (Futian Branch) (深圳市福田區工商聯) from 2018 to 2022; (vi) the chairman of Hong Kong Futian Youth Association (香港福田青年會) since March 2024; (vii) the chairman of Hong Kong Shenzhen Youth Association (香港深圳青年總會) and the chairman of the Hong Kong Youth Development Alliance (香港青年發展聯盟) since June 2024; and (xi) the executive vice chairman of the Shenzhen Futian District Overseas Friendship Association (深圳市福田區海聯會) since July 2024.

Mr. Xiao graduated from South China Normal University (華南師範大學) in February 2009 with a bachelor's degree in law through online education, and from Beijing University of Aeronautics and Astronautics (北京航空航天大學) in July 2014 with a master's degree in software engineering.

Mr. SIN Hendrick M.H., J.P (洗漢迪), aged 51, is an executive Director and the vice chairman of the Company. Mr. Sin is responsible for the overall business operation, management and strategic planning of the Group. Mr. Sin has over 28 years of experience in corporate management, finance and investment banking. Mr. Sin has been a director and vice chairman of the Group since January 2011. Mr. Sin has been serving as an independent non-executive director of Evergreen Products Group Limited, a hair product manufacturing company whose shares are listed on the Stock Exchange (stock code: 1962), since June 2017, and has been serving as an independent non-executive director of 36Kr Holdings Inc. ("36Kr"), a publishing and data company whose shares are listed on the NASDAQ (stock symbol: KRKR) since November 2019. Mr. Sin has also been appointed as an independent non-executive director, the chairman and a member of Nomination Committee of Hong Kong Economic Times Holdings Limited, a company listed on the Stock Exchange (stock code: 423), with effect from 1 January 2022. Mr. Sin has been serving as an independent non-executive director of China Tower Corporation Limited, an information communications infrastructure service provider whose shares are listed on the Stock Exchange (stock code: 788), from October 2022 to 23 July 2025. Mr. Sin has also been serving as an independent non-executive director of Tianjin Development Holdings Limited, an investment holding company principally engaged in the supply of electricity, water, heat and thermal power, whose shares are listed on the Stock Exchange (stock code: 882), since March 2023.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Sin is (i) the president of the Internet Professional Association (香港互聯網專業協會), (ii) the executive vice-chairman of the Hong Kong Software Industry Association (香港軟件行業協會), and (iii) a member of the Hong Kong Institute of Directors (香港董事學會). Mr. Sin was appointed as a member of the fourteenth session of Tianjin Municipal's Standing Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議天津市第十四屆委員會常委). Mr. Sin was awarded the Young Industrialist Award of Hong Kong of 2018 by Federation of Hong Kong Industries in November 2018. Mr. Sin was recognised as one of China's 100 Most Popular Investors as Voted by Startup Entrepreneurs (中國最受創業者歡迎投資人TOP 100) by 36Kr from 2018 to 2021, and as one of the Top 10 Investors of Chinese Cultural Industry in 2018-2019 (2018-2019年度中國文化產業十佳投資人物) by Chinese Venture (融資中國). Mr. Sin was awarded Linghang Outstanding Entrepreneur the Guangdong-Hong Kong-Macao Greater Bay Area Award (領航粵港澳大灣區傑出企業家獎) at "Leading 9+2" First Guangdong-Hong Kong-Macao Greater Bay Area Development Forum ("領航9+2"首屆粵港澳大灣區發展論壇) in March 2021. Mr. Sin was awarded the InnoStars Award 2021 (香港創新領軍人物大獎 2021) by Our Hong Kong Foundation (團結香港基金) in July 2022. Mr. Sin was awarded by 36Kr as one of the Top 20 China's Investors in New Generation of Information Technology in 2023 (2023年度中國新一代信息技術領域投資人), one of the Top 20 China's Industrial Investors in New Materials in 2024 (2024年度中國新材料領域投資人) and one of the Top 20 China's Industrial Investors in New Energy in 2024 (2024年度中國新能源領域投資人) in September 2023 and September 2024 respectively.

Mr. Sin received the Medal of Honour awarded from the Government of Hong Kong on 1 July 2021 and was elected as a deputy of Hong Kong to the fourteenth National People's Congress (香港特別行政區第十四屆全國人民代表大會代表) on 15 December 2022.

Mr. Sin has been appointed as Justice of the Peace by the Government of the Hong Kong Special Administrative Region, effective from 1 July 2025.

Mr. Sin graduated from Stanford University in June 1997 with a master's degree in engineering in economic systems and operations research. Mr. Sin received his triple bachelor's degrees in computer science/mathematics, economics and industrial management from Carnegie Mellon University in May 1996.

Mr. FAN Yingjie (樊英傑), aged 55, is an executive Director. Mr. Fan is the chairman and the chief executive officer of Wenmai Hudong, an indirect wholly-owned subsidiary of the Company specialising in mobile game development. He is also the sole director of the subsidiaries of Wenmai Hudong. Mr. Fan has over 15 years of experience in the game development industry in the PRC. Since the establishment of Wenmai Hudong in 2014, Mr. Fan has been responsible for its overall business operation, management and strategic planning. Mr. Fan is also the chief producer of some of the Company's popular self-developed games, including *Legend of Dragon City* (龍城傳奇), *Blood Legend* (血飲傳說), *War Song - the Creation* (熱血戰歌之創世), *Dragon Buster* (屠龍戰記) and *The World of Legend - Thunder Empire* (傳奇世界之雷霆霸業).

Mr. Fan graduated from Handan University (邯鄲大學) (now known as Handan Polytechnic College (邯鄲職業技術學院)) majoring in business management in 1994.

Non-executive Directors

Mr. ZHANG Shengyan (張聖晏), aged 36, is a non-executive Director. He is the Vice President of Bilibili, in charge of the Copyright Cooperation Centre, Animation Centre and Investments and Acquisitions Department.

Mr. Zhang has been responsible for Bilibili's investments and acquisitions businesses, purchases of Chinese and foreign copyrighted contents, self-produced animation and IP commercialization operations. Being engaged in the development of the Chinese originality brand name of "Made by Bilibili", Mr. Zhang has also participated in the investment, production and distribution of a number of premium contents. He has played a leading role in the setting of Bilibili's original ecology in the areas of Chinese original animated cartoons and documentaries, and has successfully produced and run a number of highly popular and reputable projects including "The Story of Chuaner" and "Incarnation".

Mr. Zhang holds a bachelor's degree in Economics from Shanghai University of Finance and Economics in 2011 and a master's degree of Science in Economic, Finance and Management from University of Bristol in 2012. He is an intermediate economist, holding a practicing license in securities issued by the Securities Association of China and a professional qualification of Chartered Financial Analyst (CFA) from CFA Institute.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. JIANG Yukai (江育凱), aged 50, is a non-executive Director. He is the investment director of Guangdong Pearl River Investment Management Group Company Limited (廣東珠江投資管理集團有限公司), and is in charge of foreign investment.

Mr. Jiang has been responsible for equity investment and merger and acquisition as well as private fund investment business of Pearl River Investment Management Group. He led the investments of various ultra-large infrastructure projects including the world's largest coal-fired power generating units of Guangdong Huaxia Yangxi power plant (廣東華廈陽西電廠), and took the lead to complete issues such as equity acquisition of HYCAN (originally, a joint venture of GAC Group and NIO Inc.) and preparation and establishment of private fund of Pearl River GLP logistics (珠江·普洛斯物流). Mr. Jiang also possesses abundant investment experience in domestic and foreign capital markets.

Mr. Jiang obtained a bachelor's degree in accounting from Guangdong University of Finance & Economics in 2000. He is a Certified Internal Auditor and holds qualifications for engagement in securities, funds and futures.

Mr. LIU Shanshan (劉杉杉), aged 45, is a non-executive Director. He currently holds the position of deputy general manager of the South China business headquarters of Zhongrong International Trust Co., Ltd. where he joined in 2013. He is responsible for bank credit, real estate financing and capital market projects.

Mr. Liu previously served as a finance manager at Mixcare Health Limited in the United Kingdom. From 2007 to 2013, he served as a senior auditor at the Beijing office of PricewaterhouseCoopers, accumulating extensive experience in finance and auditing.

Mr. Liu obtained a bachelor's degree in Accounting from the University of Bedfordshire (formerly known as the University of Luton) in the United Kingdom in 2005 and completed the postgraduate program in Corporate Finance and Investment Management of the University of Hong Kong in 2015. He is a member of the Institute of Accountants and Bookkeepers (formerly known as the International Association of Bookkeepers) and holds the Association of Chartered Certified Accountants Professional Part 2 Certificate as well as the Fund Practitioner Qualification.

Independent non-executive Directors

Ms. NG Yi Kum (伍綺琴), aged 68, is an independent non-executive Director. Ms. Ng has over 12 years of experience in serving listed companies. She has been serving as (i) an executive director of Tse Sui Luen Jewellery (International) Limited ("**Tse Sui Luen Jewellery**"), a company listed on the Stock Exchange (stock code: 0417) from December 2015 to 27 May 2024 and has acted as a consultant of Tse Sui Luen Jewellery until 30 June 2024, (ii) an independent non-executive director of Powerlong Commercial Management Holdings Limited, a company listed on the Stock Exchange (stock code: 9909) since December 2019, (iii) an independent non-executive director of Tianjin Development Holdings Limited, a company listed on the Stock Exchange (stock code: 0882) since July 2010, (iv) an independent non-executive director of Comba Telecom Systems Holdings Limited, a company listed on the Stock Exchange (stock code: 2342) since March 2019, and (v) an independent non-executive director of KWG Living Group Holdings Limited (stock code: 3913) since October 2020.

From January 2008 to April 2014, Ms. Ng served as the chief financial officer of Country Garden Holdings Company Limited, a company listed on the Stock Exchange (stock code: 2007). From September 2005 to November 2007, she served as an executive director of Hang Lung Properties Limited, a company listed on the Stock Exchange (stock code: 0101).

Ms. Ng graduated from the Hong Kong University of Science and Technology with a master's degree in business administration in 1995. She is a fellow member of the Institute of Chartered Accountants in England and Wales, an associate of the Hong Kong Institute of Chartered Secretaries, a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and a member of the American Institute of Certified Public Accountants.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. TANG Liang (唐亮), aged 48, is an independent non-executive Director. Mr. Tang has been serving as (i) an executive director and Chairman of Smart Digital Technology Group Limited listed on the Stock Exchange (stock code: 1159, formerly known as Starlight Culture Entertainment Group Limited) from September 2020 to October 2024; (ii) the director of We Doctor Holdings Limited since December 2020, currently serves as a non-executive director and the chairman; (iii) the chairman and general manager of China Investment Financial Holdings Fund Management Company Limited (中投中財基金管理有限公司) since April 2015; (iv) the director of New Journey Health Group Ltd (新里程健康集團有限公司) (formerly known as New Journey Hospital Group Ltd. (新里程醫院集團有限公司)) since June 2019; (v) a director and the chairman of CAS Health Industry (Beijing) Co., Ltd. (中科健康產業(北京)有限公司) since December 2016 and January 2024 respectively; (vi) the chairman of China HE HeYue Private Equity Fund Management Co., Ltd. (合肥中合合悅私募基金管理有限公司) (formerly known as Hefei CIFH Private Equity Fund Management Co., Ltd. (合肥中投中財私募基金管理有限公司)) since December 2016; and (vii) an outside director of Actoz Scott Co., Ltd, a company listed on the Korea Exchange (stock code: 052790.KQ) in March 2021, with the term until March 2027. Mr. Tang served as an independent director of Tencent Music Entertainment Group, a company listed on the New York Stock Exchange (stock symbol: TME) from April 2014 to September 2022.

Mr. Tang graduated from Peking University in July 2000 with a bachelor's degree in law. Mr. Tang received a master's degree in litigation law from Peking University in July 2002, a master's degree in law from Yale University in June 2003 and a master's degree in science of law from Stanford University in June 2005.

Mr. HO Orlando Yaukai (何猷啟), aged 34, is an independent non-executive Director. Mr. Ho served as a director of Koo Tech Limited (酷奧科技有限公司) from October 2014 to January 2020, an assistant manager of UNIR (HK) Management Ltd since 2013, a director of UNIR Australia Pty Ltd Group since August 2014, a director of Tinon Investments Ltd since December 2019, a director of Skyin Ltd since March 2020, the chairman of New Blue Ocean Advertisement (Macau) Ltd since January 2018, a chief executive officer of OSMAN Entertainment Ltd since May 2018, a vice chairman and the chairman of Tung Wah Group of Hospitals (東華三院) respectively since 2020 and April 2025 and a director of the same institution since April 2016, and a general manager of Guangzhou Luh Golf & Country Club (廣州麓湖高爾夫球鄉村俱樂部) from March 2016 to July 2023. Mr. HO served as (i) a member of the Standing Committee of the 12th Guangxi Zhuang Autonomous Region Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十二屆廣西壯族自治區委員會常務委員) from February 2018 to January 2023, and (ii) a member of the 11th Guangxi Zhuang Autonomous Region Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十一屆廣西壯族自治區委員會) from December 2014 to January 2018.

Mr. Ho has also served as (i) the executive vice-chairman of the Hong Kong CPPCC Youth Association (香港政協青年聯會) from May 2016 to May 2024 and the executive vice-president of the same institution from May 2014 to April 2016, (ii) the chairman of the Hong Kong Guangxi Sports Association Ltd. (香港廣西體育總會) since March 2014 and the executive vice president of the same institution from November 2013 to February 2014, (iii) the executive vice-chairman of the Hong Kong Guangxi Youth Organisations Limited (香港廣西青年聯會) since March 2014, (iv) the executive vice-president of the Federation of Hong Kong Guangxi Community Organisation Ltd. (香港廣西社團總會) from November 2013 to November 2024, (v) the vice-chairman of the Hong Kong Volunteers Federation (香港義工聯盟) since November 2015, and (vi) the honorary president of the Anti-Drug Army of Hong Kong Limited (香港禁毒兵團) since January 2015.

Mr. Ho graduated from Bentley University in the United States with a bachelor's degree in science in corporate finance and accounting in October 2013.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table presents certain information in respect of the senior management personnel of the Group (other than the executive Directors).

Name	Age	Roles and responsibilities
Mr. WANG Chunye (王春葉) <i>(appointed with effect from 9 April 2025)</i>	43	The co-chief executive officer of the Company
Ms. LIANG Yan (梁燕)	47	A vice president of the Company responsible for the Group's internal control management, budget management, legal department management, business operation analysis and investment execution matters
Ms. LAI Yau Yan Gladys (黎佑欣)	46	The financial controller and company secretary of the Company

The biography of each senior management member is set out below:

Mr. WANG Chunye (王春葉), aged 43, serves as the co-chief executive officer of the Company. Mr. Wang served as the general manager of Lemando Interactive Entertainment (Shanghai) Co., Ltd. (樂曼多互動娛樂(上海)有限公司) from December 2021 to April 2025, mainly responsible for global publishing and operation as well as the establishment and management of publishers. Mr. Wang has been the chief operating officer of 福建省天晴互動娛樂有限公司, a subsidiary engaging in gaming business of NetDragon Websoft Holdings Limited (網龍網絡控股有限公司) ("NetDragon"), a company listed on the Stock Exchange (stock code: 0777), from August 2020 to December 2021, and was responsible for the operation and publishing work of all gaming business of NetDragon. Mr. Wang held several positions in Giant Network Group Co., Ltd. (巨人網絡集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 2558), including (i) game publishing manager from January 2011 to August 2020, mainly responsible for the domestic product segment, the publishing and operation of certain self-developed products and agent products as well as domestic and foreign game product introduction, evaluation and intellectual property cooperation; (ii) director of the Planning Research Institute (策劃研究院) from March 2010 to June 2015, mainly responsible for the management of the game evaluation, industry survey, user research and other segments under the Planning Research Institute; and (iii) chief research officer from March 2010 to June 2014, mainly responsible for the research and development of ZT Online Studio (征途工作室). Mr. Wang also held several positions in Shengqu Information Technology (Shanghai) Co., Ltd. (盛趣信息技術(上海)有限公司), including (i) producer from March 2009 to March 2010, mainly responsible for the game product business of Chengdu branch company; and (ii) product manager from August 2007 to February 2009.

Mr. Wang obtained a bachelor's degree in Computer Networking from Chengdu University of Information Technology in July 2005.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. LIANG Yan (梁燕), aged 47, is a vice president of the Company. Ms. Liang is primarily responsible for the Group's internal control management, budget management, legal department management, business operation analysis and investment execution matters. Ms. Liang has nearly 10 years of experience in corporate management and operation. She joined Huiyou Digital (Shenzhen) Ltd. (匯友數碼(深圳)有限公司) in December 2010 and served as its vice president from August 2012 to November 2015. Ms. Liang also served as the vice president of Shenzhen Douyue since November 2015 and then served as its partner until February 2018. Since March 2018, she has been serving as a vice president and partner of Shenzhen Victory Games. Since May 2018, she has also been serving as the director of Beijing Softstar. Since May 2020, she has been a partner and a vice president of Hainan Chuangyue. Prior to joining the Group, from August 2008 to August 2009 and from August 2009 to November 2010, Ms. Liang worked at Shenzhen KKFUN Software Development Co., Ltd. (深圳市快樂風軟件開發有限公司) as a vice director of the network business department and a director of its production development department, respectively. She received her bachelor's degree in engineering in mechanical design and manufacture from Northwest Textile Science and Technology University (西北紡織工學院, which was renamed as Xi'an Polytechnic University (西安工程大學) in 2006) in July 2000.

Ms. LAI Yau Yan Gladys (黎佑欣), aged 46, is the financial controller and company secretary of the Company. Ms. Lai joined China Mobile Games and Entertainment Group (HK) Limited, an indirect wholly-owned subsidiary of the Company, as an assistant finance manager in July 2014, and was promoted to financial controller in April 2018. Ms. Lai was also appointed as the secretary of the Company on 19 June 2018. Ms. Lai has over 20 years of experience in financial reporting as well as management reporting. Ms. Lai served as an assistant accounting manager at Hutchison Whampoa Properties Limited from June 2012 to April 2014, a senior accountant at PCCW Limited from October 2008 to June 2012, an accountant at Hutchison Telecommunications International Limited from October 2005 to April 2008 and a senior accountant at Ernst & Young from September 2001 to September 2005.

Ms. Lai graduated from the University of British Columbia in Canada with a bachelor's degree in commerce in accounting in May 2001. Ms. Lai has also been a member of the American Institute of Certified Public Accountants since September 2004, a member of the Hong Kong Institute of Certified Public Accountants since September 2005 and an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) since March 2020. She holds dual qualifications of Chartered Secretary and Chartered Governance Professional. She was qualified as a Certified Internal Auditor of the Institute of Internal Auditors in July 2008. She is also a Chartered Global Management Accountant accredited by the American Institute of Certified Public Accountants in February 2012.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound 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 those applicable to employees and Directors with reference to the CG Code and other applicable legal and regulatory requirements.

During the year ended 31 December 2025, the Company complied with the applicable code provisions of Part 2 of the CG Code, except for a deviation from code provision C.2.1 of the CG Code.

Roles of Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, the Group does not have a separate chairman and chief executive officer and Mr. Xiao currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board currently comprises three executive Directors (including Mr. Xiao), three non-executive Directors and three independent non-executive Directors, and therefore has a fairly strong independence element in its composition. The Board considers that the balance of power and authority under the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider separating the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Company as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors, senior management members, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 December 2025. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group during the year ended 31 December 2025.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Company, oversees the Company's strategic decisions and monitors business and performance. The Board decides all major matters of the Company, including: 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, appointment of Directors and other significant financial and operational matters. Directors may have recourse to independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

All Directors have carried out their duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the 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.



CORPORATE GOVERNANCE REPORT

Delegation by the Board

The Board has delegated the authority and responsibility for day-to-day management and operation of the Company to the senior management of the Company. The senior management team meets as frequently as necessary to formulate policies and make recommendations to the Board. The senior management team administers, enforces, interprets and supervises compliance with the internal rules and operational procedures of the Group and conducts regular reviews, recommends and advises on appropriate amendments to such rules and procedures. The senior management team reports to the Board on a regular basis and communicates with the Board whenever required.

These delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Board Composition

The Company has a Board with a balanced composition of executive and non-executive Directors (including independent non-executive Directors).

As at 31 December 2025, the Board comprised:

- **Three executive Directors:**
Mr. XIAO Jian (*Chairman*), Mr. SIN Hendrick *M.H., J.P.* and Mr. FAN Yingjie
- **Three non-executive Directors:**
Mr. ZHANG Shengyan, Mr. JIANG Yukai and Mr. LIU Shanshan
- **Three independent non-executive Directors:**
Ms. NG Yi Kum, Mr. TANG Liang and Mr. HO Orlando Yaukai

The Company has appointed Mr. LIU Shanshan as a non-executive Director with effect from 10 October 2025. He had obtained legal advice referred to in Rule 3.09D of the Listing Rules on 10 October 2025 and has confirmed that he understood his obligations as a Director.

To the best knowledge of the Board, there is no particular relationship (including financial, business, family or other material or relevant relationship) between members of the Board or senior management members during the year ended 31 December 2025 and up to the date of this annual report.

Since 1 January 2025 and up to the date of this annual report, the Company has complied with the requirements under:

- (i) 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 independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise; and
- (ii) Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the Board.

For the year ended 31 December 2025, the Board has conducted its annual review on implementation and effectiveness of the following features or mechanisms and the Board considers that the following features or mechanisms are effective in ensuring that the Board is provided with independent views and opinions:

1. The Company currently has 3 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors who are independent of each other and of senior management and have no relationship with each other.
2. One-third of the current members of the Board are independent non-executive Directors.
3. The independent non-executive Directors are required to review their independence on an annual basis.
4. All Directors have full access to advice and services of the Company Secretary and of the Company's Legal Department and may also seek advice from independent professional advisers at the Company's expense whenever deemed necessary.

Service Agreements and Appointment Letters

Each of the executive Directors has entered into a service agreement with the Company. Pursuant to these agreements, they have agreed to act as executive Directors for a term of three years with effect from the date of their appointments or renewal of the service agreements, subject always to re-election as and when required under the Articles of Association. Each of the service agreements can be terminated in accordance with the terms and conditions thereof or by either party giving to the other not less than one month's prior notice in writing.

Each of the non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company. Pursuant to these appointment letters, they have agreed to act as non-executive Directors or independent non-executive Directors for a term of three years with effect from the date of their appointments or renewal of the appointment letters, subject always to re-election as and when required under the Articles of Association. Each of the appointment letters can be terminated in accordance with the terms and conditions thereof or by either party giving to the other not less than one month' prior notice in writing.

None of the Directors has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year for Board meetings, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings.

For other Board and Board Committees meetings, reasonable notice is generally given. The agenda and accompanying board papers are despatched to the Directors or Board Committees members at least one day before such meetings to ensure that they have sufficient time to review the papers and are adequately prepared

for the meetings. When Directors or Board Committees 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 prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

The matters considered by the Board and the Board Committees and the decisions reached are recorded in sufficient details in the minutes of the Board meetings and Board Committees. Such details include, but are not limited to, any concerns raised by the Directors. The draft minutes of each Board meeting and Board Committees meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

During the year ended 31 December 2025, the Board convened five Board meetings. The table below sets forth the attendance records of the Directors at the Board meetings:

Name of Director	Board meetings attended/ Eligible to attend
EXECUTIVE DIRECTORS	
Mr. XIAO Jian	5/5
Mr. SIN Hendrick <i>M.H., J.P.</i>	5/5
Mr. FAN Yingjie	5/5
NON-EXECUTIVE DIRECTORS	
Mr. ZHANG Shengyan	4/5
Mr. JIANG Yukai	5/5
Mr. LIU Shanshan (appointed with effect from 10 October 2025)	N/A
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Ms. NG Yi Kum	5/5
Mr. TANG Liang	4/5
Mr. HO Orlando Yaukai	5/5



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

To oversee particular aspects of the Company's affairs, the Board has established four committees, each of which has been delegated responsibilities and reports back to the Board. These four Board Committees are Audit Committee, Nomination Committee, Remuneration Committee, and Corporate Governance Committee. The roles and functions of these committees are set out in their respective terms of reference. The terms of reference of each of these Board Committees will be revised from time to time to ensure that they continue to meet the needs of the Company and to ensure compliance with the CG Code. The terms of reference of the Board Committees are available on the Company's website www.cmge.com and the Stock Exchange's website www.hkexnews.hk.

Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules, which consisted of three members as at 31 December 2025, namely Ms. NG Yi Kum, Mr. TANG Liang and Mr. HO Orlando Yaukai, all of whom are independent non-executive Directors. Ms. NG Yi Kum is the chairlady of the Audit Committee. None of the members of the Audit Committee served as a partner or former partner in the Company's external auditor, BDO Limited.

The primary duties of the Audit Committee include (i) making recommendations to the Board on the appointment, reappointment and removal of the external Auditor; (ii) reviewing the Company's financial information (including interim results and annual results); and (iii) overseeing the Company's financial reporting system, risk management and internal control systems. For details, please refer to the terms of reference of the Audit Committee on the websites of the Stock Exchange and the Company.

The Audit Committee held two meetings during the year ended 31 December 2025. The attendance records of the members of the Audit Committee are set out below:

Name of Members	Meetings attended/ Eligible to attend
Ms. NG Yi Kum (Chairlady)	2/2
Mr. TANG Liang	2/2
Mr. HO Orlando Yaukai	2/2

Remuneration Committee

The Company has established a Remuneration Committee in compliance with Rule 3.25 of the Listing Rules, which consisted of three members as at 31 December 2025, namely Mr. SIN Hendrick *M.H., J.P.*, an executive Director, Ms. NG Yi Kum and Mr. HO Orlando Yaukai, both of whom are independent non-executive Directors. Mr. HO Orlando Yaukai is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include (i) making recommendations to the Board on the Company's policies and structures for all Directors' and senior management personnel's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iii) review and/or approve matters relating to share option schemes under Chapter 17 of the Listing Rules. For details, please refer to the terms of reference of the Remuneration Committee on the websites of the Stock Exchange and the Company.

The Remuneration Committee has made a recommendation to the Board on the remuneration of Mr. LIU Shanshan (as the new non-executive Director with effect from 10 October 2025).

Details of the remuneration of the members of the Board for the year ended 31 December 2025 are set out in note 9 to the consolidated financial statements in this annual report.

The Remuneration Committee held three meetings during the year ended 31 December 2025. The attendance records of the members of the Remuneration Committee are set out below:

Name of Members	Meetings attended/ Eligible to attend
Mr. HO Orlando Yaukai (Chairman)	3/3
Mr. SIN Hendrick <i>M.H., J.P.</i>	3/3
Ms. NG Yi Kum	3/3

The remuneration of the senior management members of the Company by band during the year ended 31 December 2025 are set out below:

Remuneration Band	Number of individuals
Nil to HK\$3,500,000	3
HK\$3,500,001 to HK\$7,000,000	—

Nomination Committee

The Company has established a Nomination Committee, which consisted of four members as at 31 December 2025, namely Mr. XIAO Jian, an executive Director, and Ms. NG Yi Kum, Mr. TANG Liang and Mr. HO Orlando Yaukai, all of whom are independent non-executive Directors. Mr. XIAO Jian is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include (i) reviewing the structure, size, composition (including skills, knowledge and expertise) and diversity (including but not limited to gender, age, cultural and educational background, race, skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; and (ii) identifying individuals who are qualified or suitable to become a member of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships. For details, please refer to the terms of reference of the Nomination Committee on the websites of the Stock Exchange and the Company.

The Nomination Committee has made a recommendation of the appointment of Mr. LIU Shanshan as a non-executive Director to the Board after taking into account the nomination policy and the objective criteria, with due regard for the benefits of diversity as set out under the board diversity policy of the Company.

The Nomination Committee held two meetings during the year ended 31 December 2025. The attendance records of the members of the Nomination Committee are set out below:

Name of Members	Meetings attended/ Eligible to attend
Mr. XIAO Jian (Chairman)	2/2
Ms. NG Yi Kum (appointed with effect from 27 March 2025)	2/2
Mr. TANG Liang	2/2
Mr. HO Orlando Yaukai	2/2

Corporate Governance Committee

The Company has established a Corporate Governance Committee, which consisted of three members as at 31 December 2025, namely Mr. SIN Hendrick *M.H., J.P.*, an executive Director, and Ms. NG Yi Kum and Mr. HO Orlando Yaukai, both of whom are independent non-executive Directors. Ms. NG Yi Kum is the chairlady of the Corporate Governance Committee.

The primary duties of the Corporate Governance Committee include (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; and (ii) reviewing and monitoring the training and continuous professional development of the Company's Directors and senior management personnel. For details, please refer to the terms of reference of the Corporate Governance Committee on the websites of the Stock Exchange and the Company.

The Corporate Governance Committee held one meeting during the year ended 31 December 2025. The attendance records of the members of the Corporate Governance Committee are set out below:

Name of Members	Meetings attended/ Eligible to attend
Ms. NG Yi Kum (Chairlady)	1/1
Mr. SIN Hendrick <i>M.H., J.P.</i>	1/1
Mr. HO Orlando Yaukai	1/1

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board and see increasing diversity at the Board level as an essential element in maintaining its competitive advantage. The Nomination Committee is responsible for monitoring the implementation of the board diversity policy of the Company, and shall review and amend this diversity policy, as appropriate, to ensure its effectiveness.



CORPORATE GOVERNANCE REPORT

When reviewing the size and composition of the Board and searching for and recommending candidates to act as the Directors, the Nomination Committee shall, taking into account the business model and specific needs of the Company, consider the diversity of the Board in various aspects, including but not limited to, gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge, length of service in the Group and industrial and regional experience. The final appointment recommendation shall be made to the Board by the Nomination Committee based on the value that the selected candidates will bring to the Board after taking into account the relevant aspects mentioned above.

As at 31 December 2025, there is one female member on the Board. The gender composition of the Group's employees as at 31 December 2025 is set out in the Environmental, Social and Governance Report. As at 31 December 2025, approximately 46% of the Group's employees are female and two of the three senior management of the Company are female. As the Group already has a relatively high proportion of females in the industry, the Company plans to maintain the same level of female representation and will review such proportion on a regular basis.

DIRECTOR NOMINATION POLICY

Appointment of Directors

In accordance with article 16.2 of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. 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 office until the close of the meeting at which he or she 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 offices by electing a like number of persons to be Directors.

The procedures and processes of appointment, re-election and removal of Directors are set out in the Articles of Association. Whilst the overall responsibility for the selection and appointment of directors rests with the Board, the Board has delegated general responsibilities and authority to the Nomination Committee to identify, screen and recommend to the Board appropriate candidates to serve as directors of the Company, to oversee the process for evaluating the performance of the Board, and to develop and recommend to the Board nomination guidelines which shall be consistent with any applicable laws, regulations and listing standards.

In evaluating and selecting candidates for directorship, the Board will consider factors including (i) the structure, size, composition (including skills, knowledge and expertise) and diversity (including but not limited to gender, age, cultural and educational background, race, skills, knowledge and experience) of the Board; (ii) the requirement of the Board to have independent directors in accordance with the Listing Rules; and (iii) the candidate's willingness and ability to devote adequate time to discharge duties as a member of the Board.

The Nomination Committee and/or the Board will evaluate candidates based on the criteria as set out above, rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable) and then recommend to the Board the appointment of the appropriate candidate for a directorship, as applicable. For any person that is nominated by a Shareholder for election as a director at the general meeting of the Company, the Nomination Committee and the Board will evaluate such candidate based on the criteria as set out above and where appropriate, make recommendation to Shareholders in respect of the proposed election of director at the general meeting.

Re-election of Directors

In accordance with article 16.18 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

For the re-election of a director at general meeting, the Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and their level of participation and performance on the Board, and then make recommendations to Shareholders in respect of the proposed re-election of such Director at the general meeting.

The four Directors who will retire by rotation are Mr. LIU Shanshan as a non-executive Director and Ms. NG Yi Kum, Mr. TANG Liang and Mr. HO Orlando Yaukai, each of whom as an independent non-executive Director. All retiring Directors, being eligible, will offer themselves for re-election at the Company's forthcoming annual general meeting.

Details of the Directors to be re-elected at the Company's forthcoming annual general meeting will be set out in the circular to the Shareholders to be published and despatched in due course.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Company acknowledges the importance of Directors participating in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. To this end, the Company provides the Directors with necessary information to ensure that he or she has a proper understanding of the Group's operations and businesses as well as his or her responsibilities under the relevant laws and regulations. The newly appointed Directors were also provided with a detailed induction to the Group's businesses by senior management.

The Directors are encouraged to participate in continuous professional development presented by professional institutions.

The training received by the Directors during the year ended 31 December 2025 is summarised below:

Name of Director	Training Areas		
	Corporate Governance	Legal and Regulatory	Businesses/ Directors' Duties
EXECUTIVE DIRECTORS			
Mr. XIAO Jian	✓	✓	✓
Mr. SIN Hendrick <i>M.H., J.P.</i>	✓	✓	✓
Mr. FAN Yingjie	✓	✓	✓
NON-EXECUTIVE DIRECTORS			
Mr. ZHANG Shengyan	✓	✓	✓
Mr. JIANG Yukai	✓	✓	✓
Mr. LIU Shanshan ⁽¹⁾	✓	✓	✓
INDEPENDENT NON-EXECUTIVE DIRECTORS			
Ms. NG Yi Kum	✓	✓	✓
Mr. TANG Liang	✓	✓	✓
Mr. HO Orlando Yaukai	✓	✓	✓

Note:

(1) Appointed with effect from 10 October 2025.



CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

Subject to the requirements of the Articles of Association, Cayman Islands law and other applicable laws and regulation, the Board has absolute discretion to recommend any dividend. In order to return capital to Shareholders as and when appropriate, the Company intends to distribute approximately 30% of its annual distributable profit as dividends. The determination to pay dividends will be made at the discretion of the Board and will depend upon the Group's earnings and financial condition, operating requirements, capital and investment requirements, level of indebtedness and any other factors that the Board may deem relevant. The Company will continue to re-evaluate its dividend policy in light of its financial condition and the prevailing economic environment.

The dividends, interests and bonuses and any other benefits and advantages in the nature of income receivable in respect of the Company's investments, and any commissions, trusteeship, agency, transfer and other fees and current receipts of the Company shall, subject to the payment thereof of the expenses of management, interest upon borrowed money and other expenses which in the opinion of the Board are of a revenue nature, constitute the profits of the Company available for distribution.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the exclusive benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof or be required to account for any money earned thereon. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall be reverted to the Company and after such forfeiture no member or other person shall have any right to or claim in respect of such unclaimed dividends or bonuses.

For the avoidance of doubt, no assurance is given or implied that dividends will be paid in any particular amount (or at all) for any given period notwithstanding the adoption of this policy. If the Board decides to recommend, declare or pay dividends, the form, frequency and amount will depend upon the situation and applicable factors at the relevant time. The Board will review the dividend policy as appropriate from time to time.

FINANCIAL REPORTING

Directors' Responsibility

The Directors are responsible for overseeing the preparation of the Company's financial statements for the year ended 31 December 2025 which give a true and fair view of the state of affairs of the Group's results and cash flow.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The management has provided to the Board such explanations and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with updates on the Group's performance, positions and prospects from time to time.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as at 31 December 2025. Accordingly, the Directors have confirmed that the financial statements for the year ended 31 December 2025 be prepared on a going concern basis.

Auditor's Responsibility

A statement from the Auditor about its reporting responsibilities on the audited consolidated financial statements is set out on pages 130 and 131 of this annual report.

Auditor's Remuneration

The table below sets forth the remuneration for the audit and non-audit services provided by the Auditor for the year ended 31 December 2025:

Type of Services	Amount (RMB'000)
Audit services	4,706
Non-audit services	1,415
Total	6,121

Note:

- (1) Non-audit services were mainly rendered for the review of interim financial information.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has adopted and implemented a robust risk management and internal control system for its business operations, including (i) financial reporting; (ii) information risk management; (iii) legal compliance; (iv) intellectual property rights management; and (v) human resources management. The Board is responsible for maintaining a sound and effective risk management and internal control system in order to safeguard the Group's assets and Shareholders' interests, and is also responsible for reviewing the effectiveness of the Group's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. The Group's internal control and risk management systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable rather than 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 and its subsidiaries' risk management and internal control system, and reports their findings to the Board on, at least, an annual basis. The Company implements and strictly enforces procedures on inside information according to the relevant procedures stated under the "Guidelines on Disclosure of Inside Information" promulgated by the SFC in June 2012.

The Group's internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis so as to identify, evaluate and manage significant risks in a timely manner.

The Board has conducted an annual review of the effectiveness of the internal control and risk management systems of the Group for the year ended 31 December 2025 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. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions to be adequate. 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 also made reference to the results of the agreed-upon procedures in connection with the internal control of the Company performed by the internal control consultant engaged by the Company in preparation for the Listing, and these procedures did not identify any material internal control deficiencies of the Group.

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).



CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Ms. LAI Yau Yan Gladys is the company secretary of the Company. For the year ended 31 December 2025, Ms. Lai has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training to update her skills and knowledge. Her biographical detail is set out under the section headed "Biographies of Directors and Senior Management" in this annual report.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

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 the Stock Exchange in a timely manner after each general meeting.

Convening of an Extraordinary General Meeting and Putting Forward Proposals

According to the Articles of Association, general meetings shall be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid-up capital of the Company which 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 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.

Procedures for Shareholders to Propose a Person for Election as a Director of the Company

Shareholders may propose a person for election as a director of the Company. The relevant procedures are available for viewing on the Company's website at www.cmge.com.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

Shareholders' Enquiries and Proposals

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Company's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable the Shareholders and investors to make the informed investment decisions.

Enquiries from the Shareholders for the Board or the Company, or proposals from the Shareholders for consideration at Shareholders' meetings, may be directed to the Company's investor relations team:

By post: 13th Floor, 8 Wyndham Street, Central,
Hong Kong

By fax: (852) 2763 4168

By email: serenashen@cmge.com

The enquiries and proposals received by the Company are handled on a case-by-case basis after due consideration by the investors relations team, relevant management and the Board, as appropriate.

Changes to the contact details above will be communicated through the Company's website at www.cmge.com, which also contains information and updates on the Group's business developments and operations, as well as press releases and financial information.

Shareholders can also direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, whose address is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Shareholder Meetings

The annual general meeting of the Company provides opportunities for the Shareholders to communicate directly with the Directors. The chairman of the Board and the chairmen of the Board Committees will attend annual general meetings to answer Shareholders' questions. The Auditor will also attend annual general meetings to answer questions about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies and auditor independence.

During the year ended 31 December 2025, the Company convened one general meeting, being the annual general meeting held on 27 May 2025. Save for Mr. ZHANG Shengyan and Mr. TANG Liang being absent due to other business commitments, all other Directors attended the general meeting.

The Company encourages the Shareholders to attend annual general meetings and other general meetings so the Shareholders can communicate with the Board, and exercise their right to vote.

Shareholders' Communication Policy

To promote effective communication with the Shareholders, the Company has adopted a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders. The Board maintains an on-going dialogue with the Shareholders and the investment community pursuant to the policy through various channels, including the financial reports and other publications of the Company available at the Stock Exchange's website, annual general meetings and other general meetings that may

be convened by the Company. The Company maintains a website at www.cmge.com, where up-to-date information on the Company's business operations, developments, financial information, corporate governance practices and other information are available for public access. Shareholders and the investment community are also able to make any query with respect to the Company via the designated contacts set out in the Company's website.

The Board reviews the effectiveness of the above channels of communication between the Company and its shareholders on a regular basis. As there is no issue on such communication channels, the Board is satisfied with the implementation and effectiveness of the Company's activities in communicating with shareholders and investors during the reporting period.

CHANGE IN CONSTITUTIONAL DOCUMENTS

There have been no changes in the Company's Articles of Association for the year ended 31 December 2025.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

The Report Introduction

CMGE Technology Group Limited (the "Company", together with its subsidiaries, the "Group" or "we" or "us" or "our") is pleased to present its environmental, social and governance report (the "Report") for the financial year ended 31 December 2025 (the "Year" or "2025"). The Report illustrates our commitments and strategies on corporate social responsibility, and summarises the measures, plans and performance for environmental, social and governance ("ESG") in its sustainable development.

Reporting Scope and Reporting Period

The reporting scope is determined based on the Group's effect on ESG. The scope of the Report covers the locations of the Group's main operating entities in the People's Republic of China (the "PRC"), including Hong Kong, Shenzhen, Beijing, Shanghai, Guangzhou, Hainan and Chengdu. The Group will conduct on-going assessment on the effect of various businesses on the ESG and will broaden the scope of disclosures when appropriate.

Preparation Basis of the Report

The Report was prepared in accordance with the Environmental, Social and Governance Reporting Code (the "Reporting Code") set out in Appendix C2 to the Listing Rules on the Stock Exchange. The Report has complied with all the compulsory disclosure requirements and "comply or explain" provisions, as well as the principles of materiality, quantitative, balance and consistency. The Group has adopted the emission factors and relevant international standards set out in the Reporting Code documents issued by the Stock Exchange in preparing the Report in the same manner as in the previous year. For details on the application of materiality reporting principles, please refer to the section headed "Materiality Assessment" in the Report.

Contact Us

The Group values the opinions of the readers of the Report. If you have any questions or suggestions about the Report, you are welcome to give your feedback to the Group's investor relations team:

By post: 13th Floor, 8 Wyndham Street, Central, Hong Kong

By fax: (852) 2763 4168

By email: serenashen@cmge.com

Source of Information and Reliability Statement

The information disclosed in the Report is sourced from the internal documents of the Group, statistical reports or relevant public information. The Group has confirmed that there are no false representations, misleading statements or material omissions in the Report, and is responsible for the truthfulness, accuracy and completeness of its contents.

Confirmation and Approval

The Group's management team has confirmed to the Board that as of 31 December 2025, the Group's risks management and internal monitoring system concerning the ESG was effective.

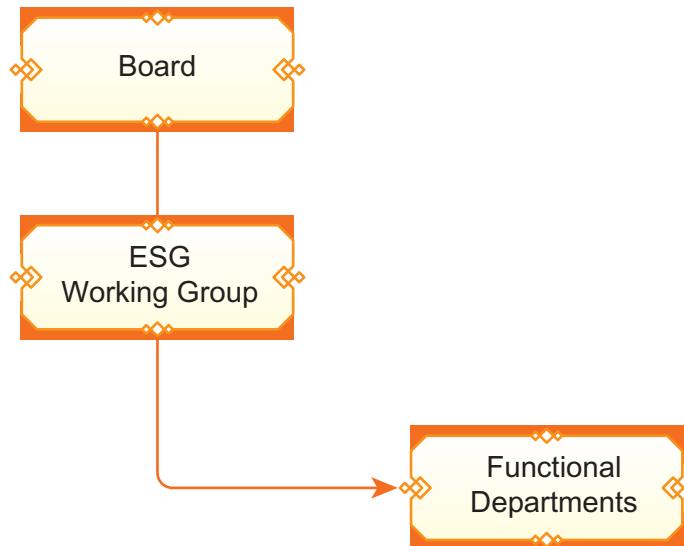
The Report was approved at the Board meeting held on 27 March 2026 at 13th Floor, 8 Wyndham Street, Central, Hong Kong. The Report is available in both English and Chinese versions. If there is any inconsistency between the Chinese and English versions of the Report, the Chinese version shall prevail. The electronic version of the Report is available on the websites of the Stock Exchange www.hkexnews.hk and the Company www.cmge.com.

ESG MANAGEMENT

Statement of the Board

As a responsible corporation, the Group adheres to the concept of sustainable development, actively fulfils its corporate social responsibility, incorporates environmental protection and environmental management into its business decisions. Meanwhile, the Group is committed to building a healthy and harmonious online and offline ecosystem by continuing to invest in its internet platform and carrying out diversified charitable and public welfare activities. The Group has established a clear ESG regulatory framework, covering the Board, the ESG working group and relevant functional departments, and integrated ESG-related responsibilities into corporate strategy, risk management and business operation. In addition, the Group has been committed to maintaining close connections with different stakeholders, listening to the voices of game players, caring for and growing with its employees, and taking on more social responsibilities.

ESG Structure



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Board Supervision

The Board has ultimate responsibility for the management of ESG and climate-related risks of the Group, and is responsible for formulating ESG and sustainability strategies, and ensuring that ESG and climate-related risks and opportunities are integrated into the overall governance and business decision-making processes of the Group. Its main responsibilities include overseeing ESG and climate risk management to ensure that it is in line with the Group's long-term development goals; approving ESG goals and strategies, and regularly evaluating ESG progress and the key performance indicators (the "KPIs"); conducting at least one enterprise-wide risk assessment annually to identify, monitor and manage ESG and climate change risks to ensure that ESG and climate-related risks are managed in tandem with business risks; regularly reviewing ESG and climate risk management frameworks to ensure compliance with local and international standards, and monitoring the impact of ESG and climate-related risks on the Group's financial position, business operations and supply chain management; ensuring that ESG and climate risk management is closely integrated with corporate financial planning to enhance the sustainable competitiveness of the Group. In addition, the Board is responsible for formulating and supervising ESG related policies, including carbon reduction targets, energy management, climate adaptation strategies and environmental compliance requirements, and ensuring that the Group effectively addresses the challenges of climate change and complies with regulatory requirements; supervising the implementation of ESG goals and monitoring mechanisms and regularly reviewing ESG and climate-related risks response options to ensure that the implementation of ESG goals is in line with the direction of the strategic development of the Group.

ESG Working Group

The ESG Working Group is responsible for implementing the ESG strategies developed by the Board, promoting the implementation of ESG-related policies and measures in daily operations, and ensuring that ESG risks and opportunities are effectively managed. Its main responsibilities include assisting the Board in identifying major risks and opportunities for ESG and climate change, formulating response plans and monitoring the implementation of ESG goals; regularly reporting ESG progress and KPIs to the Board to ensure that ESG risks are managed in tandem with the Group's operational risks; establishing ESG risk monitoring and data management mechanisms, including carbon emission reporting, energy use monitoring, waste disposal and supply chain sustainability assessments to ensure the transparency and measurability of ESG goals; overseeing the implementation of ESG-related policies across functional departments, and submitting ESG risk management reports and improvement plans to the Board to ensure the ESG strategies are in line with the Group's development direction. In addition, the ESG Working Group is responsible for the communications with external and internal stakeholders, ensuring that the ESG goals coordinate with the overall development strategies of the Group and cooperating with the internal functional departments to ensure that ESG risk management mechanism are effectively implemented and continuously improved; keeping close contact with external stakeholders (such as investors, regulatory authorities, suppliers and business partners) to ensure the transparency and disclosure of ESG risk information; preparing annual ESG report to ensure ESG and climate-related disclosures meet international standards, improving the transparency of ESG governance of the Group while ensuring that the implementation of ESG goals is in line with regulatory requirements and long-term development strategies of the Group.

Functional Departments

Various functional departments of the Group are responsible for the implementation of ESG and climate-related policies and measures to ensure that the ESG and climate-related goals can be effectively implemented in daily operations of the Group and are directly accountable for achieving ESG and climate-related goals. The core duties of various departments cover environmental management, talent development, supply chain management and corporate social responsibility to ensure that ESG and climate-related risk management keeps in line with operational strategies of the Group.

Environmental management and sustainable development

- Supervising the management of carbon emissions, the improvement of energy efficiency and disposal of wastes to ensure that ESG and climate-related goals are closely integrated into business operations;
- Responsible for supervising corporate environmental compliance to ensure that ESG and climate-related risk management complies with regulatory requirements.

Human resources and corporate culture

- Promoting diversity of employees, vocational development and ESG training to ensure that ESG goals keep in line with corporate talent management strategies;
- Supervising employee health and safety policies to ensure that ESG goals cover vocational health and safety management.

Supply chain management and corporate social responsibility

- Supervising ESG compliance of suppliers to ensure the application of ESG principles throughout supply chain management;
- Responsible for corporate social responsibility and community investment to ensure that ESG goals aligned with the corporate social influence.

In addition, various departments are required to submit ESG performance reports to the ESG Working Group regularly to ensure the effectiveness and measurability of ESG risk management and report to the ESG Working Group on ESG matters when necessary.

Stakeholder Identification and Communication

In the course of its operation, the Group attaches great importance on the major issues that the stakeholders are concerned about. The Group understands the expectations and needs of its stakeholders through comprehensive and transparent communication, and continue to improve the Group's sustainable development strategies and plans based on the opinions of its stakeholders, so as to consolidate mutual trust and cooperative relationships, jointly realise its sustainable development plans, and create a future of sustainable economic growth, friendly environment and social development.



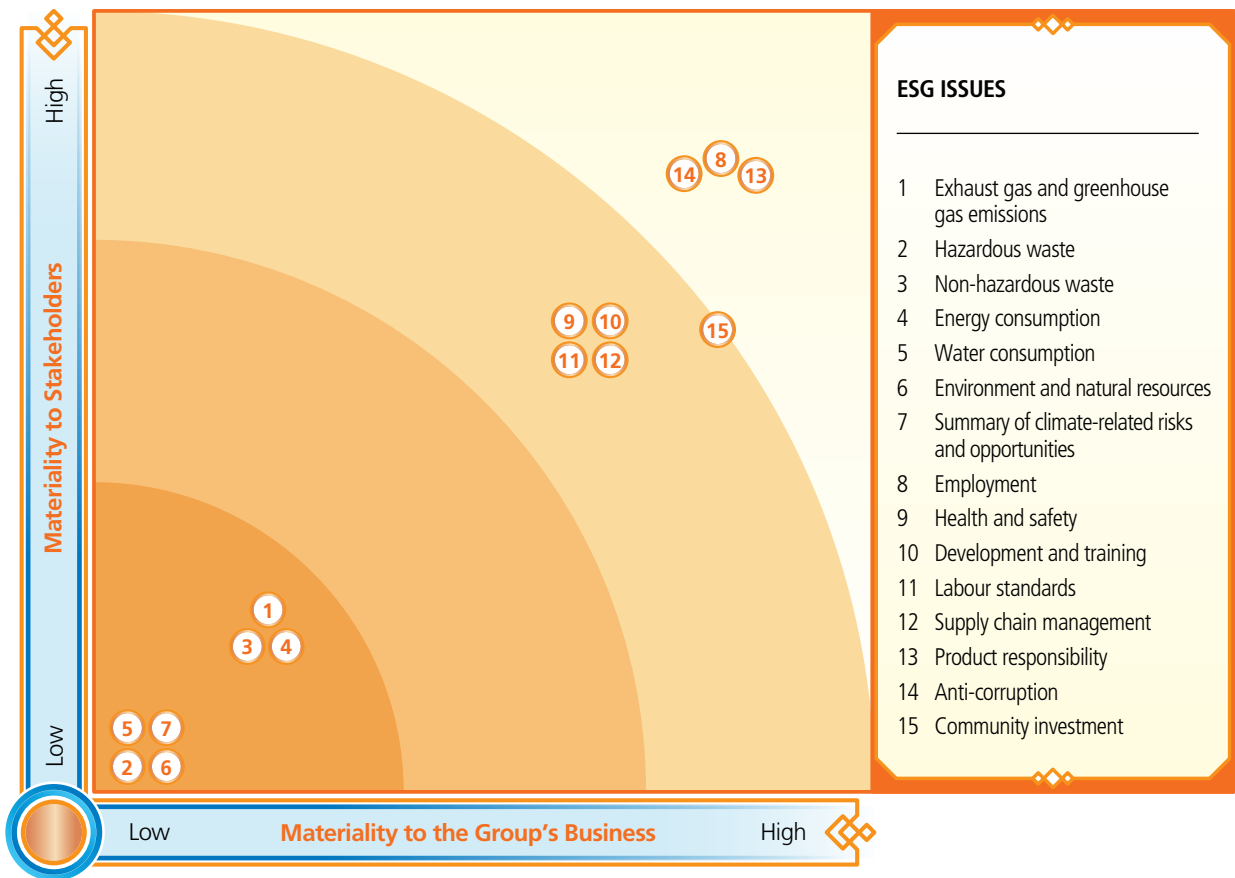
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MAJOR ISSUES CONCERNING STAKEHOLDERS AND CORRESPONDING MEASURES

STAKEHOLDERS	KEY MATTERS OF CONCERN	COMMUNICATION CHANNELS
Shareholders and investors	<ul style="list-style-type: none"> • Business strategies • Investment return • Corporate image • Compliance operations 	<ul style="list-style-type: none"> • General meetings • Announcements of the Company • Company's website
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance operations • Tax payment according to law • Information disclosure and reporting materials 	<ul style="list-style-type: none"> • Announcements of the Company • Company's website
Industry associations	<ul style="list-style-type: none"> • Compliance operations 	<ul style="list-style-type: none"> • Visits • Meetings • Seminars • Exchange activities
Suppliers and business partners	<ul style="list-style-type: none"> • Compliance operations • Quality of products and service 	<ul style="list-style-type: none"> • Agreements • Tenders • Review and evaluation
Employees	<ul style="list-style-type: none"> • Remuneration and benefits • Working environment and safety • Diversification and equal opportunities • Training and room for career development 	<ul style="list-style-type: none"> • Forums • Staff training • Group activities for employees • Staff satisfaction survey • Monthly magazine of the Company
Game players	<ul style="list-style-type: none"> • Product quality • Personal privacy protection 	<ul style="list-style-type: none"> • Company's website • Online customer services • User service agreement • Online and offline promotion activities
Community	<ul style="list-style-type: none"> • Community development • Community services • Employment opportunities • Ecological environment 	<ul style="list-style-type: none"> • Community activities • Volunteer activities • Media enquiries • Promotion activities • Community communication meetings • Press releases and announcements

MATERIALITY ASSESSMENT

In order to ensure that the Report has comprehensively covered and responded to the key matters of concern to stakeholders, in addition to regular communication with stakeholders, the Group has made reference to certain information such as the matters covered in the ESG report of the previous year, internal policies of the Group, industry trends and the Materiality Map introduced by the Sustainability Accounting Standards Board, to identify issues that have potential and practical impact on the sustainable development of the Group. The Group has analysed and prioritised the ESG issues based on certain factors such as its strategies, development and objectives. During the Year, there were no significant changes in the stakeholders or operating conditions of the Group. Therefore, the Group confirms that the materiality matrix results from the ESG Report of the previous year remain applicable for 2025 and will continuously respond to the expectations of stakeholders. The materiality matrix and prioritisation of the Group’s material ESG issues are as follows:



ENVIRONMENT

Emissions

As a game publisher and developer, the Group's business nature does not have a significant impact on the environment. We have been transmitting to our employees the importance of protecting our environment on a regular basis and have been taking it as the priority task in achieving sustainable development. To this end, the Group has established Energy Conservation and Reduced Consumption Management System (《節能降耗管理制度》) and Employee Handbook (《員工手冊》), and has incorporated the concept of sustainable development into its daily management to enhance the environmental awareness of the employees of the Group. The Group strictly abides by relevant laws and regulations on environmental protection, including but not limited to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law on the Air Pollution Prevention and Control of the PRC (《中華人民共和國大氣污染防治法》), the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), the Solid Waste Pollution Prevention and Control Law of the PRC (《中華人民共和國固體廢物污染環境防治法》) and the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》).

Exhaust gas emissions

The Group's ordinary course of business does not involve significant gaseous fuel consumption emissions. The most significant source of gas emissions of the Group is from vehicles owned by the Group. The Group's performance of exhaust gas emissions, during the Year was summarised as follows:

MAJOR TYPES OF EXHAUST GAS EMISSIONS ¹	UNIT	2025 VOLUME	2024 VOLUME
Nitrogen oxides (NO _x)	kg	39.68	37.82
Sulphur oxides (SO _x)	kg	0.11	0.10
Particulate matter (PM)	kg	3.80	3.62

During the Year, the Group has actively promoted the management of vehicle use to reduce the environmental impact, and our exhaust gas emissions increased slightly as compared with last year. Looking ahead, we will make continuous efforts to reduce exhaust gas emissions and further improve environmental performance, so as to promote sustainable development and make greater contributions to society and the environment. For details of vehicle management measures, please refer to the section headed "Measures to mitigate emissions" in the Report. Looking into the future, using 2024 as the benchmark year, the Group aims to maintain or reduce exhaust gas emissions to 90% - 120% of the benchmark year level in the next year, gradually tapering off the use of company vehicles and strengthening the utilisation of instant online communication tools for business negotiations, further reducing the exhaust gas emissions.

¹ Exhaust gas emissions is calculated based on the "How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange; the vehicle fuel consumption of the Group is calculated on the basis of a vehicle fuel consumption of 16 litres/100 km.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Measures to mitigate emissions

In order to effectively reduce the emissions generated by the Group, the Group has adopted several measures for the management of vehicles, such as the reasonable use of vehicles by employees, prohibition of the use of the Group's vehicles for personal reasons and strict approval for long-distance travel arrangements to reduce unnecessary travel. The Group's vehicles are examined and maintained on a weekly basis to enhance fuel efficiency.

Hazardous waste

In light of the Group's business nature, the Group does not produce any material hazardous waste in its ordinary course of business, and therefore no relevant targets have been set.

Non-hazardous waste

The non-hazardous waste of the Group mainly comes from its office paper and daily waste, such as office supplies and plastics, etc. The performance of the Group's non-hazardous waste discharged during the Year was summarised as follows:

MAJOR TYPES OF NON-HAZARDOUS WASTE	UNIT	2025 VOLUME	2024 VOLUME
Paper	Tonnes	1.22	1.48
Daily waste	Tonnes	63.98	91.35
Total non-hazardous waste	Tonnes	65.20	92.83
Total non-hazardous waste intensity	Tonnes/m ²²	0.01	0.01

During the Year, papers recycled by the Group amount to approximately 88 kg³ (2024: 105 kg). The Group's daily waste consumption decreased by approximately 30% for the Year as compared with that of 2024, mainly due to a series of "eliminate resource waste" initiatives advocated and implemented within the Group and the optimisation of workforce. The Group has successfully reached the target established last year with the total non-hazardous waste intensity for the Year being basically the same as that of last year. Looking ahead, using 2024 as the benchmark year, the Group plans to maintain or reduce the total non-hazardous waste intensity to 90 - 120% of the benchmark year level in the next year, so as to continuously promote the sustainable development goal.

Measures to reduce waste generation

The Group actively promotes green office practices, and adheres to the four "Rs" principle of environmental protection (Reduce, Reuse, Recycle, Replace) in its daily operation, aiming to minimise the generation of waste and maximise the efficient use of resources.

² The total floor area of the Group's offices is 10,499.14 m² (2024: 10,368.92 m²). This data would also be used for calculating other intensity data.

³ The amount of paper is estimated.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of paper consumption, the Group promotes a paperless office, measures adopted included but not limited to the following:

- Double-sided printing is set for printers by default; employees are required to use double-sided photocopying and reuse single-sided paper for draft photocopying that without confidential information;
- Employees are encouraged to use online communication;
- Waste paper recycling bins are set up to separate waste paper for recycling; and
- Publications and information are released in digital version, such as the Group's annual and interim reports.

Use of Resources

The Group strictly complies with the relevant local environmental laws and regulations and has developed the Energy Conservation and Reduced Consumption Management System (《節能降耗管理制度》) and Employee Handbook (《員工手冊》), to achieve energy conservation and consumption reduction, in order to reduce the negative impact of its business operations on the environment. For details of the energy efficiency policy and green practices adopted by the Group, please refer to the following section headed "Resource use efficiency" in the Report.

The energy consumption of the Group mainly comes from direct energy consumption for vehicle use and indirect energy consumption for purchased electricity. The performance of the Group's energy consumption during the Year was summarised as follows:

Energy consumption

MAJOR TYPES OF ENERGY CONSUMPTION	UNIT	2025 VOLUME	2024 VOLUME
Direct energy consumption⁴			
Vehicle fuel - gasoline	kWh	69,521.93	66,256.33
Indirect energy consumption			
Purchased electricity	kWh	591,775.77	1,187,314.10
Total energy consumption	kWh	661,297.70	1,253,570.43
Total energy consumption intensity	kWh/m ²	62.99	120.90

During the Year, the Group actively controlled the use of company vehicles and promoted electricity saving, which showed that the total energy consumption decreased significantly from the previous year. The energy consumption intensity decreased by approximately 48%, primarily due to the surrender of offices by certain operating units of the Group and the structural adjustment of staff, resulting in a decrease in electricity consumption in daily operating activities. Meanwhile, due to the change of offices by main operating units, the total office space increased compared with last year, thus decreased the energy consumption intensity. Looking ahead, using 2024 as the benchmark year, the Group plans to maintain or reduce the total energy consumption intensity to 90% - 120% of the benchmark year level in the next year, so as to continuously promote the sustainable development goal.

⁴ The conversion of units for energy consumption data is based on the Energy Statistics Manual (《能源數據手冊》) published by the International Energy Agency.

Water consumption

Water consumption of the Group is mainly for daily use in offices. Given the geographical location of the Group's operations, we are not aware of any issue in sourcing water that is fit for purpose.

Water consumption at all of the Group's offices is charged as part of the property management fee and there is no separate water consumption data. Therefore, the Group does not disclose water consumption volume and has not set relevant targets.

Resource use efficiency

In terms of electricity consumption, the Group adopts low-consumption and recyclable energy-saving lights for office lighting to reduce its electricity consumption for lighting products and thus related carbon emissions. The Group has also posted notices near various power switches to remind employees to switch off equipment and power when they leave the premises or when they are not using it. In office, the Group maintains the air conditioner temperature at 25 degrees Celsius or above to reduce unnecessary energy use.

In terms of water consumption, the Group adopts various water-saving measures, such as cleaning staff regularly patrolling the toilets to prevent leakage of water taps. Reminders are posted in prominent places in toilets to remind employees to save water.

In terms of use of fuels, the Group has adopted certain energy-saving measures, please refer to the section headed "Measures to mitigate emissions" in the Report.

Use of packaging materials

In light of the Group's business nature, the Group does not involve any material usage of packaging materials in its ordinary course of business.

Environment and Natural Resources

The Group does not have significant impacts on environment or natural resources in its daily operation. The Group has always adhered to the principle of environment and natural resources protection in the course of its operations, complied with the Energy Conservation and Reduced Consumption Management System (《節能降耗管理制度》) and Employee Handbook (《員工手冊》), applied relevant energy saving policies and green measures, and strived to avoid causing significant impacts on the environment or over-consumption of natural resources.



CLIMATE-RELATED DISCLOSURE

Strategy

Climate Scenario Analysis

To assess the climate-related risks and opportunities that may affect the Group, we adopt climate scenario pathways developed by globally recognised institutions, including the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). These scenarios incorporate a wide range of factors - political, environmental, economic and social indicators. Key variables include projected demographic changes, economic activity, weather patterns, energy usage, land use patterns, technological development and climate policies. To reflect different risk drivers, we employ separate sets of scenarios for physical risks and transition risks. The insights gained from the analysis help identify risk hotspots and guide actions to enhance our long-term climate resilience.

The table below summarises the scenarios selected for the assessment and the time frames adopted:

Scope of Analysis		
	<ul style="list-style-type: none"> Operating units located in the PRC: Shenzhen, Beijing, Shanghai, Guangzhou, Hainan, Chengdu, and Central, Hong Kong 	
Scenarios Adopted		
Time Frame	<ul style="list-style-type: none"> Short to medium term (2030 and 2035) Medium to long term (2050) 	
Climate Risks	Physical Risks	Transition Risks
Scenario	IPCC SSP5-8.5	IEA Current Policies Scenario (CPS)
Scenario Description	The scenario of high greenhouse gas emissions, driven by rapid economic growth and extensive use of fossil fuels, will cause a global temperature rise of approximately 4°C by 2100, leading to severe climate change	Based on the energy future driven by legislated policies, it is expected that the demand for fossil fuel will continue to grow, with global temperatures rising by approximately 2.9°C by 2100
Risks Assessed	Acute risk: <ul style="list-style-type: none"> Heavy rainfall Chronic risk: <ul style="list-style-type: none"> Rising temperatures 	<ul style="list-style-type: none"> Rising carbon offset costs Rising electricity costs

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Management

Summary of Climate-Related Risks and Opportunities

In response to the international community's focus on climate change, the Group has incorporated climate change-related risks as one of its ESG topics and makes relevant disclosures in accordance with the recommendations of the International Financial Reporting Standard S2 – Climate-related Disclosures ("IFRS S2").

Physical Risks and Opportunities

To proactively explore the most severe future climate scenario, this analysis adopts the IPCC SSP5-8.5 high-emission scenario to assess impacts in 2030 and 2050.

This assessment employs advanced climate modeling methodologies, combining historical records with future projections of key climate variables. Additionally, we evaluate the likelihood and extent of physical risks to assets through geospatial analysis integrating satellite imagery, terrain, vegetation cover and building distribution. This science-based, data-driven analytical approach enables us to more effectively anticipate climate risks and develop forward-looking resilience strategies.

	Heavy rainfall	Rising temperatures
	IPCC SSP5-8.5	
Region	2030	2050
Hong Kong		
Mainland China		

Risk Level:		Low		Low to Medium		Medium		High
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Risk Type	Acute Physical Risk	Chronic Physical Risk
Risk Description	Heavy rainfall	Rising temperatures
Potential Impact	<ul style="list-style-type: none"> Obstruction of employee commuting Power outages Increased data maintenance costs 	<ul style="list-style-type: none"> Increased occupational health risks Increased equipment energy consumption Increased operating costs
Response Strategies and Opportunities	<ul style="list-style-type: none"> Develop safety protocols and emergency plans to address extreme weather conditions 	<ul style="list-style-type: none"> Adopt energy-saving policies and green measures to avoid excessive consumption of natural resources



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT




Transition Risks and Opportunities

To assess the transition risks associated with moving toward a low-carbon economy, we focus on the Group’s core business – game operations – in Hong Kong and Mainland China. To proactively simulate the most severe future climate scenario, this analysis adopts the Current Policies Scenario (CPS) of the International Energy Agency (IEA), which assumes continued growth in fossil fuel demand and presents higher transition risks under the 2035 scenario.

To complement the above analysis, we also conducted a qualitative review of local policy trends and regulatory developments in Hong Kong and Mainland China to address the potential limitations of global scenarios in capturing regional specificities. Additionally, we distributed questionnaires to internal teams to gather practical insights regarding operational resilience and exposure to transition risks, taking into account policy, economic and market factors. Furthermore, this analysis acknowledges the inherent uncertainties within the models, stemming not only from climate modeling assumptions but also from the evolving regulatory environment and the potential influence of market sentiment on expert judgment.

The findings are summarized in the table below, presenting the identified transition risks, potential impacts, financial implications, as well as the Group’s corresponding response measures and opportunities:

	Rising carbon offset costs	Rising electricity costs
	IEA Current Policies Scenario	
Region	2035	2035
Hong Kong		
Mainland China		

Risk Level:	 Low	 Low to Medium	 Medium	 High
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Risk Type	Transition Risk	Transition Risk
Risk Description	Rising carbon offset costs	Rising electricity costs
Potential Impact	<ul style="list-style-type: none"> Increased pressure in increase investment in low-carbon technologies Increased business uncertainty arising from regulatory changes and global trends Increased costs of decarbonisation strategies reliant on offsets 	<ul style="list-style-type: none"> Increased operating costs Increased instability in game operation performance
Response Strategies and Opportunities	<ul style="list-style-type: none"> Explore alternative decarbonisation approaches Enhance policy and regulatory training to reduce compliance risks 	<ul style="list-style-type: none"> Strengthen energy monitoring and energy efficiency management Leverage government energy-saving retrofit incentives to support relevant energy efficiency programs

Climate-related Metrics and Targets

Greenhouse gas emissions

The greenhouse gas (the "GHG") emissions of the Group mainly come from three aspects: fuels consumed by vehicles (Scope 1), purchased electricity (Scope 2) and Category 5 (waste generated in operations) and Category 6 (business travel) under the "GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)" (《溫室氣體核算體系:企業價值鏈(範圍3)核算與報告標準(2011年)》). The performance of GHG emissions during the Year is summarised as follows:

MAJOR TYPES OF GHG EMISSIONS	UNIT	2025 VOLUME	2024 VOLUME
Direct GHG Emissions - Scope 1⁵			
Vehicle fuel - gasoline	Tonnes of carbon dioxide equivalent	19.14	18.24
Energy Indirect GHG Emissions - Scope 2⁶			
Purchased electricity	Tonnes of carbon dioxide equivalent	366.78	679.07
Other Energy Indirect GHG Emissions - Scope 3⁷			
Category 5: waste generated in operations	Tonnes of carbon dioxide equivalent	6.81	144.15
Category 6: business travel	Tonnes of carbon dioxide equivalent	92.92	310.08
Total emissions	Tonnes of carbon dioxide equivalent	485.65	1,151.54
Total emissions intensity	Tonnes of carbon dioxide equivalent/m ²	0.05	0.11

⁵ The emission factors for direct greenhouse gas emissions (Scope 1) were sourced from: "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange.

⁶ The emission factors for energy indirect greenhouse gas emissions (Scope 2) were sourced from: the electricity carbon footprint factors set out in the "Announcement on the Release of 2023 Electricity Carbon Footprint Factor Data" published by the Ministry of Ecology and Environment of the PRC, and the "Sustainability Report 2024" published by HK Electric Investments Limited.

⁷ For the source of emission factors for other indirect greenhouse gas emissions (Scope 3), please refer to the "Scope 3 Reporting Boundary".



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Scope 3 Reporting boundary

SCOPE 3 CATEGORY	RELATIONSHIPS WITH THE GROUP	CALCULATION AND EMISSION FACTORS
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Category 5: waste generated in operations

Emissions from the disposal and treatment of waste generated

Among the waste produced, the most significant sources of emission are identified as waste paper and daily waste

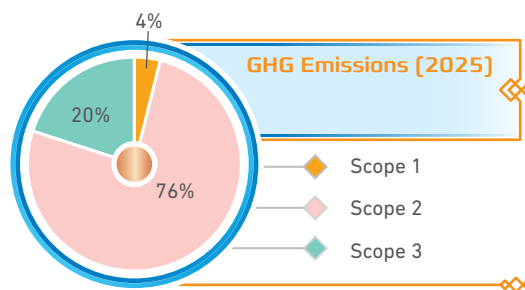
- Assessed using waste-type-specific method.
- It is calculated by multiplying the amount of waste paper, recycled paper and daily waste produced by the Group by the corresponding emission factor, taking into account the method of disposal.
- The source of emission factors: "How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange, the 2023 UK Government GHG Conversion Factors for Company Reporting (2023年英國政府供公司申報使用的溫室氣體轉換系數) and the "Carbon Audit Toolkit for Small and Medium Enterprises in Hong Kong" published by the University of Hong Kong and City University of Hong Kong.

Category 6: business travel

Emissions from the transportation of employees for business related activities

The most significant sources of emission are identified as air travel and high-speed train travel

- Assessed using distance-based method.
- The air travel emission is calculated by multiplying the distance travelled by specific flight class by the corresponding emission factor, and the high-speed train travel emission is calculated by multiplying the railway type, distance and number of passenger by the corresponding emission factor.
- The source of emission factors: ICAO Carbon Emissions Calculator of International Civil Aviation Organisation ("ICAO") and GHG Emissions from Transport or Mobile Sources Tool under GHG Protocol.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Our approach

Our approach

Standards

- The “GHG Protocol: A Corporate Accounting and Reporting Standard (2004)” (《溫室氣體核算體系:企業核算與報告標準(2004年)》) issued by the World Resources Institute and the World Business Council for Sustainable Development
- The “Global Warming Potential Values” from the Sixth Assessment Report issued by the Intergovernmental Panel on Climate Change
- “How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs” published by the Stock Exchange

Measurement method

Using operational control, as operational information is accessible

Operational boundary

One office located in Central, Hong Kong and eight operating locations in Mainland China, including Shenzhen, Beijing, Shanghai, Guangzhou, Hainan and Chengdu

GHG emissions targets

The GHG emissions intensity of the Group for the Year decreased significantly as compared to 2024. The emissions of Scope 1 showed a slight upward trend, while the emissions of both Scope 2 and Scope 3 showed a significant decrease, which was mainly due to the Group’s active promotion of paperless office practices, optimisation of human resources and the implementation of a series of “waste elimination” initiatives. Additionally, the Group has fully deployed collaborative office software, enabling cross-regional internal meetings to be conducted efficiently online. For client visits and business negotiations, some routine communications have shifted to online channels, reducing unnecessary travel. As a result, the total GHG emissions and emission intensity have decreased substantially.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to comply with the Part D: Climate-related Disclosure Requirements under the Reporting Code updated by the Stock Exchange on 1 January 2025, the Group has reset the GHG emissions targets, taking into account the Corporate Near-Term Criteria of Science Based Targets Initiative (“SBTi”), details of which are set out below:

TARGET INFORMATION		TARGET SETTING	
TARGET SETTING	By 2028, the short-term target is reducing Scope 1 and Scope 2 GHG emissions by approximately 33.60% compared to 2023, the benchmark year.	Scope 1 and 2: GHG emissions (Tonnes of carbon dioxide equivalent)	Decrease compared to the benchmark year (%)
TYPE OF TARGET (ABSOLUTE/ INTENSITY)	Absolute	Total emissions – benchmark year (2023)	705.23 /
AIM OF TARGET	In line with the Corporate Near-Term Criteria of SBTi, and reducing the GHG emissions produced by the Group’s own business.	Total emissions – target (2028)	468.27 ▼33.60%
PROGRESS MONITORING	The Board reviews the target and performance of Scope 1 and Scope 2 GHG emissions and evaluates whether any revisions are needed.		
TARGET SCOPE	Covering all business of the Group.		

CURRENT PROGRESSES		
	Scope 1 and 2: GHG emissions (Tonnes of carbon dioxide equivalent)	Decrease compared to the benchmark year (%)
2024	697.31	▼1.12%
2025	385.92	▼45.28%

Carbon offset

The Group believes that prudent and high-quality carbon offset plays a role in reducing our carbon footprint. We will actively explore the information and services available on the Core Climate platform of the Stock Exchange regarding carbon credit purchase, seeking ways to completely offset the Scope 3 GHG emissions. No specific plan has been established at this stage, but the Group will continue to evaluate our carbon offset strategy, including procurement standards, suitable platforms and schedules. Exploring the long-term investment opportunities in carbon removal projects and gradually reducing reliance on carbon offset will be our focus.

SOCIAL

Employment

The Group firmly believes that its employees are the most valuable assets of an enterprise and one of the most important factors for the sustainable development and success of the Group. The Group strictly complies with all employment-related laws and regulations, including but not limited to the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Labour Law of the PRC (《中華人民共和國勞動法》), the Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》), the Law on the Protection of Rights and Interests of Women of the PRC (《中華人民共和國婦女權益保障法》), Provisions of the State Council on Working Hours of Workers and Staff (《國務院關於職工工作時間的規定》), the Law on the Protection of Disabled Persons of the PRC (《中華人民共和國殘疾人保障法》) and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》).

The Group has established policies such as the Employee Handbook (《員工手冊》) and the Employee Development Management System (《員工發展管理制度》) to regulate the workflow of recruiting, induction and training, employee transfers, dismissals and promotions, in order to standardise its workflow and improve its efficiency. The Group is committed to creating a corporate culture centred on the “battleman (戰功者)”, providing the “battleman” with an innovative working environment, and providing business-oriented and market-competitive remuneration and incentive systems. It is also committed to building diverse and non-discriminatory inclusive working environments, strictly forbids any harassment and inappropriate behaviour, provides a promotion and development system for career ranks, and creates a fair, equal, respectful and open development environment, so that the value of the Group’s talents can be reflected on, assessed and rewarded fairly. The Group ensures that employees are not discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status or family status during recruitment and promotion.

The Group recruits talented candidates with good attributes based on its business planning and needs, and uses structured interview tools, such as written tests and background checks as far as possible, to assess candidates for positions at junior manager level or above, so as to maintain the fairness of recruitment and avoid the subjective personal judgement of interviewers on the strengths and weaknesses of the candidates. The Group also highly values career management of its employees, and accordingly has set up two development paths for employees, namely the professional and management paths. The Group provides two opportunities for applying for job promotion each year, in order to encourage its employees to fully realise their career development potential.

The Group invests resources to attract, retain and motivate talents. By providing employees with competitive remuneration packages and benefits, the Group hopes to attract high-calibre talents in the market and motivate its existing employees. The Group regularly reviews the remuneration package of its employees and makes necessary adjustments to conform to market expectations. The Group’s employees work 8 hours per day, 40 hours per week on average and at least 1 day off per week. In addition to basic salary, statutory social insurances and housing fund, as well as basic statutory festive holidays and public holidays, the Group’s employees are also entitled to welfare leave and additional welfare allowances, including but not limited to:

- meal allowance and afternoon tea;
- snack store selling at half-price;
- birthday gifts;
- festival gifts;
- red packets for Lunar New Year;
- fitness programme; and
- annual medical checkup.

In order to enhance team cohesion and create a harmonious working atmosphere, the Group regularly organises various holiday activities and group gatherings, such as birthday parties, sports days, International Women’s Day, Children’s Day and overseas tours.

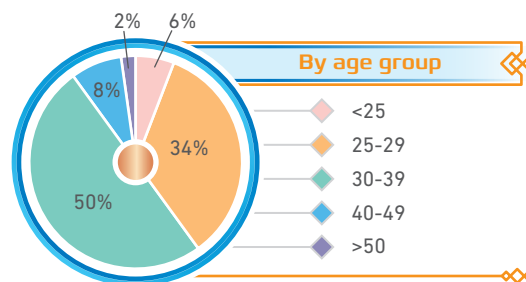
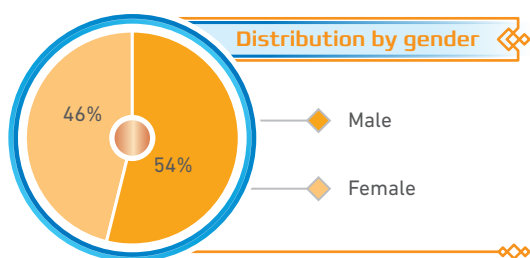


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

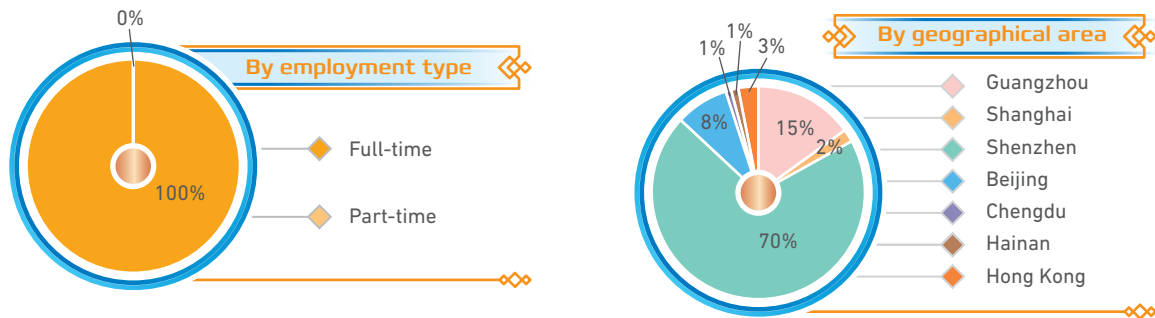
Total number and classification of employees

As at 31 December 2025, the total number of employees of the Group was 260, and the details of employees are as follows:

TOTAL NUMBER OF EMPLOYEES	
Total number of employees	260
By gender	
Female	119
Male	141
By age group	
<25	17
25-29	88
30-39	130
40-49	20
>50	5
By employment type	
Full-time	260
Part-time	—
By geographical area	
Guangzhou	38
Shanghai	4
Shenzhen	183
Beijing	22
Chengdu	3
Hainan	1
Hong Kong	9



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Employee turnover rate

Details of the employee turnover rate of the Group during 2025 are as follows:

The dissolution of the business research and development team for the Year resulted in a relatively high percentage of employee turnover relative to the total number of employees.

TOTAL EMPLOYEE TURNOVER ⁸		
	Number of employees	Employee turnover ratio
Total turnover	522	201%
By gender		
Female	139	117%
Male	383	272%
By age group		
<25	12	71%
25-29	159	181%
30-39	298	229%
40-49	50	250%
>50	3	60%
By geographical area		
Guangzhou	37	97%
Shanghai	243	6075%
Shenzhen	180	98%
Beijing	55	250%
Chengdu	1	33%
Hainan	5	500%
Hong Kong	1	11%

⁸ Total employee turnover ratio = (the total number of employees who left during the Year/the total number of employees at the end of the Year) x 100%; the employee turnover rate in each category = (the total number of employees who left during the Year in the category/the total number of employees at the end of the Year in the category) x 100%.



HEALTH AND SAFETY

The Group strictly complies with, including but not limited to the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Law on the Prevention and Control of Occupational Diseases of the PRC (《中華人民共和國職業病防治法》), the Provisions on the Supervision and Administration of Occupational Health at Work Sites (《工作場所職業衛生監督管理規定》) and other applicable laws and regulations in the PRC. As for laws and regulations regarding occupational health standards and safe production in the PRC, the Group did not record any material non-compliance with occupational health and safety during the Year. Due to the nature of the Group's business, employees mainly work in the office and are not involved in high-risk activities, therefore, the Group did not have any work-related death for the past three years, including this Year. During the Year, the Group did not have any work-related injuries. The Group has established various occupational health and safety measures including purchase of commercial medical and accident insurance, health check-ups for employees and safety guidelines for staff induction training to enhance their safety awareness.

In addition, to create and maintain a good, comfortable and healthy working environment, the Group has established health and safety-related policies as set out in the "Environmental, Social and Safety" section of the Employee Handbook (《員工手冊》) and implemented a series of measures, including but not limited to:

- to maintain accessibility of emergency exits in workplace;
- to provide adequate illumination and moderate temperature in workplace;
- to ensure no smoking is allowed in workplace; and
- to conduct safety inspections and fire drills regularly in workplace.

In addition to maintaining a safe and comfortable working environment, the Group understands the importance of work-life balance. Therefore, in case of adequate resources, the Group actively organises various recreational activities, including holiday activities, weekend ball games and overseas trips to allow employees to relax in their leisure time, in order to build up a sense of belonging and team spirit among its employees. The Group also regularly organised various health clubs, including fitness club, yoga club, basketball club, badminton club and football club, to provide employees with various sports programmes, which are beneficial to their physical and mental health.

During the outbreak of the COVID-19 pandemic, the Group had taken relevant countermeasures to ensure the health and safety of our employees and their families:

- to clean and sterilise workplace on a regular basis to keep environment clean; and
- to provide employees with epidemic prevention supplies, such as medical surgical masks, hand soap and hand sanitizer.

DEVELOPMENT AND TRAINING

The Group values talent training and believes that employees will continue to grow along with the Group's business expansion, and provides targeted, systematic and forward-looking training for employees to ensure that they can quickly meet the needs of relevant positions and explore their potential to support the sustainable development of the Group. At the same time, the Group believes that the skills and experience of employees are important factors for the long-term development of the Group. Therefore, in addition to establishing the Employee Handbook (《員工手冊》) and the Employee Development Management System (《員工發展管理制度》), the Group also enhances employees' work performance through effective training, coaching and on-the-job training according to the CMGE College Management System (《中手游學院管理制度》). In addition, the Group has sufficient training opportunities for employees of different departments and levels every year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The training of the Group is mainly divided into internal training and external training. The Group provides necessary internal training for relevant operational positions based on the development needs of employees, including internal sharing among departments, cross-department sharing and training. The Group also commissioned external professional training providers to provide professional training courses, including induction training, external training, and certification training involving enterprise qualification certification, to the Group's technical staff.

In addition, the Group provides different types of training for employees of different ranks, such as a range of new employee training programs for new employees recruited publicly, new employees recruited from schools and trainees. The Group provides position-based vocational training, including general ability training and professional ability training. The Group also provides leadership development training, including project manager training (professional direction), high potential mandatory training (management direction), cadre training and senior management training.

Details of the staff training of the Group for the Year are as follows:

STAFF TRAINING ⁹		
	Number of employees trained	% of employees trained
Total number trained	236	91%
By gender		
Female	107	45%
Male	129	55%
By employee category		
Junior staff	212	90%
Middle and senior staff	24	10%
Training hours		
Total hours (hours)	2,537.42	
Average training hours¹⁰		
By gender		
Female	10.79	
Male	8.89	
By employee category		
Junior staff	10.04	
Middle and senior staff	7.83	

9 The percentage of employees trained = (the total number of employees trained during the Year/the total number of employees as at the end of the Year) x 100%; the percentage of employees trained in each category= (the total number of employees trained during the Year in the category/the total number of employees trained during the Year) x 100%.

10 The average training hours = (the total training hours during the Year in the category/the total number of employees as at the end of the Year).



Labour Standards

The Group resolutely resists and opposes any form of employment of child labour and forced labour, and strictly complies with applicable PRC laws and regulations, including but not limited to the Labour Law of the PRC (《中華人民共和國勞動法》), the Law on the Protection of Minors of the PRC (《中華人民共和國未成年人保護法》), the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》) when recruiting employees so as to protect their legitimate rights and interests.

In order to avoid the illegal employment of child labour, the human resources department of the Group strictly monitors the recruitment process, conducts background checks on its job applicants and verifies their credentials, and will not employ any candidates if they are found not suitable. Any use of false documents will be deemed as fraudulent and any related signed labour contract will be deemed invalid. To prevent forced labour, the Group has set out the rights of employees in relation to working hours and rest periods in the Employee Handbook (《員工手冊》). Any violations will be dealt with depending on conditions in accordance with the Group's internal policies, and serious offenders will be dealt with in accordance with the law. The human resources department of the Group regularly monitors and reviews the applicable labour laws and regulations in order to ensure compliance with local labour requirements including avoiding employment of any child and forced labour.

During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to the employment of child labour and forced labour.

Supply Chain Management

The Group understands that supply chain management has an inseparable relationship with its sustainable development, and is therefore committed to establishing a long-term and harmonious cooperation relationship with its suppliers. The Group expects its suppliers to uphold the principles of integrity and pragmatism, and provide products and services in strict compliance with the requirements of applicable laws and regulations.

In order to standardise the procurement procedures of products and services and strengthen the monitoring and management of all suppliers, the Group has adopted the Suppliers Management System (《供應商管理制度》) specifying the relevant approval procedure through a preliminary review of standardised suppliers' information, screening, information database management, examination of suppliers and selecting suppliers to properly manage the environmental and social risks of the Group's supply chain.

When selecting potential suppliers, the supplier investigation team, comprising the requesting department, and members from the Group's finance, internal audit and administration departments, will conduct a preliminary investigation on the candidates from different channels to understand the scale of the suppliers, their professional qualifications, speed of response, service quality and reputation in the industry. Suppliers are included in the list of qualified suppliers only after passing the inspection by the supplier investigation team. Considering the potential environmental and social impacts of the supply chain, the Group takes into account occupational health and safety, labour rights and compliance with laws and regulations when selecting potential suppliers, gives preference to suppliers that promote environmentally friendly products and services, with an aim to bring positive impacts to the entire supply chain.

For compliance purposes, when inviting bids from suppliers, the Group will require such suppliers to comply with the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》) and the Procurement Law of the PRC (《中華人民共和國採購法》) in the bidding process. Suppliers are also required to protect the safety of employees in accordance with the Labour Law of the PRC (《中華人民共和國勞動法》) and the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》). In addition, the Group also requires suppliers to pay taxes according to law to ensure compliance.

To ensure the quality of suppliers, the Group closely monitors the performance of suppliers and reviews approved suppliers on an annual basis. The performance of suppliers is assessed based on price, quality, delivery schedule and volume, service and other aspects. In addition, the Group will also continuously evaluate and monitor suppliers for their track record of handling social issues in the past. For suppliers who fail to meet the standards of the Group, the cooperation with these suppliers will be terminated after the Group rated them as "rectification is needed" for two consecutive times.

The Group has 30 major qualified suppliers for the Year, all of which are located in the PRC and are evaluated carefully.

Product Responsibility

The Group believes that maintaining good game services is crucial to its sustainable development and is the key to its success. Therefore, the Group is committed to publishing high-quality games and having stringent game selection procedures to ensure better gaming experience for players. The Group continues to improve its technical services and player services and provides valuable technical support to game developers according to their specific needs. The Group also continues to implement its long-term strategies, including improving service quality by analysing the data collected and enhancing player loyalty and satisfaction by improving the quality of the games based on the Group's understanding of player preferences. The Group will upgrade the data collection system and big data platform to more accurately analyse player behaviour and more effectively monetise the value of games. The Group also enhanced its game development capabilities by investing more in research and development. In addition, the Group has established a comprehensive game development and publishing process, and will conduct multiple rounds of testing before the display version of its games is produced and the games are officially approved for publishing to ensure the quality of the games and player experience.

In recent years, the Group has promoted national culture through innovative game forms, and at the same time closely followed relevant national guidelines and policies, focusing on the inheritance of traditional culture, in order to build the Group into a Chinese game brand with worldwide influence.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has accumulated a closed loop of IP game ecosystem of “IP resources – self-development and joint development – global publishing – proprietary IP operation – Chinese-style metaverse platform (IP資源-自主研發與聯合研發-全球發行-自有IP運營-國風元宇宙平台)”, and the games launched with IP as the core have received tremendous support and numerous recognitions from game players and business partners. As one of the world’s leading IP-based game operators, the Group and its games have received various awards on different ceremonies. Awards and honours received by the Group and its games during the Year are as follows:

Award/Recognition	Date of Award	Awarding Institution/Authority
National Key Enterprise for Cultural Export in 2025 (2025年度國家文化出口重點企業)	May 2025	Ministry of Commerce of the PRC
Outstanding ESG Information Disclosure Enterprise (ESG信息披露卓越企業)	July 2025	Gamma Data
Pioneer Award of Content Co-production (內容共創先鋒獎) Fights Break Firmament: Peak Confrontation (斗破蒼穹:巔峰對決)	July 2025	Huawei Game Center
Wind ESG 2025 Rating: A	July 2025	Wind Information Co., Ltd. (萬得資訊技術股份有限公司)
“White Horse Award” for 2025 Excellent and Leading Game Enterprise (2025年度強基領航遊戲企業「白馬獎」)	August 2025	Gamma Data
The Most Influential Enterprise in Intelligence Terminals (智能終端領域最具影響力企業)	August 2025	Intelligent Application and Cloud Services Branch of China Software Industry Association (Mobile Hardcore Alliance) (中國軟件協會智雲分會(硬核聯盟))
Most Anticipated Game of the Year in Intelligence Terminals (智能終端年度最受期待遊戲) Naruto: Konoha Masters (火影忍者:木葉高手)	August 2025	Intelligent Application and Cloud Services Branch of China Software Industry Association (Mobile Hardcore Alliance) (中國軟件協會智雲分會(硬核聯盟))

The Group will launch more quality IP-based games to reward and meet the expectations of players and the market.

The Group takes active and effective measures to protect the physical and mental health of minors, which include launching and implementing the Parents' Guardian Project of Minors Online Games (網絡遊戲未成年人家長監護工程) by setting up special monitoring channels for parents on the homepage of games to guide the healthy participation of minors in online games. In addition, the Group participated in the research and development of four group standards, namely, Game Age-Appropriate Prompt Specification (《遊戲適齡提示規範》), Parental Monitoring Platform Specification (《家長監護平台規範》), Online Game Terminology (《網絡遊戲術語》) and Group Standards and Game Enterprise Content Self-assessment Process Specification (《遊戲企業內容自審流程規範》), and worked with departments such as the Publicity Department of the Communist Party of China (中共中央宣傳部), China Press and Publication Research Institute (中國新聞出版研究院) and enterprise representatives of the drafting group to promote the standardisation of the industry, so as to facilitate the healthy development of the game industry. At the same time, all games of the Group have adopted a real-name authentication system, an anti-addiction system and an age reminder, and strictly implemented the Notice on Further Strict Management and Practically Preventing Minors from Indulging in Online Games (《國家新聞出版署關於進一步嚴格管理切實防止未成年人沉迷網絡遊戲的通知》) issued by the National Press and Publication Administration on 30 August 2021. Only one hour of online game services will be provided to minors from 8:00 p.m. to 9:00 p.m. on Fridays, Saturdays, Sundays and statutory holidays, with a view to fully protecting the healthy growth of minors.

The Group also established the Game Content Risk Prevention and Control Standards and Procedures (《遊戲內容風險防控標準及流程》), and is committed to comply with laws and regulations related to product responsibility, which include the Provisions on the Administration of Online Publishing Services (《網絡出版服務管理規定》), Mobile Game Content Standards (《移動遊戲內容規範》) and the Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》), while ensuring that all games have obtained the Online Publishing Service License (《網絡出版服務許可證》). The advertisements released by the Group were also in line with the relevant regulatory requirements, including but not limited to the Advertising Law of the PRC (《中華人民共和國廣告法》).

During the Year, the Group did not receive any material complaints and compensation requests from audiences and customers as a result of deceptive, unfair or inappropriate contents, poor service quality or recall game products due to safety or health reasons related to the Group.

Service complaints and responses

In order to establish a good relationship and mutual trust with the players, the Group has established the Customer Service Enquiry and Complaint Process and Implementation Standards (客服諮詢與投訴流程及執行標準), which is handled by the Group's customer service department, to deal with players' enquiries and complaints. The customer service representatives will handle customers' complaints and requests with patience. Every complaint will be recorded in a standardised customer complaint record, which includes work order number, game name, user source, label of the work order, staff code of customer service representative, processing time of work order, complaint content and the handling results, in order to facilitate the customer service department to follow up and improve in the future, and to also serve as a source of information for the Group to improve its game quality continuously.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Intellectual property rights

Intellectual property rights are extremely important to the business of the Group and the Group is committed to protecting its intellectual property rights. The Group's copyright centre is responsible for monitoring the risk of infringement of its intellectual property rights. The Group stringently controls the authorisation procedures of its IP. Before entering into an IP licensing agreement, the copyright centre conducts independent background checks on the identity of the legal owner of the IP. For games developed based on IP licensed from game developers, the copyright centre also requires the game developers to provide authorisation letters issued by the IP owners to the Group. Before entering into a game licensing agreement, the copyright centre requires the relevant game developer to provide its software copyright registration certificate, and such game licensing agreement also contains an undertaking by the game developer as the legal owner of the game copyright. The Group has established the Trademark Management System (《商標管理制度》) and Management System for the Declaration of Game Copyright Qualifications (《遊戲著作權資質申報管理制度》) to regulate the application process of its trademarks and copyrights. The Group has also included information such as application number, application date and duration of the software copyrights and trademarks of the Group in a copyright list.

In order to continuously monitor the abuse of the Group's IP rights by others, the business department of the Group regularly searches for the application market and publishing platforms to identify any potential infringement of the Group's games. Once a game infringement is discovered, the business department collects and compiles evidence and submits such evidence to the relevant application market or publishing platform in order to request for removal of the infringing games. If the application market or publishing platform fails to remove the infringing games within the prescribed period, the Group will issue a lawyer's letter to them. The Group will also consider initiating legal proceedings against infringing application market or publishing platforms and infringing game developers.

Privacy protection policy

The Group emphasises the protection of personal data to safeguard business and personal privacy by strictly implementing the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》). To this end, the Group has formulated the Information Security Management System (資訊安全管理系統) to regulate the organisation, storage, confidentiality and use of files to reduce the risk of data leakage. Employees are required to keep the information and data necessary for their work properly and keep them confidential. Important information, electronic files and important data are backed up regularly to prevent data loss due to mechanical failure or accidental deletion. In addition, the Group has clearly stated in its Employee Handbook (《員工手冊》) and Users' Personal Information Management System (《用戶個人信息管理制度》) that employees must keep the Group's information strictly confidential, and must not disclose confidential information of the Group to other unrelated employees or external parties. In the event that the leakage of the Group's confidential information results in losses to the customers and the Group, the Group will impose penalties or initiate legal proceedings in accordance with the Group's internal stringent procedures to protect the interests of the Group and its customers. The Group strictly adheres to Network Security Law of the PRC (《中華人民共和國網絡安全法》), and there were no incidents of non-compliance in relation to data privacy during the Year.

Improving network security management

In order to reduce the Group's exposure to cyber-attacks, the Group has developed a series of network security management measures, including Information Security Policy (《信息安全方針》) and Information Security Organization and Management System (《信息安全組織管理制度》), which specify the prohibition of (i) employees from browsing or logging on unknown illegal websites, browsing illegal information and sending or receiving emails related to the above contents; (ii) downloading and installing virus spreading and hacker programmes on the Internet or by disks; (iii) access to unauthorised computer systems to change system information and user data; and (iv) any form of attack of other computers or servers of the Group. All computer equipment must be installed with antivirus software on a uniform basis, and no measures such as unauthorised anti-virus software and personal firewalls are allowed to be installed in computers without the consent of the Group's technology centre.

Anti-corruption

The Group strictly complies with the relevant laws and regulations, including but not limited to the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) and the Criminal Law of the PRC (《中華人民共和國刑法》), and adheres to the fundamental standards of integrity and self-discipline. The Group has formulated the Anti-fraud and Reporting Management Policy (《反舞弊與舉報管理制度》) to prevent fraud in corporate operation and reduce operational risks of the Group. All Directors of the Group have received corporate governance training provided by the Group before listing or in induction, so that the Directors would clearly understand their responsibility and exercise their fiduciary duties. The Group also encourages the Directors to participate in continuous professional development activities, and will arrange anti-corruption trainings according to the actual needs.

The Group's Employee Handbook (《員工手冊》) clearly states the business conducts and professional ethics that employees should strictly follow, and prohibits any act of bribery, insider trading, extortion, money laundering and fraud. The Group offers new employee induction training at the time when employees join, which includes trainings in relation to basic employee ethics, such as anti-corruption trainings.

If any employee discovers any violation, he/she can report to the Group's head of internal audit department, either named or anonymously, through the reporting hotline or e-mail provided by the Group, and will be rewarded according to the Anti-fraud and Reporting Management Policy (《反舞弊與舉報管理制度》). The department is responsible for investigating and collecting evidence and submitting the same to the Audit Committee. The head of the internal audit department will determine the corresponding penalties for the violations based on the nature, severity and evidence obtained. The Group intends to protect whistleblowers from common concerns such as confidentiality and potential retaliation. Therefore, even if a complaint is subsequently proved to be unsubstantiated, employees who report in good faith under the whistleblowing mechanism can be assured of the protection against unfair dismissal or victimisation.

During the Year, the Group had one corruption case under investigation, which has now been handed over to judicial proceedings in accordance with the law. The Group has always maintained a zero-tolerance stance against corruption. Over the years, it has been continuously conducting anti-corruption and integrity training across all employees, consistently strengthening compliance awareness and legal risk prevention education. It implements anti-corruption policies to prevent corrupt practices and promotes ethical practices throughout the entire value chain.

Community Investment

The Group upholds the philosophy of "earnestly fulfilling social responsibilities and actively carrying out community activities" and regards community activity as an important part of its corporate culture, and has established the CMGE Dream Builder Volunteer Team Activity Regulations (《中手游築夢志願者團隊活動章程》), which clearly defines the purpose, responsibilities, and tasks of the volunteer team. Since the Group engages in game licensing and publishing business, the Group focuses on the charity for the youth and gives back to the society with a grateful heart.

Since 2018, the Group has cooperated with China Population Welfare Foundation (中國人口福利基金會) and Wuxi Lingshan Foundation (無錫靈山慈善基金會) to carry out a series of public welfare activities, aiming to set up at least 10 "CMGE Dream Libraries (中手游築夢圖書館)" across China, so that local students can further enhance their learning interests on the basis of meeting their daily reading needs. As of 31 December 2025, a total of 14 "CMGE Dream Libraries (中手游築夢圖書館)" have been built and put into use in Yunan of Guangdong, Zhengding of Hebei, Meihokou of Jilin, Yangchun of Guangdong, Jishan of Shanxi, Luxi of Jiangxi, Huoqiu of Anhui, Enshi of Hubei, Jiyuan of Henan, Heyuan of Guangdong, Jizhou of Tianjin, Ji'an of Jiangxi, Huayuan of Hunan and Nanping of Fujian.

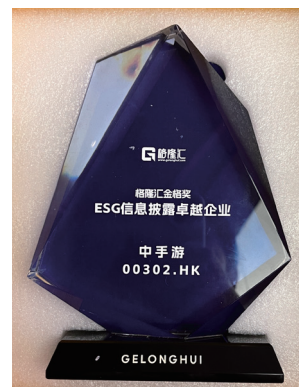


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition to the public welfare construction and activities to promote the reading culture, the Group has conducted several community volunteer activities during the Year. In which, 4 employees participated in the CMGE Dream Libraries Plan (中手游築夢圖書館計劃), "A Warm Feeling, to Build Love Together (月圓情暖,共築愛心)" and "Have a Merry Christmas, and Guard the Children's Dreams (誕願有你,守護童夢)", for about 36.5 hours in total.

The Group helped various types of institutions by way of donations and participated various social activities to make contribution and give back to the society in its capacity as a corporate citizen to fulfill its social responsibilities and establish a good image in the public. During the Year, the Group has donated approximately RMB80,900 in total to support local economy and provide social benefits to the disadvantaged groups in Mainland China and Hong Kong.

The Group has always been committed to discovering and nurturing the artistic and creative potential of young people, while providing a broader practical platform for students to cultivate more outstanding artistic talents. Since 2021, the Group has successively signed university-enterprise cooperation agreements with the School of Digital Art at Xi'an University of Posts and Telecommunications and Guangzhou Huashang Vocational College. At the same time, we also plan to establish long-term, mutually supportive and jointly developing partnerships with more universities nationwide, thereby providing a steady stream of new talents for the game industry.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As a result of its outstanding performance in corporate social responsibility, the Group has been awarded a number of social responsibility related awards, including the prestigious “National Key Enterprise for Cultural Export in 2025 (2025年度國家文化出口重點企業)” awarded by the Ministry of Commerce of the People’s Republic of China; the “Speed Pioneer Enterprise (極速先鋒企業)” presented by the Shenzhen Futian District Government; the “ESG Information Disclosure Excellence Enterprise (ESG信息披露卓越企業)” award at the Jinge Award (金格獎) hosted by Gelonghui (格隆匯); and the “Most Socially Responsible Listed Company (最具社會責任上市公司)” award at the “10th Zhitongcaijing Listed Company Selection (第十屆智通財經上市公司評選)” hosted by Zhitongcaijing (智通財經).

Looking forward, the Group will continue to contribute to the future prosperity and growth of the youth, promote the established social welfare projects and continue to explore more different social and cultural activities, so as to establish a healthy and positive corporate image for the game industry.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG REPORTING CODE CONTENT INDEX

		Mandatory Disclosure Requirements	Sections for reference
Governance Structure	13	<p>A statement from the board containing the following ESG Structure elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses. 	ESG Structure
Reporting Principles	14	<p>A description of, or an explanation on, the Preparation Basis of the application of the following Reporting Principles in Report the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	Preparation Basis of the Report
Reporting Boundary	15	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	Reporting Scope and Reporting Period

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	"Comply or explain" Provisions	Sections for reference
A. Environmental		
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPIs	A1.1 The types of emissions and respective emissions data.	Exhaust gas emissions
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Non-hazardous waste
	A1.5 Description of emission target(s) set and steps taken to achieve them.	Greenhouse gas emissions; Measures to mitigate emissions
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Non-hazardous waste; Measures to reduce waste generation
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPIs	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy consumption
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water consumption
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy consumption; Resource use efficiency
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water consumption; Resource use efficiency
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items		"Comply or explain" Provisions	Sections for reference
A. Environmental			
A3: The Environment and Natural Resources			
General Disclosure KPIs	A3.1	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment and Natural Resources
		Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources
B. Social			
B1: Employment			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPIs	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Total number and classification of employees
	B1.2	Employee turnover rate by gender, age group and rate geographical region.	Employee turnover rate

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	"Comply or explain" Provisions	Sections for reference
B. Social		
B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	HEALTH AND SAFETY
KPIs	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. B2.2 Lost days due to work injury. B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	DEVELOPMENT AND TRAINING
KPIs	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management). B3.2 The average training hours completed per employee by gender and employee category.	
B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPIs	B4.1 Description of measures to review employment practices to avoid child and forced labour. B4.2 Description of steps taken to eliminate such practices when discovered.	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	"Comply or explain" Provisions	Sections for reference	
B. Social			
B5: Supply Chain Management			
General Disclosure KPIs		Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	B5.1	Number of suppliers by geographical region.	
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
B6: Product Responsibility			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
	KPIs		
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
	B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual property rights
	B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Privacy protection policy; Improving network security management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	"Comply or explain" Provisions	Sections for reference
B. Social		
B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPIs	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
	B7.3 Description of anti-corruption training provided to directors and staff.	
B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPIs	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
	B8.2 Resources contributed (e.g. money or time) to the focus area.	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	Descriptions	Sections for reference
D. Climate-related Disclosures		
(I) Governance		
19.	An issuer shall disclose information about:	ESG MANAGEMENT
(a)	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	
(i)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	
(ii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	
(iii)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	
(iv)	how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies; and	
(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	
(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	Descriptions	Sections for reference
D. Climate-related Disclosures		
(II) Strategy		
Climate-related risks and opportunities	<p>20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p> <p>(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;</p> <p>(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;</p> <p>(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and</p> <p>(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.</p>	Summary of Climate-related Risks and Opportunities
Business model and value chain	<p>21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <p>(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and</p> <p>(b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).</p>	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	Descriptions	Sections for reference
D. Climate-related Disclosures		
(II) Strategy		
Strategy and decision-making	<p>22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p> <p>(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;</p> <p>(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);</p> <p>(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan;</p> <p>(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and</p> <p>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).</p>	CLIMATE-RELATED DISCLOSURE
	<p>23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).</p>	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	Descriptions	Sections for reference	
D. Climate-related Disclosures			
(II) Strategy			
Financial position, financial performance and cash flows	24.	An issuer shall disclose qualitative and quantitative information about:	CLIMATE-RELATED DISCLOSURE
	(a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	
	(b)	the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	
	25.	The issuer shall provide qualitative and quantitative disclosures about:	CLIMATE-RELATED DISCLOSURE
	(a)	how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	Partially disclosed
	(i)	its investment and disposal plans; and	We will review the internal information and disclose more about the KPIs as appropriate to ensure transparency and compliance.
	(ii)	its planned sources of funding to implement its strategy; and	
	(b)	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	Descriptions	Sections for reference
D. Climate-related Disclosures		
(II) Strategy		
Climate resilience	<p>26. An issuer shall disclose information that enables an Climate-related disclosure understanding of the resilience of the issuer’s strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer’s identified climate- related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer’s circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <p>(a) the issuer’s assessment of its climate resilience as at the reporting date, which shall enable an understanding of:</p> <p>(i) the implications, if any, of the issuer’s assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;</p> <p>(ii) the significant areas of uncertainty considered in the issuer’s assessment of its climate resilience; and</p> <p>(iii) the issuer’s capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;</p>	<p>CLIMATE-RELATED DISCLOSURE</p> <p>Partially disclosed</p> <p>We will review the internal information and disclose more about the KPIs as appropriate to ensure transparency and compliance.</p>

Items	Descriptions	Sections for reference
D. Climate-related Disclosures		
(II) Strategy		
Climate resilience	<p>(b) how and when the climate-related scenario analysis was carried out, including:</p> <p>(i) information about the inputs used, including:</p> <ol style="list-style-type: none"> (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); <p>(ii) the key assumptions the issuer made in the analysis; and</p> <p>(iii) the reporting period in which the climate-related scenario analysis was carried out.</p>	CLIMATE-RELATED DISCLOSURE



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	Descriptions	Sections for reference
D. Climate-related Disclosures		
(III) Risk Management		
27.	An issuer shall disclose information about:	CLIMATE-RELATED
(a)	the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	DISCLOSURE
(i)	the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	
(ii)	whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	
(iii)	how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	
(iv)	whether and how the issuer prioritises climate-related risks relative to other types of risks;	
(v)	how the issuer monitors climate-related risks; and	
(vi)	whether and how the issuer has changed the processes it uses compared with the previous reporting period;	
(b)	the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	
(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	Descriptions	Sections for reference
D. Climate-related Disclosures		
(IV) Metrics and targets		
28.	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as:	Greenhouse gas emissions
(a)	Scope 1 greenhouse gas emissions;	
(b)	Scope 2 greenhouse gas emissions; and	
(c)	Scope 3 greenhouse gas emissions.	
29.	An issuer shall:	Greenhouse gas emissions;
(a)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	Scope 3 Reporting boundary; Our approach
(b)	disclose the approach it uses to measure its greenhouse gas emissions including:	
(i)	the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;	
(ii)	the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	
(iii)	any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	
(c)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	
(d)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	Descriptions	Sections for reference
D. Climate-related Disclosures		
(IV) Metrics and targets		
Climate-related transition risks	30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	We will actively collect relevant information and disclose it where practicable.
Climate-related physical risks	31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	
Climate-related opportunities	32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	
Capital deployment	33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	
Internal carbon prices	34. An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	We currently do not incorporate internal carbon prices into our decision-making process. We will explore the use of internal carbon prices in the future.
Remuneration	35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	We will explore the feasibility of enhancing our remuneration policies by incorporating climate-related metrics into senior management remuneration.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	Descriptions	Sections for reference
D. Climate-related Disclosures		
(IV) Metrics and targets		
Industry-based metrics	<p>36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.</p>	We will review the internal information and disclose the KPIs as appropriate to ensure transparency and compliance.
Climate-related targets	<p>37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <p>(a) the metric used to set the target;</p> <p>(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);</p> <p>(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);</p> <p>(d) the period over which the target applies;</p> <p>(e) the base period from which progress is measured;</p> <p>(f) milestones or interim targets (if any);</p> <p>(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and</p> <p>(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.</p>	GHG emissions targets



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	Descriptions	Sections for reference	
D. Climate-related Disclosures			
(IV) Metrics and targets			
Climate-related targets	38.	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	
	(a)	whether the target and the methodology for setting the target has been validated by a third party;	As we move forward, we will explore the feasibility of having our targets validated by a third party.
	(b)	the issuer's processes for reviewing the target;	
	(c)	the metrics used to monitor progress towards reaching the target; and	GHG emissions targets
	(d)	any revisions to the target and an explanation for those revisions.	
	39.	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	GHG emissions targets
	40.	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
	(a)	which greenhouse gases are covered by the target;	GHG emissions targets
	(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	
	(c)	whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	
(d)	whether the target was derived using a sectoral decarbonisation approach; and		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Items	Descriptions	Sections for reference
D. Climate-related Disclosures		
(IV) Metrics and targets		
Climate-related targets	<p>(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:</p> <p>(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;</p> <p>(ii) which third-party scheme(s) will verify or certify the carbon credits;</p> <p>(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and</p> <p>(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).</p>	Summary of Climate-related Risks and Opportunities
Applicability of cross-industry metrics and industry-based metrics	41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Not applicable



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CMGE TECHNOLOGY GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of CMGE Technology Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 132 to 227, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to note 2.1 to the consolidated financial statements, which indicates that the Group recorded a net loss of approximately RMB1,477.1 million and net operating cash outflows of approximately RMB12.2 million for the year ended 31 December 2025 and its current liabilities exceeded its current assets by approximately RMB143.7 million as at that date. As at 31 December 2025, the Group's current bank and other borrowings amounted to approximately RMB502.4 million. As stated in note 2.1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Impairment assessment on goodwill

Refer to notes 3(b) and 16 to the consolidated financial statements and the accounting policies in note 2.4 to the consolidated financial statements.

As at 31 December 2025, the carrying amount of goodwill (before impairment) was approximately RMB1,147.7 million and an accumulated impairment of RMB693.5 million has been recognised. During the year, impairment charge amounting to RMB58.3 million was recognised in profit or loss. The Group is required to perform impairment test for goodwill annually. The impairment test is based on the recoverable amounts of respective cash-generating units ("CGUs") to which the goodwill is allocated. In estimating the receivable amount being the higher of the fair value less costs of disposal and value in use, discounted cash flow method was used. Management performed impairment test using value-in-use calculation based on discounted cash flow method. Management also involved external experts to perform impairment assessment on the respective CGUs. Assumptions such as discount rate and long-term growth rate were set up applying significant judgements and estimates.

We identified assessing potential impairment of goodwill as a key audit matter because the impairment assessments prepared by management are complex and involve a significant degree of judgement in determining the assumptions, particular the long term growth rates, gross margin, revenue growth rates, pre-tax discount rates applied, and could be subject to management bias.

Our response

Our procedures on the management's impairment assessment on goodwill included:

- (i) assessing the competence, capabilities and objectivity of the Group's external experts;
- (ii) involving our internal valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group and external experts;
- (iii) assessing the reasonableness of market data, discount rates and growth rates applied in determining the recoverable amount;
- (iv) challenging the reasonableness of key assumptions of the forecasts based on our knowledge of the business and industry; and
- (v) checking input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.



INDEPENDENT AUDITOR'S REPORT

Impairment of trade receivables and financial assets included in prepayments, other receivables and other assets

Refer to notes 3(b), 20, 21 and 36 to the consolidated financial statements and the accounting policies in note 2.4 to the consolidated financial statements.

At as 31 December 2025, the gross carrying value of trade receivables and financial assets included in prepayments, other receivables and other assets amounted to RMB830.4 million and RMB223.9 million for which loss allowances of RMB495.9 million and RMB94.2 million were recorded respectively.

Management applied judgement in assessing the expected credit losses ("ECLs"). Receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for loss allowance. Management also involved external experts to perform assessments of ECL for certain financial assets.

ECLs are also estimated by grouping the remaining receivables based on shared credit risk characteristics and ageing of billing and then collectively assessed for the likelihood of recovery, taking into account the nature of customers and ageing category, and applying the ECL rates to the respective gross carrying amounts of the receivables.

The ECL rates are determined based on historical credit loss experience and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables.

We focused on this area due to the magnitude of these financial assets and the estimation and judgement involved in determining the ECL allowance.

Our response

Our procedures on the management's ECL assessment on these financial assets included:

- (i) obtaining an understanding of the Group's policy for calculating ECL;
- (ii) assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are adjusted based on current economic conditions and forward-looking information and assessing whether there was an indication of management bias when recognising the loss allowances;
- (iii) checking the accuracy of the ageing classification of the trade receivables balance on a sample basis; and
- (iv) assessing the competence, capabilities and objectivity of the Group's external expert.

Fair value measurement of financial instruments

Refer to notes 3(b), 19 and 35 to the consolidated financial statements and the accounting policies in note 2.4 to the consolidated financial statements.

The Group has financial instruments that have been measured at fair value where no market price has been available, and in these cases, fair value is determined using valuation models based on market data. These financial instruments are categorised as Level 2 in the fair value valuation hierarchy. The Group also has some financial instruments for which the fair value measurement has been determined using valuation models where the value is affected by input data that cannot be verified by external market data. These financial instruments are categorised as Level 3 in the fair value valuation hierarchy. Management involved external experts to perform assessments of the fair value for these financial instruments.

As at 31 December 2025, the Group has financial assets categorised as Level 2 and Level 3 totalling RMB992.1 million.

We focused on this area due to the high degree of judgment required in determining the respective fair values of Level 2 and Level 3 financial instruments which do not have direct open market quoted values, with respect to the adoption of applicable valuation methodology and the application of appropriate assumptions in the valuation.

Our response

Our procedures on the management's fair value measurement of financial instruments included:

- (i) assessing the competence, capabilities and objectivity of the Group's external experts;
- (ii) involving our internal valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group and external experts; and
- (iii) checking the reasonableness of the estimates by conducting sample tests and performed our own independent valuation computation.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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



INDEPENDENT AUDITOR'S REPORT

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in the regard.

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

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

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

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism 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.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

BDO Limited

Certified Public Accountants

Wong Kwok Wai

Practising Certificate Number P06047

Hong Kong

27 March 2026



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	1,389,985	1,930,091
Cost of sales		(933,109)	(1,327,033)
Gross profit		456,876	603,058
Other income and gains, net	6	11,856	108,268
Selling and distribution expenses		(491,644)	(494,316)
Administrative expenses		(127,619)	(137,897)
Research and development costs	7	(136,270)	(244,255)
Impairment of financial assets, net	7	(229,482)	(255,573)
Impairment of goodwill	7	(58,273)	(546,759)
Write-off of prepayments	7	(607,639)	(211,827)
Fair value losses on financial assets at fair value through profit or loss	7	(336,154)	(696,299)
Impairment of other intangible assets	7	(27,640)	(211,557)
Other expenses		(34,871)	(39,883)
Finance costs	8	(19,783)	(19,852)
Share of profits and losses of associates		(13,194)	4,010
LOSS BEFORE TAX	7	(1,613,837)	(2,142,882)
Income tax credit	11	136,704	32,063
LOSS FOR THE YEAR		(1,477,133)	(2,110,819)
Attributable to:			
Owners of the parent		(1,471,341)	(2,105,005)
Non-controlling interests		(5,792)	(5,814)
		(1,477,133)	(2,110,819)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic			
– For loss for the year		RMB(49.12) cents	RMB(74.56) cents
Diluted			
– For loss for the year		RMB(49.12) cents	RMB(74.56) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 RMB'000	2024 RMB'000
LOSS FOR THE YEAR	(1,477,133)	(2,110,819)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	30,513	(24,095)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation from functional currency to presentation currency	(47,507)	38,299
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(16,994)	14,204
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(1,494,127)	(2,096,615)
Attributable to:		
Owners of the parent	(1,488,335)	(2,090,801)
Non-controlling interests	(5,792)	(5,814)
	(1,494,127)	(2,096,615)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property and equipment	14	8,341	11,599
Right-of-use assets	15	9,540	22,442
Goodwill	16	454,272	512,545
Other intangible assets	17	469,243	563,880
Investments in associates	18	86,887	120,350
Financial assets at fair value through profit or loss	19	1,022,544	1,238,509
Deferred tax assets	26	186,213	113,036
Prepayments and other receivables	21	313,282	902,407
Total non-current assets		2,550,322	3,484,768
CURRENT ASSETS			
Trade and bills receivables	20	335,919	846,345
Prepayments, other receivables and other assets	21	413,758	638,515
Due from related parties	33	7,851	10,680
Time deposits	22	10,100	—
Pledged and restricted deposits	22	10,738	—
Cash and cash equivalents	22	90,991	101,756
Total current assets		869,357	1,597,296
CURRENT LIABILITIES			
Trade payables	23	137,540	218,583
Other payables and accruals	24	248,797	245,819
Bank and other borrowings	25	502,443	512,806
Tax payable		112,281	120,426
Due to related parties	33	4,756	—
Lease liabilities	15	7,223	12,446
Total current liabilities		1,013,040	1,110,080
NET CURRENT (LIABILITIES)/ASSETS		(143,683)	487,216
TOTAL ASSETS LESS CURRENT LIABILITIES		2,406,639	3,971,984
NON-CURRENT LIABILITIES			
Deferred tax liabilities	26	2,363	66,007
Lease liabilities	15	2,483	10,057
Total non-current liabilities		4,846	76,064
Net assets		2,401,793	3,895,920

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	27	2,089	2,089
Reserves	29	2,411,872	3,900,207
		2,413,961	3,902,296
Non-controlling interests		(12,168)	(6,376)
Total equity		2,401,793	3,895,920

Mr. XIAO Jian
Director

Mr. SIN Hendrick M.H., J.P.
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the parent								
	Share capital	Capital reserve	Statutory surplus reserve	Share incentive reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	(Note 27) RMB'000	(Note 29) RMB'000	(Note 29) RMB'000	(Note 29) RMB'000	(Note 29) RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	2,089	3,676,314*	44,343*	831,910*	(819)*	(651,541)*	3,902,296	(6,376)	3,895,920
Loss for the year	—	—	—	—	—	(1,471,341)	(1,471,341)	(5,792)	(1,477,133)
Exchange differences on translation	—	—	—	—	(16,994)	—	(16,994)	—	(16,994)
Total comprehensive loss for the year	—	—	—	—	(16,994)	(1,471,341)	(1,488,335)	(5,792)	(1,494,127)
At 31 December 2025	2,089	3,676,314*	44,343*	831,910*	(17,813)*	(2,122,882)*	2,413,961	(12,168)	2,401,793

* These reserve accounts comprise the consolidated reserves of RMB3,900,207,000 and RMB2,411,872,000 in the consolidated statement of financial position as of 31 December 2024 and 2025 respectively.

	Attributable to owners of the parent									
	Share capital	Capital reserve	Treasury shares	Statutory surplus reserve	Share incentive reserve	Exchange fluctuation reserve	Retained profits/(accumulated losses)	Total	Non-controlling interests	Total equity
	(Note 27) RMB'000	(Note 29) RMB'000	RMB'000	(Note 29) RMB'000	(Note 29) RMB'000	(Note 29) RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	1,915	3,406,791	—	26,408	804,215	(15,023)	1,471,399	5,695,705	(892)	5,694,813
Loss for the year	—	—	—	—	—	—	(2,105,005)	(2,105,005)	(5,814)	(2,110,819)
Exchange differences on translation	—	—	—	—	—	14,204	—	14,204	—	14,204
Total comprehensive income/(loss) for the year	—	—	—	—	—	14,204	(2,105,005)	(2,090,801)	(5,814)	(2,096,615)
Issue of shares for the subscriptions	148	245,897	—	—	—	—	—	246,045	—	246,045
Issue of shares for the acquisition of the intangible assets	27	26,451	—	—	—	—	—	26,478	—	26,478
Share issue expenses	—	(1,852)	—	—	—	—	—	(1,852)	—	(1,852)
Capital contribution by a non-controlling shareholder	—	—	—	—	—	—	—	—	330	330
Repurchase of shares	—	—	(974)	—	—	—	—	(974)	—	(974)
Cancellation of ordinary shares	(1)	(973)	974	—	—	—	—	—	—	—
Appropriation of statutory reserve	—	—	—	17,935	—	—	(17,935)	—	—	—
Share-based compensation (note 28)	—	—	—	—	27,695	—	—	27,695	—	27,695
At 31 December 2024	2,089	3,676,314*	—	44,343*	831,910*	(819)*	(651,541)*	3,902,296	(6,376)	3,895,920

CONSOLIDATION STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,613,837)	(2,142,882)
Adjustments for:			
Finance costs	8	19,783	19,852
Share of profits and losses of associates		13,194	(4,010)
Interest income	6	(87)	(773)
Dividend income from financial assets at fair value through profit or loss	6	(1,755)	—
Loss on disposal of an investment in an associate		—	30,900
Fair value losses on financial assets at fair value through profit or loss	7	336,154	696,299
Fair value adjustment of contingent consideration for business combination		—	(100,000)
Equity-settled share-based expense	28	—	27,282
Impairment of trade receivables, net	7	202,996	175,843
Impairment of financial assets included in prepayments, other receivables and other assets	7	26,486	79,730
Impairment of an investment in an associate	7	17,817	4,589
Write-off of prepayments	7	607,639	211,827
Impairment of goodwill	7	58,273	546,759
Impairment of other intangible assets	7	27,640	211,557
Loss on disposal of items of property and equipment	7	701	40
Gain on lease modification	7	(130)	(2,205)
Loss on disposal of items of other intangible assets	7	9,510	—
Depreciation of property and equipment	7	2,260	4,505
Depreciation of right-of-use assets	7	12,398	15,317
Amortisation of other intangible assets	7	101,862	127,024
Operating loss before working capital changes		(179,096)	(98,346)
Decrease in trade and bills receivables		307,505	164,948
Increase in prepayments, other receivables and other assets		(37,997)	(194,945)
Decrease/(increase) in amounts due from related parties		2,829	(2,829)
Decrease in trade payables		(81,043)	(42,471)
Decrease in other payables and accruals		(21,114)	(41,386)
Increase/(decrease) in amounts due to related parties		4,756	(1,998)
Cash used in from operations		(4,160)	(217,027)
Income tax paid		(8,022)	(17,038)
Net cash flows used in operating activities		(12,182)	(234,065)



CONSOLIDATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		87	773
Dividends received from an associate		2,500	—
Dividends received from financial assets at fair value through profit or loss		1,755	—
Purchases of items of property and equipment		(96)	(1,858)
Proceeds from disposal of items of property and equipment		392	13
Proceeds from disposal of items of other intangible assets		35,162	—
Additions to other intangible assets		(176)	(149,696)
Purchases of financial assets at fair value through profit or loss		(6,854)	(4,071)
Disposal of financial assets at fair value through profit or loss		30,120	60,324
Placement of time deposits, pledged and restricted deposits		(20,838)	—
Repayment from a director		—	1,000
Net cash flows generated from/(used in) investing activities		42,052	(93,515)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new bank and other loans	30(b)	739,044	627,176
Repayments of bank and other loans	30(b)	(749,407)	(609,370)
Repayments of principal portion of lease payments	30(b)	(12,162)	(15,099)
Interest paid	30(b)	(19,783)	(19,852)
Repurchase of shares		—	(974)
Proceeds from issue of shares		—	246,045
Share issue expenses		—	(1,852)
Capital contribution by a non-controlling shareholder		—	330
Net cash flows (used in)/generated from financing activities		(42,308)	226,404
NET DECREASE IN CASH AND CASH EQUIVALENTS		(12,438)	(101,176)
Cash and cash equivalents at beginning of year		101,756	210,609
Effect of foreign exchange rate changes on cash and cash equivalents, net		1,673	(7,677)
CASH AND CASH EQUIVALENTS AT END OF YEAR		90,991	101,756

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 20 March 2018 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The registered address of the office of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in mobile game publishing, game development and licensing of intellectual property in Mainland China, Hong Kong, Taiwan, Korea and Japan; and investment business in Mainland China.

In the opinion of the directors, the controlling shareholders of the Company are Mr. Xiao Jian and Mr. Sin Hendrick *M.H., J.P.*.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Date and place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chengdu Zhuoxing Technology Co., Ltd. (成都卓星科技有限公司) ("Chengdu Zhuoxing")*	24 June 2013 PRC/Mainland China	RMB10,000,000	—	100	Mobile game publishing
China Mobile Games and Entertainment Group Limited Shenzhen (深圳市中手游網絡科技有限公司) ("Shenzhen Zhongshouyou")*	10 July 2015 PRC/Mainland China	RMB10,000,000	—	100	Mobile game publishing
Shenzhen Douyue Network Technology Co., Ltd. (深圳市豆悦網絡科技有限公司) ("Shenzhen Douyue")* ^	21 November 2014 PRC/Mainland China	RMB10,000,000	—	100	Mobile game publishing
Victory Games Network Technology Co., Ltd. (深圳市勝利互娛網絡科技有限公司)*	1 July 2015 PRC/Mainland China	RMB15,000,000	—	100	Mobile game publishing
Tibet Jichuang Internet Technology Co., Ltd. (西藏極創網絡科技有限公司) ("Tibet Jichuang")* ^	24 March 2016 PRC/Mainland China	RMB30,000,000	—	100	Investment holding



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Date and place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China Mobile Games and Entertainment Group (HK) Limited	11 October 2012 Hong Kong	HK\$100	—	100	Mobile game publishing
CMGE International Limited	3 December 2013 British Virgin Islands ('BVI')	US\$1	—	100	Investment holding
香港商悅動娛樂有限公司台灣分公司	17 October 2014 Taiwan	TWD 1,000,000	—	100	Game publishing
CMGE Global Limited	28 October 2013 Hong Kong	HK\$1	—	100	Mobile game publishing
CMGE Korea Co., Limited	28 February 2014 Korea	KRW274,456,000	—	100	Mobile game publishing
Majesty Enterprises Limited	22 November 2013 Hong Kong	HK\$1	—	100	Mobile game publishing
SuperNova Overseas Limited	31 July 2014 Hong Kong	HK\$1	—	100	Mobile game publishing
Blooming City Holding Limited	8 January 2015 Republic of Seychelles	US\$1	—	100	Mobile game publishing
CMGE Group Limited	23 October 2017 Hong Kong	HK\$1	—	100	Investment holding
CMGE Group Limited	21 December 2017 BVI	US\$1	—	100	Investment holding
Shengyue Software (Shenzhen) Co., Ltd. (盛悅軟件(深圳)有限公司) ("Shengyue Software")**	5 March 2018 PRC/Mainland China	HK\$800,000,000	—	100	Investment holding
Tianhu Software Technology (Shenzhen) Company Limited (天互軟件科技(深圳)有限公司)** ^	7 March 2018 PRC/Mainland China	HK\$150,000,000	—	100	Investment holding

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Date and place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Rocket Parade Investment Limited	21 March 2018 BVI	US\$0.01	100	—	Investment holding
Beijing Wenmai Hudong Technology Company Limited (北京文脈互動科技有限公司) ("Wenmai Hudong")* ^	12 December 2014 PRC/Mainland China	RMB1,000,000	—	100	Game development
Softstar Technology (Beijing) Co., Ltd. (軟星科技(北京)有限公司) ("Beijing Softstar")**	19 September 2000 PRC/Mainland China	RMB16,873,388	69.23	30.77	Game development
Softstar Technology (Shanghai) Co., Ltd. (軟星科技(上海)有限公司)** ^	14 June 2001 PRC/Mainland China	RMB70,375,625	—	100	Game development
Beijing Zhongsheng Huyu Entertainment Technology Company Limited (北京鐘聲互娛科技有限公司)* ^	1 August 2019 PRC/Mainland China	RMB1,000,000	—	100	Game development
Softstar Technology (Shenzhen) Company Limited (軟星科技(深圳)有限公司)** ^	17 August 2020 PRC/Mainland China	RMB20,000,000	—	100	Game development
Shenzhen Full Stop Mutual Entertainment Network Technology Co., Ltd. (深圳市句號互娛網絡科技有限公司) (Shenzhen Full Stop)* ^ #	24 December 2019 PRC/Mainland China	RMB10,000,000	—	100	Mobile game publishing



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Date and place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yichun Dongdian Huyu Internet Technology Company Limited (宜春市動點互娛網絡科技有限公司) ("Yichun Dongdian")* ^	26 November 2019 PRC/Mainland China	RMB5,000,000	—	100	Mobile game publishing
Hainan Chuangyue Technology Company Limited (海南創躍科技有限公司) ("Hainan Chuangyue")* ^	24 December 2019 PRC/Mainland China	RMB5,000,000	—	100	Game development
Hainan Zhanshen Internet Technology Company Limited (海南戰神網絡科技有限公司) ("Hainan Zhanshen")* ^	27 April 2020 PRC/Mainland China	RMB5,000,000	—	100	Mobile game publishing
Shanghai Fanying Network Technology Co., Ltd. (上海凡影網絡科技有限公司) ("Shanghai Fanying")* ^	31 July 2020 PRC/Mainland China	RMB1,000,000	—	100	Game development
Beijing Shanxunxingkong Technology Co., Ltd. (北京閃訊星空科技有限公司)* ^	23 December 2020 PRC/Mainland China	RMB1,000,000	—	100	Game development
Shenzhen Fansheng Network Technology Co., Ltd. (深圳市凡盛網絡科技有限公司) ("Shenzhen Fansheng")* ^	4 June 2020 PRC/Mainland China	RMB1,000,000	—	100	Mobile game publishing
Mighty Leader Limited	19 January 2021 Samoa	US\$1,000,000	—	100	Investment holding

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Date and place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Best Classic International Limited	11 January 2021 Samoa	US\$1,000,000	100	—	Investment holding
Hainan Guming Technology Company Ltd. (海南古茗科技有限公司) ("Hainan Guming")* ^ #	10 March 2022 PRC/Mainland China	RMB10,000,000	—	66	Digital art
Shanghai Zhoujing Network Technology Co., Ltd. (上海洲競網絡科技有限公司) ("Shanghai Zhoujing")* ^	1 December 2021 PRC/Mainland China	RMB2,040,816	—	51	Game development
Shanghai Yunnan Network Technology Co., Ltd. (上海雲藍網絡科技有限公司) ("Shanghai Yunnan")* ^	6 January 2021 PRC/Mainland China	RMB1,000,000	—	100	Game development
Guangzhou Manshikong Network Technology Co., Ltd. (廣州漫時空網絡科技有限公司) ("Guangzhou Manshikong")* ^	28 April 2023 PRC/Mainland China	RMB5,000,000	—	100	Game development
Beijing Hengwan Network Technology Co., Ltd. (北京恒玩網絡科技有限公司) ("Beijing Hengwan")* ^	17 March 2023 PRC/Mainland China	RMB1,000,000	—	100	Mobile game publishing
CMGE Japan Co., Ltd.	11 December 2013 Japan	JPY70,000,000	—	100	Mobile game publishing

* These subsidiaries are registered as limited liability companies under PRC law.

** These subsidiaries are registered as wholly-foreign-owned enterprises under PRC law.

^ The English names of these subsidiaries registered in Mainland China represent the translated names of these companies as no English names have been registered.

Shenzhen Full Stop and Hainan Guming were deregistered during the year ended 31 December 2025.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 BASIS OF PREPARATION *(continued)*

Going Concern Assumption

For the year 31 December 2025, the Group recorded a net loss of approximately RMB1,477.1 million and net operating cash outflows of approximately RMB12.2 million. As at that date, its current liabilities exceeded its current assets of approximately RMB143.7 million. In addition, the Group's current bank and other borrowings as at 31 December 2025 amounted to RMB502.4 million. These conditions may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors have given careful consideration to the Group's future liquidity, performance and available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company have reviewed the Group's cash flow forecast covering a period of fifteen months from the end of the reporting period (the "Forecast Period"), taking into account the Group's past operating performance and the plans and measures adopted to alleviate the liquidity pressure and improve cash flows, including the following:

- (i) The Group has been actively negotiating with banks to extend the repayment terms of its existing bank loans in order to secure necessary funding to meet its working capital and financing requirements in the foreseeable future;
- (ii) As at the date of approval of these consolidated financial statements, the Group had unutilised bank and credit facilities amounting to approximately RMB238.7 million in aggregate; and
- (iii) The directors of the Company are continuing to implement measures to improve the Group's working capital and cash flows, including the close monitoring of general administrative expenses and operating costs.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures and gearing ratio of 20.9%, the Group will have sufficient working capital to finance its operations and meet its obligations as and when they fall due during the Forecast Period. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's consolidated financial statements for the year ended 31 December 2025 on a going concern basis.

However, there are inherent uncertainty associated with the outcomes of the aforementioned plans and measures, including the successful negotiation with existing lenders for the renewal or extension of borrowing until the Group secures sufficient fundings for repayment.

These indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as going concern, and therefore it may not be able to realise its assets and discharge its liabilities in the normal course of business.

Should the Group fail to achieve the intended effects resulting from the plans and measures described above, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to HKFRS Accounting Standards for the current year's consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1	<i>Lack of Exchangeability</i>
Amendments to illustrative examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 36 and HKAS 37	<i>Disclosure about Uncertainties in the Financial Statements</i>

Adoption of these amendments to HKFRS Accounting Standards had no material impact on the Group's consolidation financial statements. The Group has not early applied any new or amendments to HKFRS Accounting Standards that is not yet effective for the current accounting period.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amendments to HKFRS Accounting Standards, that has been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7	<i>Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contract Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11¹</i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>

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

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

³ Effective for annual periods beginning on or after a date to be determined.

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

The adoption of HKFRS 19 is optional. HKFRS 19 specifies the disclosure requirements that an entity is permitted to apply to substitute the disclosure requirements in other HKFRS Accounting Standards. The Company's shares are listed and traded on The Stock Exchange of Hong Kong Limited. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.

2.4 ACCOUNTING POLICIES

a) Investments in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. The difference between the carrying amount of the associate and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate.

(b) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

2.4 ACCOUNTING POLICIES *(continued)*

(c) Fair value measurement

The Group measures certain financial instruments and contingent consideration for business combination at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(d) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g. a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2.4 ACCOUNTING POLICIES *(continued)***(d) Impairment of non-financial assets** *(continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises.

(e) Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Electronic devices	33%
Motor vehicles	20%
Leasehold improvements	Shorter of estimated useful lives and remaining lease terms of the leasehold lands
Buildings	Shorter of estimated useful lives and remaining lease terms of the leasehold lands

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

2.4 ACCOUNTING POLICIES *(continued)*

(e) Property and equipment and depreciation *(continued)*

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year for the asset derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

(f) Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of other intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of other intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the other intangible assets may be impaired. The amortisation period and the amortisation method for other intangible assets with a finite useful life are reviewed at least at each financial year end.

Intellectual property licences ("IP licences") and IP rights

Under IP licensing arrangements entered into between the Group and the IP owners, the Group pays loyalty fees to the IP owners as the Group is entitled to develop, publish and operate mobile games based upon the IP. The Group recognises the IP loyalty fees and acquisition costs as intangible assets. These intangible assets are amortised on a straight-line basis over the shorter of the expected economic life and licence period of 2 to 20 years.

Content provider licences ("CP licences")

Under the exclusive game arrangements entered into between the Group and the game developers, the Group pays upfront loyalty fees to the game developers as the Group is entitled to an exclusive right to operate/publish the developed games. The Group recognises the upfront loyalty fees as an intangible asset. These intangible assets are amortised on a straight-line basis over the shorter of the expected economic life and licence period, from 3 to 5 years.

Computer software

Acquired computer software is stated at historical cost less amortisation. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and is amortised on a straight-line basis over the useful life of 5 years.

Copyrights

Under the buyout arrangements for copyrights entered into between the Group and the IP owners, the Group pays a sum of copyright fees to the IP owners as the Group is entitled to buy out the copyrights upon which the Group can further develop, publish and operate mobile games with an indefinite period. The Group recognises the copyrights brought out as an intangible asset. These intangible assets are initially recorded at cost and amortised on a straight-line basis over their expected economic lives of 3 to 10 years.

2.4 ACCOUNTING POLICIES *(continued)*

(f) Other intangible assets (other than goodwill) *(continued)*

Copyrights (continued)

The Group recognises copyrights acquired through business combinations as intangible assets. These intangible assets are initially recognised and measured at estimated fair value. Copyrights acquired through business combinations are amortised using a straight-line method which reflects the estimated consumption patterns and expected economic lives.

The Group develops its estimation on the expected economic lives of the copyright based on a number of factors such as typical product life cycles, public information on estimation of useful lives of similar assets, technical, commercial or other types of obsolescence and legal expiry dates.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding contract periods, commencing from the date when the products are put into commercial production.

(g) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

2.4 ACCOUNTING POLICIES *(continued)*

(g) Leases *(continued)*

Group as a lessee (continued)

(ii) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(iii) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

(h) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

2.4 ACCOUNTING POLICIES *(continued)*

(h) Financial assets *(continued)*

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Fair value gains or losses on financial assets at fair value through profit or loss incorporate any dividend earned on financial assets.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

2.4 ACCOUNTING POLICIES *(continued)*

(i) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(j) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 ACCOUNTING POLICIES *(continued)*

(j) Impairment of financial assets *(continued)*

General approach (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(k) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related parties and bank and other borrowings.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

2.4 ACCOUNTING POLICIES *(continued)*

(k) Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the consolidated statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

After initial recognition, trade and other payables, amounts due to related parties and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortisation is included in finance costs in the statement of profit or loss.

(l) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 ACCOUNTING POLICIES *(continued)*

(l) Income tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

2.4 ACCOUNTING POLICIES *(continued)*

(m) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(i) Mobile game publishing

The Group is primarily engaged in providing services of publishing developed mobile games to the various publishing channels including application stores and software websites.

The mobile games are generally operated under a free-to-play basis whereby players can play the games free of charge and are charged for purchase of a virtual currency that can exchange for virtual items in the games. Game players pay for the virtual items through the publishing channels. Such payments are generally non-refundable and non-cancellable. The publishing channels are entitled to withhold and deduct prescribed fixed percentages of the gross proceeds collected from the players as their channel service fee, and the Group, game developers ("CPs") and intellectual property ("IPs") owners, if any IPs are involved, are entitling the remaining amount.

Gross versus net consideration

The Group evaluates agreements with the CPs, publishing channels and IPs (if any) in order to determine whether the Group acts as the principal or as an agent in the arrangement with each party, respectively. The Group identified the specified service to be provided to the customers and assessed whether it controls each specified service before that is transferred to the customers. The indicators that the Group controls the specified service include, but are not limited to, whether the Group (i) is primarily responsible for fulfilling the promise to provide the specified service; (ii) has inventory risk before the specified service has been transferred to a customer; (iii) has discretion in establishing prices for the specified services. The assessment is performed for all of the Group's mobile game publishing revenue.

With respect to most of the Group's game publishing arrangements entered into during the reporting period, the Group views the CPs as its customers and the Group provides game publishing services to CPs. The Group is responsible for identifying, contracting with and maintaining the relationships of the publishing channels and IPs (if any), and accordingly, the Group records the amount collected from game players by publishing channels, net of the amounts shared by the CPs, as the revenue on a gross basis and commission fees paid to the publishing channels and IPs (if any) are included in cost of sales. For the other game publishing arrangements, the Group is not responsible for identifying, contracting with and maintaining the relationships of the publishing channels and accordingly, the Group records the amount collected from publishing channels, net of commission fees to such channels and the amounts shared by the CPs, as the revenue.

Timing of revenue recognition

The Group's publishing services are provided over the whole publishing periods, and the publishing revenue is recognised when the services are provided and the revenue amounts are determinable.

2.4 ACCOUNTING POLICIES *(continued)*

(m) Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(ii) Self-developed and self-operating games

The Group is also engaged in developing online games including web-based and mobile games.

The games are operated under a free-to-play basis whereby players can play the games free of charge and are charged for purchase of a virtual currency that can exchange for virtual items in the games. The gross payments from players are collected as revenue. The payment received to purchase of virtual items is non-refundable and the related contracts are non-cancellable.

The Group has determined that when it is obligated to provide on-going services to the game players who purchased virtual items to gain an enhanced game-playing experience over the playing period of the paying players, ratably over the estimated average playing period of these paying players ("Player Relation Period"), starting from the point in time when virtual items are delivered to the players' accounts, and all other revenue recognition criteria are met.

The Group estimates the Player Relation Period and re-assesses such period semi-annually. If a new game is launched and only a limited period of paying players' data is available, then the Group considers other qualitative factors, such as the playing patterns for paying players for other games with similar characteristics.

Gross versus net consideration

The Group considered itself as a principal in games as the Group takes primary responsibilities of game operation, providing customer services, hosting game servers, controlling games and service specifications and pricing. Accordingly, the revenue derived from games is recorded on a gross basis and the amounts withheld by the publishing channels and other publishers are recorded as cost of sales.

Timing of revenue recognition

When the Group operates game as principal, revenue is recognised overtime.

(iii) Licensing of intellectual property

The Group also generates revenue from licensing intellectual property to third parties for certain periods. The revenue from licensing agreements is recognised over the license period (for a right to access) or at the point in time when the customer can first use the licensed intellectual property (for a right to use). Sales-based royalties on licenses of intellectual property are recognised only upon the later of when the sale or usage occurs or the satisfaction of the related performance obligation.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

2.4 ACCOUNTING POLICIES *(continued)*

(m) Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(iv) Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(n) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(o) Contract costs

Other than the costs which are capitalised as property and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the consolidated statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

(p) Share-based payments

Share options granted to employees

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

2.4 ACCOUNTING POLICIES *(continued)*

(p) Share-based payments *(continued)*

Share options granted to employees (continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

Shares granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

(q) Other employee benefits

Pension scheme

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant governmental authorities in various areas other than Mainland China. The Group's liability in respect of these plans is limited to the contributions payable at the end of each period. Contributions to these plans are expensed as incurred.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiary operating in Mainland China is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund - Mainland China

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

2.4 ACCOUNTING POLICIES *(continued)*

(r) Foreign currencies

These consolidated financial statements are presented in RMB. The Company's functional currency is the Hong Kong dollar. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Contractual arrangements

Chengdu Zhuoxing, Shenzhen Zhongshouyou, Shenzhen Douyue, Hainan Chuangyue, Yichun Dongdian, Hainan Zhanshen, Shanghai Zhoujing, Shenzhen Fansheng, Shanghai Yunnan, Guangzhou Manshikong and Beijing Hengwan (collectively referred to as the "PRC Operating Entities") are mainly engaged in the provision of mobile game publishing in the PRC, which falls in the scope of "Catalogue of Restricted Foreign Investment Industries" that foreign investors are prohibited to invest in.

As disclosed in note 2.1 to the consolidated financial statements, the Group exercises control over the PRC Operating Entities and enjoys all economic benefits of the PRC Operating Entities through the contractual arrangements.

The Group considers that it controls the PRC Operating Entities, notwithstanding the fact that it does not hold a direct equity interest in the PRC Operating Entities, as it has power over the financial and operating policies of the PRC Operating Entities and receives substantially all of the economic benefits from the business activities of the PRC Operating Entities through the contractual arrangements. Accordingly, the PRC Operating Entities have been accounted for as subsidiaries during the reporting period.

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue deferred tax liabilities in respect of withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(a) Judgements *(continued)*

Revenue recognition

Determining whether the Group is acting as a principal or as an agent when a third-party is involved in the provision of certain services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers factors to determine whether the Group controls the specified goods or services before they transferred to the customer include, but are not limited to the following: (a) who is primarily responsible for fulfilling the promise to provide specified goods or service, (b) who is subject to inventory risk, and (c) who has discretion in establishing prices. Refer to note 2.4(m) for details.

Significant influence over investee

The Group hold 25.65% and 39.01% equity interest of China Prosperity Capital Mobile Internet Fund ("CPC Fund") and Guohong Jiaxin (Shenzhen) Angel Venture Capital Enterprise (L.P.) ("Angel Venture") during the year, respectively. The directors of the Company consider that the Group has no significant influence nor control over the entities based on the fact that the Group does not participate in any operating and financial policies of the entities and exercise its influence on the operating and financial policies in the board of directors of entities. The Group therefore accounted for these entities as financial assets at fair value through profit or loss ("FVTPL").

(b) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB454,272,000 (2024: RMB512,545,000). Further details are given in note 16 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(b) Estimation uncertainty *(continued)*

Going Concern assumption

The Board of the Company considers that the Group has the capabilities to continue as going concern. The assessment of the going concern assumption, as disclosed in note 2.1, involves making a judgement by the Board of the Company, at the end of the reporting period, about the future outcome of events or conditions, which are inherently uncertain. These include successful negotiation with existing lenders for the renewal or extension of borrowing until the Group secures sufficient fundings for repayment.

Provision for ECL on trade receivables and financial assets included in prepayments, other receivables and other assets

The measurement of ECL under HKFRS 9 across all categories of financial assets at amortised cost requires judgements, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining ECL and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Receivables relating to debtors with known financial difficulties or significant doubt on collection of receivables are assessed individually for loss allowance.

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the mobile game sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and financial assets included in prepayments, other receivables and other assets are disclosed in notes 20, 21 and 36 to the consolidated financial statements.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(b) Estimation uncertainty *(continued)*

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 26 to the consolidated financial statements.

Valuation of financial assets at fair value through profit or loss

Where fair values of financial assets cannot be derived directly from active markets, they are determined using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. The estimations include considerations of inputs such as liquidity risk, credit risk and volatility changes in assumptions about these factors could affect the reported fair value of financial instruments. Further details are disclosed in notes 19 and 35 to the consolidated financial statements.

Impairment of non-financial assets (Other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each years. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on such available data as binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in mobile game publishing, game development and licensing of intellectual property.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker (“CODM”) in order to allocate resources to segments and to assess their performance. There were no segment assets and segment liabilities information provided to the CODM, as the CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

For the year ended 31 December 2025

Segments	Game publishing RMB'000	Game development RMB'000	Licensing of intellectual property RMB'000	Total RMB'000
Segment revenue (note 5)				
Sales to external customers	1,161,425	115,670	112,890	1,389,985
Intersegment sales	—	—	1,889	1,889
	1,161,425	115,670	114,779	1,391,874
Reconciliation:				
Elimination of intersegment sales				(1,889)
Total revenue from contracts with customers				1,389,985
Segment results	347,589	42,087	67,200	456,876
Reconciliation:				
Other income and gains, net				11,856
Selling and distribution expenses				(491,644)
Administrative expenses				(127,619)
Research and development costs				(136,270)
Impairment of financial assets, net				(229,482)
Impairment of goodwill				(58,273)
Write-off of prepayments				(607,639)
Fair value losses on financial assets at fair value through profit or loss				(336,154)
Impairment of other intangible assets				(27,640)
Other expenses				(34,871)
Finance costs				(19,783)
Share of profits and losses of associates				(13,194)
LOSS BEFORE TAX				(1,613,837)



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

4. OPERATING SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2024

Segments	Game publishing RMB'000	Game development RMB'000	Licensing of intellectual property RMB'000	Total RMB'000
Segment revenue (note 5)				
Sales to external customers	1,664,508	149,122	116,461	1,930,091
Intersegment sales	—	1,089	—	1,089
	1,664,508	150,211	116,461	1,931,180
Reconciliation:				
Elimination of intersegment sales				(1,089)
Total revenue from contracts with customers				1,930,091
Segment results	460,956	45,421	96,681	603,058
Reconciliation:				
Other income and gains, net				108,268
Selling and distribution expenses				(494,316)
Administrative expenses				(137,897)
Research and development costs				(244,255)
Impairment of financial assets, net				(255,573)
Impairment of goodwill				(546,759)
Write-off of prepayments				(211,827)
Fair value losses on financial assets at fair value through profit or loss				(696,299)
Impairment of other intangible assets				(211,557)
Other expenses				(39,883)
Finance costs				(19,852)
Share of profits and losses of associates				4,010
LOSS BEFORE TAX				(2,142,882)

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
Mainland China	1,031,814	1,657,961
Other countries/regions	358,171	272,130
	1,389,985	1,930,091

The revenue information above is based on the locations of the game publishing, game development and licensing of intellectual property.

(b) Non-current assets

	2025 RMB'000	2024 RMB'000
Mainland China	1,218,248	1,990,963
Other countries/regions	109,448	127,218
	1,327,696	2,118,181

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

During the year ended 31 December 2025, there is no single external customer that accounted for more than 10% of total revenue.

During the year ended 31 December 2024, revenue of approximately RMB245,613,000 was derived from a single external customer of the game publishing that accounted for more than 10% of total revenue.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

5. REVENUE

An analysis of revenue is as follows:

(a) Disaggregated revenue information

For the year ended 31 December 2025

Segments	Game publishing RMB'000	Game development RMB'000	Licensing of intellectual property RMB'000	Total RMB'000
Types of goods and services:				
Mobile game publishing services	1,161,425	—	—	1,161,425
Game development related services	—	115,670	—	115,670
Licensing of intellectual property	—	—	112,890	112,890
Total revenue	1,161,425	115,670	112,890	1,389,985
Revenue from contracts with customers under HKFRS 15 by geographical markets:				
Mainland China	810,221	111,005	110,588	1,031,814
Other countries/regions	351,204	4,665	2,302	358,171
	1,161,425	115,670	112,890	1,389,985
Revenue from contracts with customers under HKFRS 15 by timing of revenue recognition:				
Services transferred over time	1,161,425	115,670	112,890	1,389,985
	1,161,425	115,670	112,890	1,389,985

NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2025

5. REVENUE *(continued)*

(a) **Disaggregated revenue information** *(continued)*

For the year ended 31 December 2024

Segments	Game publishing RMB'000	Game development RMB'000	Licensing of intellectual property RMB'000	Total RMB'000
Types of goods and services:				
Mobile game publishing services	1,664,508	—	—	1,664,508
Game development related services	—	149,122	—	149,122
Licensing of intellectual property	—	—	116,461	116,461
Total revenue	1,664,508	149,122	116,461	1,930,091
Revenue from contracts with customers under HKFRS 15 by geographical markets:				
Mainland China	1,393,647	148,332	115,982	1,657,961
Other countries/regions	270,861	790	479	272,130
	1,664,508	149,122	116,461	1,930,091
Revenue from contracts with customers under HKFRS 15 by timing of revenue recognition:				
Services transferred over time	1,664,508	149,122	22,822	1,836,452
Services transferred at a point in time	—	—	93,639	93,639
	1,664,508	149,122	116,461	1,930,091



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

5. REVENUE *(continued)*

(a) Disaggregated revenue information *(continued)*

The following table shows the amounts of revenue from contracts with customers under HKFRS 15 recognised in the current reporting period that were included in the contract liabilities at the beginning of each reporting period:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of year:		
Short-term advances received from game publishing and IP licensing income	35,555	23,859
Sales of game points in self-developed games	43,607	99,127
	79,162	122,986

(b) Performance obligations of revenue from contracts with customers under HKFRS 15

Information about the Group's performance obligations is summarised below:

Publishing services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 180 days from the date of billing.

Game development related services

The performance obligation from self-developed and self-operating games is satisfied over the estimated Player Relation Period. The performance obligation from licensing self-developed games to other publishers as customer is satisfied over time during the licence period for granting the customer a right to access, or at a point in time for granting the customer a right to use.

Intellectual property licensing services

The performance obligation is satisfied over the license period (for a right to access) or at the point in time when the customer can first use the licensed intellectual property (for a right to use). Payment is generally due within 180 days from delivery.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

5. REVENUE *(continued)*

(b) Performance obligations of revenue from contracts with customers under HKFRS 15 *(continued)*

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue: Within one to two years	82,623	117,834

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one to two years. The amounts disclosed above do not include variable consideration which is constrained.

6. OTHER INCOME AND GAINS, NET

	2025 RMB'000	2024 RMB'000
Bank interest income	87	773
Government grants*	4,130	5,631
Foreign exchange differences, net	2,489	—
Fair value adjustment of contingent consideration for business combination	—	100,000
Dividend income from financial assets at fair value through profit or loss	1,755	—
Others	3,395	1,864
	11,856	108,268

* Various government grants have been received from local government authorities. There are no unfulfilled conditions and other contingencies relating to these grants.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Commissions charged by publishing channels and third-party game developers ^(a)		697,881	1,027,361
Commissions charged by IPs owners		42,262	81,314
Promotion expenses		476,286	468,317
Employee benefit expense (excluding directors' remuneration (note 9)):			
Wages and salaries		160,275	267,396
Equity-settled share-based expense		—	24,618
Pension scheme contributions (defined contribution scheme) ^(b)		14,968	31,789
		175,243	323,803
Depreciation of property and equipment	14	2,260	4,505
Depreciation of right-of-use assets	15	12,398	15,317
Amortisation of other intangible assets	17		
– included in cost of sales		100,588	121,922
– included in administrative expenses		1,247	5,102
– included in research and development costs		27	—
		101,862	127,024
Research and development costs		136,270	344,541
Less: Amounts capitalised in intangible assets	17	—	(100,286)
		136,270	244,255
Lease payments not included in the measurement of lease liabilities	15	1,294	3,544
Foreign exchange differences, net		(2,489)	1,925
Loss on disposal of an investment in an associate ^(d)	18	—	30,900
Impairment of an investment in an associate ^(d)		17,817	4,589
Impairment of trade receivables, net	20	202,996	175,843
Impairment of financial assets included in prepayments, other receivables and other assets	21	26,486	79,730
		229,482	255,573
Write-off of prepayments ^(c)		607,639	211,827
Impairment of goodwill	16	58,273	546,759
Impairment of other intangible assets	17	27,640	211,557
Loss on disposal of items of property and equipment ^(d)		701	40
Loss on disposal of items of other intangible assets ^(d)		9,510	—
Gain on lease modification	15	(130)	(2,205)
Auditor's remuneration		6,121	6,100
Fair value losses on financial assets at fair value through profit or loss		336,154	696,299

7. LOSS BEFORE TAX *(continued)*

- (a) Zhejiang Century Huatong Group Co., Ltd (“Century Huatong”), a listed company on the Shenzhen Stock Exchange (SZSE:002602), and a wholly-owned subsidiary of Century Huatong is a limited partner of Changpei (Shanghai) Investment Centre (Limited Partnership) (“Changpei Shanghai”). Pursuant to the partnership agreement of Changpei Shanghai, the general partner shall have the exclusive and sole right of management of the affairs of the partnership and limited partners shall have no power to conduct the business of the partnership nor shall limited partners represent the partnership. Also, limited partners shall not participate in the management or control of the investment business of the partnership. As Century Huatong does not have any voting rights in the Company through its holding vehicles or significant influence on the Company, the directors of the Company believe that Century Huatong is an independent third party to the Group. Century Huatong provided publishing channel services to the Group, which amounted to RMB9,332,000 during the year ended 31 December 2025 (2024: RMB44,941,000), and the balance of trade receivables from Century Huatong as at 31 December 2025 was RMB210,000 (2024: RMB465,000).
- (b) There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.
- (c) Write-off of prepayments is presented as separate line item in the consolidated statement of profit or loss. These prepayments are related to certain mobile game projects which the Group had decided to terminate or the relevant prepaid licenses were expired during the year.
- (d) Loss on disposal of an investment in an associate, impairment of an investment in an associate, loss on disposal of items of property and equipment and loss on disposal of items of other intangible assets are included in “other expenses” in the consolidated statement of profit or loss.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest expenses on:		
Bank and other borrowings	19,146	18,627
Lease liabilities (note 15)	637	1,225
	19,783	19,852



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	1,467	1,373
Other emoluments:		
Salaries, allowances and benefits in kind	3,421	3,239
Equity-settled share-based expense	—	2,664
Pension scheme contributions	157	145
	5,045	7,421

On 20 January 2023 and 24 April 2024, certain directors of the Company were granted share options, in respect of their services to the Group, under the share incentive scheme of the Company, further details of which are set out in note 28 to the consolidated financial statements. The fair value of such granted options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant.

9. DIRECTORS' REMUNERATION *(continued)***(a) Independent non-executive directors**

The fees and equity-settled share-based expense paid to independent non-executive directors during the year were as follows:

2025	Fees RMB'000	Equity-settled share-based expense RMB'000	Total remuneration RMB'000
Independent non-executive directors:			
Mr. TANG Liang (唐亮)	—	—	—
Ms. NG Yi Kum (伍綺琴)	220	—	220
Mr. HO Orlando Yaukai (何猷啟)	165	—	165
	385	—	385

2024	Fees RMB'000	Equity-settled share-based expense RMB'000	Total remuneration RMB'000
Independent non-executive directors:			
Mr. TANG Liang (唐亮)	—	73	73
Ms. NG Yi Kum (伍綺琴)	219	73	292
Mr. HO Orlando Yaukai (何猷啟)	164	73	237
	383	219	602



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

9. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors

2025	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share-based expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. XIAO Jian (肖健)	275	1,369	—	73	1,717
Mr. SIN Hendrick <i>M.H., J.P.</i> (洗漢迪)	275	1,454	—	16	1,745
Mr. FAN Yingjie (樊英傑)	165	598	—	68	831
	715	3,421	—	157	4,293
Non-executive director:					
Mr. JIANG Yukai (江育凱)	165	—	—	—	165
Mr. ZHANG Shengyan (張聖晏)	165	—	—	—	165
Mr. LIU Shanshan (劉杉杉)	37	—	—	—	37
	1,082	3,421	—	157	4,660

2024	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share-based expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. XIAO Jian (肖健)	274	1,404	1,005	62	2,745
Mr. SIN Hendrick <i>M.H., J.P.</i> (洗漢迪)	274	1,239	1,005	16	2,534
Mr. FAN Yingjie (樊英傑)	164	596	292	67	1,119
	712	3,239	2,302	145	6,398
Non-executive director:					
Mr. JIANG Yukai (江育凱)	114	—	70	—	184
Mr. ZHANG Shengyan (張聖晏)	164	—	73	—	237
	990	3,239	2,445	145	6,819

Note:

- Mr. LIU Shanshan who acts as the non-executive director of the Company was appointed on 10 October 2025.
- Mr. TANG Liang waived his own emolument of HK\$180,000 (2024: HK\$180,000) for the year ended 31 December 2025. Except that, there was no other arrangement under which a director waived any remuneration during the years ended 31 December 2025 and 2024.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two directors (2024: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2024: three) highest paid employees who are not a director of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	2,947	3,914
Equity-settled share-based expense	—	64
Pension scheme contributions	139	212
	3,086	4,190

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	—	—
HK\$1,000,001 to HK\$1,500,000	3	2
HK\$1,500,001 to HK\$2,000,000	—	1
	3	3

On 20 January 2023 and 24 April 2024, share options were granted to the three non-director highest paid employees in respect of their services to the Group, further details of which are set out in note 28 to the consolidated financial statements. The fair value of such granted options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the BVI and the Cayman Islands (the "Cayman"), the Group is not subject to any income tax in the BVI and Cayman.

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Taxes on profits assessable in Mainland China have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. Pursuant to the PRC Corporate Income Tax Law (the "PRC Tax Law") effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operating in Mainland China during the reporting period was 25% of their taxable profits.

Shenzhen Donyue and Shenzhen Zhongshouyou were accredited as High and New Technology Enterprises ("HNTE") in 2020 under relevant PRC laws and regulations. Accordingly, Shenzhen Donyue and Shenzhen Zhongshouyou were entitled to a preferential Corporate Income Tax ("CIT") rate of 15%. The certificate was valid for three years since its renewal in 2023.

Chengdu Zhuoxing was accredited as HNTE in 2025 under relevant PRC laws and regulations. Accordingly, Chengdu Zhuoxing was entitled to a preferential CIT rate of 15% from 2025 to 2028.

Wenmai Hudong was accredited as a HNTE in 2025 under relevant PRC laws and regulations. Accordingly, it was entitled to a preferential CIT rate of 15% from 2025 to 2028.

Shengyue Software was accredited as HNTE in 2022 under relevant PRC laws and regulations. Accordingly, it was entitled to a preferential CIT rate of 15% from 2022 to 2025.

Tibet Jichuang was established in Lhasa, Tibet. According to the applicable regulations promulgated by the State Council and relevant authorities, the applicable tax rate for Tibet Jichuang was 15% for the years ended 31 December 2024 and 2025.

Hainan Chuangyue and Hainan Zhanshen were established in the Hainan Free Trade Port. According to the applicable regulations promulgated by the State Council and relevant authorities, the applicable tax rate for Hainan Chuangyue and Hainan Zhanshen was 15% each for the years ended 31 December 2024 and 2025.

11. INCOME TAX *(continued)*

Shanghai Fanying was accredited as a “software enterprise” in 2021 under relevant PRC laws and regulations. According to relevant policies, it was entitled to tax exemption from 2021 to 2022 and is entitled to a preferential CIT rate of 12.5% from 2023 to 2025.

Shenzhen Fansheng was accredited as a “software enterprise” in 2021 under relevant PRC laws and regulations. According to relevant policies, it was entitled to tax exemption from 2023 to 2024 and is entitled to a preferential CIT rate of 12.5% from 2025 to 2027.

Super Deduction

On 26 March 2023, the State Tax Bureau of the PRC issued the Public Notice 2023 No.7, announcing that the enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses in determining tax assessable profits from 2023 onwards. Certain qualified subsidiaries of the Group have claimed such super deduction in ascertaining their tax assessable profits/(losses) for the years ended 31 December 2025 and 2024 respectively.

The major components of the income tax credit for the year are as follows:

	2025 RMB'000	2024 RMB'000
Current tax expense		
PRC	88	22,624
Hong Kong		
Under-provision in prior years	—	1,091
Elsewhere	29	505
Total	117	24,220
Deferred tax credit (note 26)		
PRC	(136,821)	(56,283)
Total tax credit for the year	(136,704)	(32,063)



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

11. INCOME TAX (continued)

A reconciliation of the tax credit applicable to loss before tax at the statutory rate of Mainland China (i.e., 25%) where the main operating entity is domiciled to the tax credit at the effective tax rate as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(1,613,837)	(2,142,882)
Tax at the statutory tax rate	(403,459)	(535,721)
Effect of different applicable tax rates for specific jurisdictions or enacted by local authority	133,612	265,322
Profits and losses attributable to associates	2,897	(1,289)
Super deduction for research and development expenses	(6,337)	(20,164)
Expenses not deductible for tax	78,247	126,252
Under provision of income tax in previous years	—	1,091
Utilisation of previously unrecognised tax losses	(49,554)	(5,666)
Effect of tax losses not recognised	107,890	138,112
Tax credit at the Group's effective rate	(136,704)	(32,063)

Pursuant to the PRC Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10% and may be reduced to 5% if certain criteria could be met under the Double Taxation Arrangement (Hong Kong). The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2025, no deferred tax (2024: Nil) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and associates established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries and associates in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB36,857,000 (2024: RMB166,990,000).

12. DIVIDENDS

The board of directors of the Company has resolved not to recommend payment of a final dividend for the year ended 31 December 2025 (2024: nil).

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the years attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

The Group had no dilutive potential ordinary shares in issue during the years ended 31 December 2025 and 2024 for the exercise price of the share options exceeds the average market price of the ordinary shares during the respective period. Therefore, both basic and diluted loss per share are the same.

The calculations of basic and diluted loss per share are based on:

	2025 RMB'000	2024 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	(1,471,341)	(2,105,005)

	Number of shares	
	2025	2024
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	2,995,413,777	2,823,325,000



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

14. PROPERTY AND EQUIPMENT

	Electronic devices RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Total RMB'000
31 December 2025					
At 1 January 2025:					
Cost	20,899	193	12,627	6,395	40,114
Accumulated depreciation	(15,407)	(193)	(12,627)	(288)	(28,515)
Net carrying amount	5,492	—	—	6,107	11,599
At 1 January 2025, net of accumulated depreciation	5,492	—	—	6,107	11,599
Additions	96	—	—	—	96
Disposals	(1,093)	—	—	—	(1,093)
Depreciation provided during the year (note 7)	(2,116)	—	—	(144)	(2,260)
Exchange realignment	(1)	—	—	—	(1)
At 31 December 2025, net of accumulated depreciation	2,378	—	—	5,963	8,341
At 31 December 2025:					
Cost	16,505	193	10,449	6,395	33,542
Accumulated depreciation	(14,127)	(193)	(10,449)	(432)	(25,201)
Net carrying amount	2,378	—	—	5,963	8,341

14. PROPERTY AND EQUIPMENT *(continued)*

	Electronic devices RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Total RMB'000
31 December 2024					
At 1 January 2024:					
Cost	19,147	193	13,357	6,395	39,092
Accumulated depreciation	(11,606)	(193)	(12,927)	(144)	(24,870)
Net carrying amount	7,541	—	430	6,251	14,222
At 1 January 2024, net of accumulated depreciation	7,541	—	430	6,251	14,222
Additions	1,933	—	—	—	1,933
Disposals	(53)	—	—	—	(53)
Depreciation provided during the year (note 7)	(3,931)	—	(430)	(144)	(4,505)
Exchange realignment	2	—	—	—	2
At 31 December 2024, net of accumulated depreciation	5,492	—	—	6,107	11,599
At 31 December 2024:					
Cost	20,899	193	12,627	6,395	40,114
Accumulated depreciation	(15,407)	(193)	(12,627)	(288)	(28,515)
Net carrying amount	5,492	—	—	6,107	11,599



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

15. LEASES

The Group leases certain of its office properties under operating lease arrangements. Leases for office properties are for terms ranging from one to five years.

The Group also leased certain office premises under short-term (i.e., within 12 months) lease arrangements. The Group has elected not to recognise right-of-use assets on these short-term lease contracts.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
As at 1 January	22,442	24,860
Additions	2,378	28,813
Effect of modification to lease terms	(2,817)	(15,924)
Depreciation charge (note 7)	(12,398)	(15,317)
Exchange realignment	(65)	10
As at 31 December	9,540	22,442

15. LEASES *(continued)***(b) Lease liabilities**

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	22,503	26,907
New leases	2,378	28,813
Effect of modification to lease terms	(2,947)	(18,129)
Accretion of interest recognised during the year (note 8)	637	1,225
Payments	(12,799)	(16,324)
Exchange realignment	(66)	11
Carrying amount at 31 December	9,706	22,503
Analysed into:		
Current portion	7,223	12,446
Non-current portion	2,483	10,057

The maturity analysis of lease liabilities is disclosed in note 36 to the consolidated financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities (note 8)	637	1,225
Depreciation charge of right-of-use assets (note 7)	12,398	15,317
Expense relating to short-term leases (note 7)	1,294	3,544
Gain on lease modification (note 7)	(130)	(2,205)
Total amount charged in profit or loss	14,199	17,881

(d) The total cash outflows for leases is disclosed in note 30(c) to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

16. GOODWILL

	RMB'000
At 1 January 2024:	
Cost	1,147,749
Accumulated impairment	(88,445)
Net carrying amount	1,059,304
Cost at 1 January 2024, net of accumulated impairment	1,059,304
Impairment during the year (note 7)	(546,759)
Net carrying amount at 31 December 2024	512,545
At 31 December 2024 and 1 January 2025:	
Cost	1,147,749
Accumulated impairment	(635,204)
Net carrying amount	512,545
Cost at 1 January 2025, net of accumulated impairment	512,545
Impairment during the year (note 7)	(58,273)
Net carrying amount at 31 December 2025	454,272
At 31 December 2025:	
Cost	1,147,749
Accumulated impairment	(693,477)
Net carrying amount	454,272

16. GOODWILL *(continued)***Impairment testing of goodwill**

As at 31 December 2025, goodwill is allocated to CGUs namely the Mobile Game Publishing CGU, the Wenmai Hudong CGU and the Beijing Softstar CGU for impairment testing. The recoverable amounts of the CGUs have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The growth rate beyond the five-year period had been projected as 2%.

The respective recoverable amounts and the carrying values of the Mobile Game Publishing CGU, the Wenmai Hudong CGU and the Beijing Softstar CGU as at 31 December 2025 and 2024 are as follows:

Mobile Game Publishing CGU:

	2025 RMB'000	2024 RMB'000
Recoverable amount	950,000	1,620,000
Carrying value including allocated goodwill	752,004	1,412,746

Wenmai Hudong CGU:

	2025 RMB'000	2024 RMB'000
Recoverable amount	59,000	140,768
Carrying value including allocated goodwill	59,000	140,768

Beijing Softstar CGU:

	2025 RMB'000	2024 RMB'000
Recoverable amount	482,184	531,657
Carrying value including allocated goodwill	457,887	496,994



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

16. GOODWILL (continued)

Impairment testing of goodwill (continued)

The pre-tax discount rates applied to the cash flow projections, the forecasted growth rates and gross margin used to extrapolate cash flow projections and terminal growth rates are follows:

Mobile game publishing CGU:

	2025	2024
Growth rates (during the five-year period)	10%-30%	8%-33%
Gross margin	38%	37%
Pre-tax discount rate	16%	16%
Terminal growth rate	2%	2%

Wenmai Hudong CGU:

	2025	2024
Growth rates (during the five-year period)	2%-355%	2%-157%
Gross margin	8%	11%
Pre-tax discount rate	18%	19%
Terminal growth rate	2%	2%

Beijing Softstar CGU:

	2025	2024
Growth rates (during the five-year period)	2%-15%	5%-48%
Gross margin	66%	64%
Pre-tax discount rate	18%	20%
Terminal growth rate	2%	2%

16. GOODWILL *(continued)*

Assumptions were used in the value-in-use calculation of the CGUs for 31 December 2025 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth rate - The revenue growth rate is based on the average growth achieved in the past years and the expected revenue from newly launched games.

Budgeted gross margins - The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the past years and the expectation for market development.

Discount rate - The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on market development and the discount rate are consistent with external information sources.

Game development operation of Wenmai Hudong CGU

During the year ended 31 December 2025, management of the Group has provided impairment loss on goodwill of RMB58,273,000 (2024: RMB529,915,000) allocated to game development operation of Wenmai Hudong CGU to write down their carrying amounts to RMB59,000,000 (2024: RMB140,768,000), since the annual results of Wenmai Hudong CGU have underperformed with loss results.

Game development operation of Shanghai Zhoujing CGU

During the year ended 31 December 2024, management of the Group has provided impairment loss on goodwill of RMB16,844,000 allocated to game development operation of Shanghai Zhoujing CGU to write down their recoverable amounts to nil due to their closure of business under the Group's latest strategy.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

17. OTHER INTANGIBLE ASSETS

	IP licenses RMB'000	CP licenses RMB'000	Computer software RMB'000	Copyrights RMB'000	Development expenditure RMB'000	IP rights of Legend of Sword and Fairy RMB'000	Others RMB'000	Total RMB'000
Cost at 1 January 2025, net of accumulated amortisation and impairment	30,159	71,842	1,395	—	18,999	438,430	3,055	563,880
Additions	41,449	39,434	—	—	—	—	—	80,883
Disposals	—	(44,672)	—	—	—	—	—	(44,672)
Amortisation provided during the year (note 7)	(40,638)	(28,384)	(1,278)	—	(5,806)	(25,749)	(7)	(101,862)
Impairment during the year (note 7)	—	(14,447)	—	—	(13,193)	—	—	(27,640)
Exchange realignment	(273)	(698)	—	—	—	(375)	—	(1,346)
At 31 December 2025	30,697	23,075	117	—	—	412,306	3,048	469,243
At 31 December 2025: Cost	147,579	168,694	13,690	79,000	176,696	513,262	3,070	1,101,991
Accumulated amortisation and impairment	(116,882)	(145,619)	(13,573)	(79,000)	(176,696)	(100,956)	(22)	(632,748)
Net carrying amount	30,697	23,075	117	—	—	412,306	3,048	469,243

	IP licenses RMB'000	CP licenses RMB'000	Computer software RMB'000	Copyrights RMB'000	Development expenditure RMB'000	IP rights of Legend of Sword and Fairy RMB'000	Others RMB'000	Total RMB'000
Cost at 1 January 2024, net of accumulated amortisation and impairment	44,058	64,542	2,725	—	76,410	417,888	5,042	610,665
Additions	48,066	98,702	—	—	100,286	44,778	—	291,832
Amortisation provided during the year (note 7)	(59,655)	(41,479)	(1,330)	—	—	(24,224)	(336)	(127,024)
Impairment during the year (note 7)	(2,291)	(49,918)	—	—	(157,697)	—	(1,651)	(211,557)
Exchange realignment	(19)	(5)	—	—	—	(12)	—	(36)
At 31 December 2024	30,159	71,842	1,395	—	18,999	438,430	3,055	563,880
At 31 December 2024: Cost	126,538	211,294	13,690	79,000	176,696	513,688	3,070	1,123,976
Accumulated amortisation and impairment	(96,379)	(139,452)	(12,295)	(79,000)	(157,697)	(75,258)	(15)	(560,096)
Net carrying amount	30,159	71,842	1,395	—	18,999	438,430	3,055	563,880

17. OTHER INTANGIBLE ASSETS *(continued)*

Development expenditure are internally generated. All of the Group's IP licenses, CP licenses, computer software, certain copyrights and IP rights of Legend of Sword and Fairy were acquired from third parties.

Impairment tests for development expenditure

The Group assessed the recoverable amount of development expenditure based on value in use calculations and as a result the carrying amount of the development expenditure was written down to its recoverable amount to nil as at 31 December 2025 as defects have been noted in corresponding game, of which potential market performance would be seriously affected. Accordingly, an impairment on other intangible assets of approximately RMB13,193,000 was recognised for the year ended 31 December 2025 (2024: RMB157,697,000).

18. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	62,018	77,664
Goodwill on acquisition	101,623	101,623
Accumulated impairment	(76,754)	(58,937)
	86,887	120,350

The Group's trade payable with the associates are disclosed in note 33 to the consolidated financial statements.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

18. INVESTMENTS IN ASSOCIATES *(continued)*

Particulars of the Group's associates are as follows:

Name	Particulars of registered capital held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Shanghai Fengguo Network Technology Co., Ltd. (上海蜂果網絡科技有限公司)	RMB1,551,254	PRC/ Mainland China	43.47%	Mobile game development
Shenzhen Zhichengqianli Investment Enterprise (Limited Partnership) (深圳市志成千里投資企業(有限合夥))	RMB101,500,000	PRC/ Mainland China	49.26%	Investment
Hangzhou Huanwen Technology Co., Ltd. (杭州幻文科技有限公司)	RMB10,000,000	PRC/ Mainland China	19.5%	Mobile game development
Guangzhou Zhonghui Digital Co., Ltd. (廣州中繪數碼有限公司)	RMB1,200,000	PRC/ Mainland China	25%	Provision of software and information technology services
Hangzhou Quwan Shikong Network Technology Co., Ltd. (杭州趣玩時空網絡科技有限公司)	RMB100,000	PRC/ Mainland China	49.0%	Mobile game development

Note:

- (a) Shanghai Fengguo Network Technology Co., Ltd. and Shenzhen Zhichengqianli Investment Enterprise (Limited Partnership) are considered material associates of the Group, being strategic partners of the Group and were accounted for using the equity method.
- (b) Hangzhou Quwan Shikong Network Technology Co., Ltd. was incorporated in December 2025.

18. INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised financial information in respect of Shanghai Fengguo Network Technology Co., Ltd, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Current assets	9,359	52,115
Non-current assets	5,145	5,192
Current liabilities	(7,181)	(40,747)
Net assets	7,323	16,560
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	43.47%	43.47%
Group's share of net (liabilities)/assets of the associate	(2,633)	1,383
Goodwill on acquisition	64,750	64,750
Accumulated impairment	(17,817)	—
Carrying amount of the investment	44,300	66,133
Revenue	50,885	80,365
Loss for the year	(9,614)	(5,732)
Total comprehensive loss for the year	(9,614)	(5,732)



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

18. INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised financial information in respect of Shenzhen Zhichengqianli Investment Enterprise (Limited Partnership), adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Current assets	2,799	9,291
Non-current assets	73,600	92,700
Current liabilities	(980)	(1,540)
Net assets	75,419	100,451
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	49.26%	49.26%
Group's share of net assets of the associate	37,114	49,482
Goodwill on acquisition	4,205	4,205
Carrying amount of the investment	41,319	53,687
Revenue	50	—
(Loss)/profit for the year	(20,032)	12,884
Total comprehensive (loss)/income for the year	(20,032)	12,884
Dividend paid	(5,000)	—

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' profit for the year	689	530
Share of the associates' total comprehensive income	689	530
Aggregate carrying amount of the Group's investments in the associates	1,268	530

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Non-current assets		
Listed equity investments, at fair value	30,468	63,296
Unlisted equity investments, at fair value	788,395	883,656
Convertible loans, at fair value	203,681	291,557
	1,022,544	1,238,509

In April 2018, CMGE Group Limited transferred the investment in China Prosperity Capital Mobile Internet Fund L.P. ("CPC Fund") to the Group. In June 2018, the Group injected cash of US\$8,300,000 (equivalent to RMB54,442,000) to CPC Fund. The Group acted as a limited partner and held 25.65% of its limited partnership interests. The fair value of the investment in CPC Fund was RMB233,892,000 (2024: RMB227,526,000) as at 31 December 2025.

In February 2020, Guohong Jiaxin (Shenzhen) Angel Venture Capital Enterprise (L.P.) ("Angel Venture") has been set up after obtaining all the related licences and approval documentation. The fair value of the investment in Angel Venture was RMB227,000,000 (2024: RMB211,000,000) as at 31 December 2025.

The Group holds 25.65% and 39.01% limited partnership interests in CPC Fund and Angel Venture, respectively. Pursuant to the relevant agreements of these two funds, the Group is entitled to investment return, but has no right or power to participate in the management or control of the funds. Therefore, the Group has neither control nor significant influence on CPC Fund and Angel Venture and they are treated as financial instruments at fair value through profit or loss.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

20. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	830,413	1,254,339
Allowance for impairment	(495,927)	(436,808)
Trade receivables, net	334,486	817,531
Bills receivable	1,433	28,814
Trade and bills receivables, net	335,919	846,345

Trade receivables mainly represent amounts receivable from third-party publishing channels. The Group normally allows credit terms of 180 days for established channels and other counterparties and extends credit terms up to 270 days for major channels and other major counterparties. Bills receivables are received from independent customers under the ordinary course of business. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing.

The Group's bills receivable of RMB1,433,000 as at 31 December 2025 (2024: RMB28,814,000) were transferred to banks by discounting on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount and has recognised the cash received on the transfer as a collateralised borrowing (see note 25). These financial assets are carried at amortised cost in the consolidated statement of financial position.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the billing date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 6 months	119,738	365,996
6 months to 1 year	44,008	180,511
1 year to 18 months	82,201	136,640
18 months to 2 years	44,148	117,213
Over 2 years	44,391	17,171
	334,486	817,531

20. TRADE AND BILLS RECEIVABLES *(continued)*

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	436,808	263,408
Provision for impairment losses, net (note 7)	202,996	175,843
Receivable written off during the year as uncollectible	(143,877)	(2,443)
At end of year	495,927	436,808

The Group applies the simplified approach in calculating expected credit losses (“ECL”) under HKFRS 9, and the provision rates are based on days past due for groupings of various customer segments with similar loss patterns. For certain trade receivables for which the counterparty failed to make demanded repayment, the Group has made a 100% provision (“default receivables”). Except for default receivables, the Group used the calculation which reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group’s trade receivables:

As at 31 December 2025

	Expected credit		
	Amount RMB'000	loss rate	Impairment RMB'000
Default receivables	1,071	100.0%	1,071
Other trade receivables aged:			
Current	136,140	12.0%	16,402
Past due for less than 6 months	67,433	34.7%	23,425
Past due for 6 months to 1 year	175,312	53.1%	93,111
Past due for 1 year to 18 months	116,943	62.2%	72,795
Past due for 18 months to 24 months	189,750	76.6%	145,359
Past due for over 24 months	143,764	100.0%	143,764
	830,413		495,927



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

20. TRADE AND BILLS RECEIVABLES *(continued)*

As at 31 December 2024

	Amount RMB'000	Expected credit loss rate	Impairment RMB'000
Default receivables	3,526	100.0%	3,526
Other trade receivables aged:			
Current	404,529	9.5%	38,531
Past due for less than 6 months	238,574	24.3%	58,063
Past due for 6 months to 1 year	198,233	31.1%	61,594
Past due for 1 year to 18 months	190,164	38.3%	72,951
Past due for 18 months to 24 months	53,937	68.2%	36,767
Past due for over 24 months	165,376	100.0%	165,376
	1,254,339		436,808

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Non-current portion		
Prepayments*	299,413	887,365
Other receivables**	13,869	15,042
	313,282	902,407
Current portion		
Prepayments*	280,714	479,658
Deposits and other receivables**	115,809	121,222
Contract costs***	17,235	37,635
	413,758	638,515
	727,040	1,540,922

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(continued)*

- * During the process of developing and publishing mobile games, certain prepayments are agreed to be and have been made by the Group pursuant to the relevant game production contracts entered into with the game developers or licensors of the relevant IP rights. These prepayments are commonly known in the industry as prepaid minimum guarantees and prepaid licence fees.

Prepaid minimum guarantees are made by the Group as game publishers to game developers before the release of the games. Prepaid minimum guarantees serve as an incentive to encourage game developers to devote resources into the research and development of certain games and are used to guarantee the collaboration between the Group (as game publishers) and the game developers in relation to the publishing of the games.

Prepaid licence fees are fixed fees made by the Group as game publishers to game developers or licensors as consideration for acquiring the rights to use the IP, the dealership rights or the distribution rights of certain games.

Prepayments as at 31 December 2025 mainly included prepaid minimum guarantees of approximately RMB265,954,000 (2024: RMB443,293,000) and prepaid licence fees of approximately RMB299,413,000 (2024: RMB737,550,000).

- ** Deposits and other receivables as at 31 December 2025 mainly included receivable from disposal of investments of approximately RMB28,036,000 (2024: RMB36,083,000), deductible Input VAT of approximately RMB47,575,000 (2024: RMB26,449,000) and deposit for expense mainly including marketing of approximately RMB2,054,000 (2024: RMB14,304,000).

- *** Contract costs relate to commissions charged by the platforms which meet the contract acquisition cost capitalisation criteria. They are capitalised as contract acquisition costs and amortised over the Player Relation Period, which is consistent with the pattern of recognition of the associated revenue. The Group had no impairment losses recognised on contract costs.

The financial assets included in the deposits and other receivables are considered to be stage 1 when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk. The gross carrying amount for receivables of RMB92,931,000 (2024: RMB130,015,000) which is considered as credit-impaired at 31 December 2025 and is classified as stage 3.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(continued)*

The following table shows reconciliation of impairment loss allowance that has been recognised for financial assets included in prepayments, other receivables and other assets:

	12-month ECLs	Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
As at 1 January 2024	—	—	67,964	67,964
Changes due to financial instruments recognised as at 1 January 2024:				
– Impairment loss recognised (note 7)	—	—	79,730	79,730
– Decrease from derecognition of financial assets in the year	—	—	(17,376)	(17,376)
– Write-off	—	—	(831)	(831)
Exchange realignment	—	—	528	528
As at 31 December 2024 and 1 January 2025	—	—	130,015	130,015
Changes due to financial instruments recognised as at 1 January 2025:				
– Impairment loss recognised (note 7)	1,323	—	25,163	26,486
– Write-off	—	—	(61,965)	(61,965)
Exchange realignment	(17)	—	(282)	(299)
As at 31 December 2025	1,306	—	92,931	94,237

22. CASH AND CASH EQUIVALENTS, PLEDGED AND RESTRICTED DEPOSITS AND TIME DEPOSITS

	Note	2025 RMB'000	2024 RMB'000
Cash and bank balances		111,829	101,756
Less: Pledged and other deposits:			
– Time deposits with original maturity of over three months		(10,100)	—
– Pledged for interest-bearing bank borrowings	25	(6,000)	—
– Deposits restricted for litigation		(4,738)	—
		(20,838)	—
Cash and cash equivalents		90,991	101,756

At the end of the reporting period, most of the cash and bank balances of the Group were denominated in RMB. The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

23. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the billing date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	45,349	92,507
3 to 6 months	29,654	51,434
6 months to 1 year	21,855	25,450
Over 1 year	40,682	49,192
Total	137,540	218,583

The trade payables are non-interest-bearing and are normally settled on 180-day terms.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

24. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Contract liabilities*	82,623	117,834
Salary and welfare payables	21,930	27,475
Other tax payables	35,402	28,065
Accruals	48,702	50,728
Other payables**	60,140	21,717
	248,797	245,819

* Details of contract liabilities are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
Game publishing and licensing income	56,877	74,227	40,397
Self-developed and self-operating games	25,746	43,607	113,934
	82,623	117,834	154,331

** Other payables are non-interest-bearing and repayable on demand.

25. BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate per annum (%)	Maturity	RMB'000	Effective interest rate per annum (%)	Maturity	RMB'000
Current						
Bank loans – secured	N/A	2026	1,433	N/A	2025	28,814
Bank loans – unsecured	1.95-4.70	2026	405,125	2.02-4.70	2025	461,992
Other loans – unsecured	0-5.00	2026	95,885	5.00-12.00	2025	22,000
			502,443			512,806

The bank and other borrowings bear interest at fixed rate, and repayable within one year after the reporting period.

The bank loans were secured by the Group's bills receivable with carrying amount of RMB1,433,000 as at 31 December 2025 (2024: RMB28,814,000).

As at 31 December 2025, the bank deposits of RMB6,000,000 was pledged against bank loans.

26. DEFERRED TAX

The movements in gross deferred tax assets during the reporting period are as follows:

	Deferred tax assets					Total RMB'000
	Impairment of financial and contract assets RMB'000	Write-off of prepayments RMB'000	Impairment of other intangible assets RMB'000	Revaluation of financial assets at fair value through profit or loss RMB'000	Losses available for offsetting against future taxable profits RMB'000	
At 1 January 2024	25,764	15,190	4,011	—	28,905	73,870
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	47,376	(6,558)	—	27,412	(3,114)	65,116
At 31 December 2024	73,140	8,632	4,011	27,412	25,791	138,986
At 1 January 2025	73,140	8,632	4,011	27,412	25,791	138,986
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	2,583	19,311	—	40,028	(7,828)	54,094
At 31 December 2025	75,723	27,943	4,011	67,440	17,963	193,080

The movements in gross deferred tax liabilities during the reporting period are as follows:

	Deferred tax liabilities		
	Revaluation of financial assets at fair value through profit or loss RMB'000	Development costs RMB'000	Total RMB'000
At 1 January 2024	62,901	20,223	83,124
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year	(20,670)	29,503	8,833
At 31 December 2024	42,231	49,726	91,957
At 1 January 2025	42,231	49,726	91,957
Deferred tax credited to the consolidated statement of profit or loss during the year	(42,231)	(40,496)	(82,727)
At 31 December 2025	—	9,230	9,230



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

26. DEFERRED TAX *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	186,213	113,036
Net deferred tax liabilities recognised in the consolidated statement of financial position	2,363	66,007

Deferred tax assets have not been recognised in respect of the following item:

	2025 RMB'000	2024 RMB'000
Tax losses	2,639,393	2,139,296

The tax losses are available in five years, in ten years and indefinitely for offsetting against future taxable profits arising from Mainland China, Taiwan and Hong Kong, respectively. Moreover, the tax losses of HNTE are available in ten years for offsetting against future taxable profits arising from Mainland China. Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the above item can be utilised.

27. SHARE CAPITAL

Shares

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 20 March 2018 with an authorised share capital of US\$50,000 divided into 5,000,000,000 shares of US\$0.0001 each.

	2025 RMB'000	2024 RMB'000
Issued and fully paid: 2,995,413,777 (2024: 2,995,413,777) ordinary shares at US\$0.0001 each	2,089	2,089

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

27. SHARE CAPITAL *(continued)*

Shares *(continued)*

A summary of movements in the Company's issued share capital is as follows:

	Number of ordinary shares	Amount RMB'000
At 1 January 2024	2,752,672,000	1,915
Issuance of new shares (note a)	243,777,777	175
Cancellation of shares (note b)	(1,036,000)	(1)
At 31 December 2024 and 1 January 2025 and 31 December 2025	2,995,413,777	2,089

Notes:

- (a) On 22 July 2024, pursuant to the subscription agreement entered into with an independent third-party on 29 May 2024, all conditions precedent to the subscription agreement to allot and issue 100,000,000 subscription shares at the price of HK\$1.68 per subscription share for a total consideration of HK\$168,000,000 have been fulfilled and the completion took place on the same date. Further details of the completion of the subscription are set out in the Company's announcements dated 29 May 2024 and 22 July 2024.

On 13 October 2024, pursuant to the three subscription agreements entered into with independent third-parties on 10 October 2024, all conditions precedent to the subscription agreements to allot and issue 105,777,777 subscription shares at the price of HK\$0.90 per subscription share for a total consideration of HK\$95,200,000 have been fulfilled and the completion took place on 22 October 2024. Further details of the completion of the subscription are set out in the Company's announcements dated 13 October 2024 and 22 October 2024.

On 1 November 2024, pursuant to the assignment agreement entered into with an independent third party on 11 September 2024 to acquire certain intellectual property rights in relation to Legend of Sword and Fairy, all conditions precedent to the assignment agreement to allot and issue 38,000,000 consideration shares have been fulfilled and the completion took place on the same date. Further details of the completion of the transaction are set out in the Company's announcements dated on 11 September 2024 and 1 November 2024.

- (b) A total of 1,036,000 ordinary shares (previously repurchased on market in April 2024) were cancelled on 19 December 2024.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

28. SHARE-BASED COMPENSATION

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, and other employees of the Group.

On 20 January 2023, the Company granted options to subscribe for a total of 50,000,000 ordinary shares to eligible participants of the Group to incentivise and reward for their contribution to the Group ("2023 Share Options").

On 24 April 2024, the Company granted options to subscribe for a total of 80,000,000 ordinary shares to eligible participants of the Group to incentivise and reward for their contribution to the Group ("2024 Share Options").

2023 Share Options and 2024 Share Options do not confer rights on the holders to dividends or to vote at shareholders' meeting.

The following share options were outstanding under the Scheme during the year:

	2025		2024	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	1.88	126,492	2.67	83,176
Granted during the year	—	—	1.50	80,000
Forfeited during the year	2.08	(53,922)	1.53	(1,357)
Exercised during the year	—	—	—	—
Expired during the year	—	—	2.90	(35,327)
At 31 December	1.73	72,570	1.88	126,492

28. SHARE-BASED COMPENSATION *(continued)*

The exercise prices and exercise periods of the share options outstanding as at 31 December 2025 and 2024 are as follows:

2025

Number of options '000	Exercise price HK\$ per share	Exercise period
8,255	2.50	20 January 2023 to 19 January 2026
8,255	2.50	20 January 2024 to 19 January 2026
56,060	1.50	24 April 2024 to 24 April 2027

2024

Number of options '000	Exercise price HK\$ per share	Exercise period
25,000	2.50	20 January 2023 to 19 January 2026
22,815	2.50	20 January 2024 to 19 January 2026
78,677	1.50	24 April 2024 to 24 April 2027



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

28. SHARE-BASED COMPENSATION *(continued)*

The Group did not recognise any share-based compensation expense during the year ended 31 December 2025.

During the year ended 31 December 2024, share-based payment expenses of approximately RMB27,282,000 had been charged to profit or loss.

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2024	2023
	Share Options	Share Options
Equity-settled		
Option pricing model used	Binomial model	Binomial model
Exercise price (HK\$ per share)	HK\$1.50	HK\$2.50
Expected dividend	0%	0%
Expected volatility (note)	52.14%	54.87%
Risk-free interest rate	3.86%	3.42%
Suboptimal factor	2.2 - 2.8	2.2-2.8
Expected life of options (year)	3 years	3 years
Spot price (HK\$ per share)	HK\$1.22	HK\$1.96
Fair value on the date of grant (RMB)	RMB27,411,000	RMB26,105,000

Note:

The expected volatility, measured as the standard deviation of the expected share price returns, is determined based on the average daily trading price volatility of the shares of the Company.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 72,570,000 (2024: 126,492,000) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 72,570,000 additional ordinary shares of the Company and additional share capital of RMB51,000 (before issue expenses) (2024: RMB91,000).

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 136 of the consolidated financial statements.

(a) Capital reserve

The capital reserve of the Group represents the difference between the aggregate of the paid-up share capital of the subsidiaries, the consideration paid by the Group for the business combination under common control and contribution from the shareholders.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the group companies, each of the companies that is domiciled in the PRC is required to allocate 10% of its profit after tax, as determined in accordance with PRC GAAP, to the statutory surplus reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve is non-distributable except that in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, it can be used to offset accumulated losses or be capitalised as paid-up capital.

(c) Share incentive reserve

The share incentive reserve comprises the fair value of equity-settled share-based payments granted over the years.

(d) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies outside Mainland China. The reserve is dealt with in accordance with the accounting policy set out in note 2.4 to the consolidated financial statements.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,378,000 (2024: RMB28,813,000) and RMB2,378,000 (2024: RMB28,813,000), respectively, in respect of lease arrangements for office properties.

(b) Changes in liabilities arising from financing activities

2025

	Bank and other loans RMB'000	Lease liabilities RMB'000
At 1 January 2025	512,806	22,503
Proceeds from loans	739,044	—
Additions to lease liabilities	—	2,378
Effect of modification to lease terms	—	(2,947)
Accretion of interest expenses	19,146	637
Repayment of interest expenses	(19,146)	(637)
Repayment of loans	(749,407)	—
Repayments of principal elements of lease payments	—	(12,162)
Exchange realignment	—	(66)
At 31 December 2025	502,443	9,706

2024

	Bank and other loans RMB'000	Lease liabilities RMB'000
At 1 January 2024	495,000	26,907
Proceeds from loans	627,176	—
Additions to lease liabilities	—	28,813
Effect of modification to lease terms	—	(18,129)
Accretion of interest expenses	18,627	1,225
Repayment of interest expenses	(18,627)	(1,225)
Repayment of loans	(609,370)	—
Repayments of principal elements of lease payments	—	(15,099)
Exchange realignment	—	11
At 31 December 2024	512,806	22,503

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)***(c) Total cash outflows for leases**

The total cash outflows for leases included in the consolidated statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	1,294	3,544
Within financing activities	12,799	16,324
	14,093	19,868

31. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as of 31 December 2025.

32. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for: Purchase of IP and game licences	69,539	134,117

33. RELATED PARTY TRANSACTIONS**(a) Names of related parties**

	Relationship with the Group
Shanghai Fengguo Network Technology Co., Ltd.	Associate
Guangzhou Zhonghui Digital Co., Ltd.	Associate
Mr. Fan Yingjie	Executive director



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

33. RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following material related party transactions during the reporting period:

	2025 RMB'000	2024 RMB'000
Production services fee charged by Guangzhou Zhonghui Digital Co., Ltd.	2,796	—
Publishing service provided to Shanghai Fengguo Network Technology Co., Ltd.	1,763	2,123
Commission charged by Shanghai Fengguo Network Technology Co., Ltd.	7,153	—
Commission charged by Shenzhen Sparks Interactive Entertainment Co., Ltd.*	—	9,484

* On 1 December 2024, the Group entered into a capital reduction agreement to return the entire 20% equity interest in Shenzhen Sparks Interactive Entertainment Co., Ltd at a consideration of RMB7,500,000 and the transaction was completed on 1 December 2024. Hence, Shenzhen Sparks Interactive Entertainment Co., Ltd was no longer recognised as an associate of the Group since December 2024. The commission services amounted to RMB9,484,000 charged by Shenzhen Sparks Interactive Entertainment Co., Ltd to the Group during the period from 1 January 2024 to 1 December 2024 was recognised as related party transaction.

(c) Outstanding balances with related parties

As disclosed in the consolidated statement of financial position, the Group had outstanding balances with related parties at 31 December 2025 and 2024.

Amounts due from related parties

	2025 RMB'000	2024 RMB'000
Mr. Fan Yingjie**	7,851	7,851
Shanghai Fengguo Network Technology Co., Ltd.*	—	2,829
	7,851	10,680

* The balance is trade in nature.

** The balance is non-trade in nature.

NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2025

33. RELATED PARTY TRANSACTIONS *(continued)*

(c) **Outstanding balances with related parties** *(continued)*

Amounts due to related parties

	2025 RMB'000	2024 RMB'000
Guangzhou Zhonghui Digital Co., Ltd.*	433	—
Shanghai Fengguo Network Technology Co., Ltd.*	4,323	—
	4,756	—

* These balances are trade in nature.

The amounts due from related parties and amounts due to related parties are unsecured, interest-free and repayable on credit terms similar to those offered to the major customers of the Group.

(d) **Compensation of key management personnel of the Group:**

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	9,829	10,860
Equity-settled share-based expense	—	17,984
Pension scheme contributions	463	507
	10,292	29,351

Further details of directors' emoluments are included in note 9 to the consolidated financial statements.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at fair value through profit or loss	1,022,544	1,238,509
Financial assets measured at amortised cost:		
Trade and bills receivables	335,919	846,345
Due from related parties	7,851	10,680
Financial assets included in prepayments, other receivables and other assets	129,678	136,264
Time deposits	10,100	—
Pledged and restricted deposits	10,738	—
Cash and cash equivalents	90,991	101,756
	585,277	1,095,045
	1,607,821	2,333,554
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade payables	137,540	218,583
Due to related parties	4,756	—
Financial liabilities included in other payables and accruals	108,842	72,445
Bank and other borrowings	502,443	512,806
	753,581	803,834
Other financial liabilities:		
Lease liabilities	9,706	22,503
	763,287	826,337

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2025 and 2024, the fair values of the Group's financial assets or liabilities at amortised cost approximated to their respective carrying amounts.

Management has assessed that the carrying amounts of cash and cash equivalents, time deposits, pledged and restricted deposits, trade and bills receivables, amounts due from related parties, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, bank and other borrowings and amounts due to related parties are reasonably approximate to their fair values because these financial instruments are mostly short term in nature.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The fair values of the unlisted equity investments and convertible loans have been estimated by using various applicable valuation techniques, including the discounted cash flow approach, adjusted net assets value method and other option pricing models.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable inputs	Range	Relationship between fair value and the inputs
Financial assets at fair value through profit or loss	Discounted cash flow method	Long term growth rate	2% (2024: 2%)	Increase/(decrease) in growth rate would result in increase/(decrease) in fair value
		Long term operating margin	8% to 43% (2024: 18% to 46%)	Increase/(decrease) in operating margin would result in increase/(decrease) in fair value
		Weighted average cost of capital (WACC)	16% to 22% (2024: 17% to 22%)	Increase/(decrease) in WACC would result in (decrease)/increase in fair value
	Adjusted net assets value method with equity allocation model	Marketability discount	16% (2024: 16%)	Increase/(decrease) in marketability discount would result in (decrease)/increase in fair value
	Binomial method	Volatility	93% (2024: 57% to 96%)	Increase/(decrease) in volatility would result in increase/(decrease) in fair value
		Discount rate	44% (2024: 23% to 29%)	Increase/(decrease) in discount rate would result in (decrease)/increase in fair value

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS*(continued)***Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

*Assets measured at fair value:***As at 31 December 2025**

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss				
– Listed equity investments	30,468	—	—	30,468
– Unlisted equity investment	—	460,892	327,503	788,395
– Convertible loans	—	—	203,681	203,681
	30,468	460,892	531,184	1,022,544

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss				
– Listed equity investments	63,296	—	—	63,296
– Unlisted equity investment	—	438,526	445,130	883,656
– Convertible loans	—	—	291,557	291,557
	63,296	438,526	736,687	1,238,509



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Fair value hierarchy (continued)

The movements in fair value measurements within level 3 during the year are as follows:

	Financial assets at fair value through profit or loss		Contingent consideration for business combination	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
At 1 January	736,687	1,382,552	—	(100,000)
(Loss)/gain recognised in profit or loss	(339,573)	(560,066)	—	100,000
Additions	156,102	4,071	—	—
Disposals	(22,032)	(89,870)	—	—
At 31 December	531,184	736,687	—	—

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade and bills receivable, other receivables, trade payables, other payables, bank and other borrowings, financial assets at fair value through profit or loss and cash and cash equivalents, time deposits and pledged and restricted deposits. The Group has various other financial assets and liabilities such as amounts due from related parties, amounts due to related parties and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, liquidity risk, price risk on listed investment. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)***Foreign currency risk**

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the foreign exchange rates due to changes in fair value of monetary assets and liabilities, with all other variables held constant, of the Group's loss before tax.

	2025 Decrease/ (increase) in loss before tax RMB'000	2024 Decrease/ (increase) in loss before tax RMB'000
RMB/HKD		
Strengthened by 5%	3,803	2,920
Weakened by 5%	(3,803)	(2,920)
RMB/USD		
Strengthened by 5%	246	1,062
Weakened by 5%	(246)	(1,062)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables*	—	—	—	831,846	831,846
Financial assets included in prepayments, other receivables and other assets					
– Normal**	130,984	—	—	—	130,984
– Doubtful**	—	—	92,931	—	92,931
Due from related parties					
– Normal**	7,851	—	—	—	7,851
Time deposits					
– Not yet past due	10,100	—	—	—	10,100
Pledged and restricted deposits					
– Not yet past due	10,738	—	—	—	10,738
Cash and cash equivalents					
– Not yet past due	90,991	—	—	—	90,991
	250,664	—	92,931	831,846	1,175,441

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)***Maximum exposure and year-end staging** *(continued)*

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables*	—	—	—	1,283,153	1,283,153
Financial assets included in prepayments, other receivables and other assets					
– Normal**	136,264	—	—	—	136,264
– Doubtful**	—	—	130,015	—	130,015
Due from related parties					
– Normal**	10,680	—	—	—	10,680
Cash and cash equivalents					
– Not yet past due	101,756	—	—	—	101,756
	248,700	—	130,015	1,283,153	1,661,868

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets, and amounts due from related parties is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of these financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade and bills receivables are disclosed in note 20 to the consolidated financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by counterparty. There are no significant concentrations of credit risk within the Group as the counterparty bases of the Group’s trade and bills receivables are widely dispersed.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operation and bank and other borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2025				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 3 years RMB'000	Total RMB'000
Due to related parties	398	4,358	—	—	4,756
Trade payables	62,537	29,654	45,349	—	137,540
Financial instruments included in other payables and accruals	—	60,140	48,702	—	108,842
Bank and other borrowings	—	143,314	366,390	—	509,704
Lease liabilities	—	1,723	4,824	3,514	10,061
	62,935	239,189	465,265	3,514	770,903

	2024				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 3 years RMB'000	Total RMB'000
Trade payables	74,642	51,434	92,507	—	218,583
Financial instruments included in other payables and accruals	—	21,717	50,728	—	72,445
Bank and other borrowings	—	149,059	374,282	—	523,341
Lease liabilities	—	4,108	8,985	10,423	23,516
	74,642	226,318	526,502	10,423	837,885

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)***Capital management**

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of business.

The directors of the Company review the asset-liability ratio, which is total assets divided by total liability, on a continuous basis, taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the raising of new debts as well as the redemption of the existing debts and manage the asset-liability ratios. The Group's overall strategy remained unchanged during the reporting period.

The asset-liability ratios as at the end of each reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Total assets	3,419,679	5,082,064
Total liabilities	1,017,886	1,186,144
Asset-liability ratio	29.8%	23.3%

Price risk

The Group's exposure to price risk arises from investments held by the Group and classified as financial assets at FVTPL (Note 19). The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments made by the Group are either for the purpose of improving investment yield and maintaining high liquidity level simultaneously or for strategic purpose. Each investment is managed by senior management on a case-by-case basis. The sensitivity analysis is performed by management, see note 35 for details.

37. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of the consolidated financial statement, save as disclosed in other notes, there are no significant events after the reporting period.



NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Right-of-use assets	1,678	3,597
Investments in subsidiaries	795,918	816,010
Financial assets at fair value through profit or loss	275,049	383,880
Prepayments	30,784	31,609
Total non-current assets	1,103,429	1,235,096
CURRENT ASSETS		
Due from subsidiaries	1,158,062	1,192,685
Prepayments, deposits and other receivables	4,546	9,263
Cash and cash equivalents	2,311	5,095
Total current assets	1,164,919	1,207,043
CURRENT LIABILITIES		
Other payables and accruals	928	1,551
Lease liabilities	1,718	1,842
Due to subsidiaries	436,147	446,810
Total current liabilities	438,793	450,203
NET CURRENT ASSETS	726,126	756,840
TOTAL ASSETS LESS CURRENT LIABILITIES	1,829,555	1,991,936
NON-CURRENT LIABILITIES		
Lease liabilities	—	1,761
Total non-current liabilities	—	1,761
Net assets	1,829,555	1,990,175
EQUITY		
Issued capital	2,089	2,089
Reserves (Note)	1,827,466	1,988,086
Total equity	1,829,555	1,990,175

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2025

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Treasury shares RMB'000	Share incentive reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	2,113,618	—	487,894	72,668	(701,064)	1,973,116
Loss for the year	—	—	—	—	(320,351)	(320,351)
Other comprehensive income for the year:						
Exchange differences on translation	—	—	—	38,103	—	38,103
Total comprehensive income/(loss) for the year	—	—	—	38,103	(320,351)	(282,248)
Issue of shares for the subscriptions	245,897	—	—	—	—	245,897
Issue of shares for the acquisition of the intangible assets	26,451	—	—	—	—	26,451
Share issue expenses	(1,852)	—	—	—	—	(1,852)
Repurchase of shares	—	(974)	—	—	—	(974)
Cancellation of ordinary shares	(973)	974	—	—	—	1
Share-based compensation (note 28)	—	—	27,695	—	—	27,695
At 31 December 2024 and 1 January 2025	2,383,141	—	515,589	110,771	(1,021,415)	1,988,086
Loss for the year	—	—	—	—	(113,113)	(113,113)
Other comprehensive loss for the year:						
Exchange differences on translation	—	—	—	(47,507)	—	(47,507)
Total comprehensive loss for the year	—	—	—	(47,507)	(113,113)	(160,620)
At 31 December 2025	2,383,141	—	515,589	63,264	(1,134,528)	1,827,466

39. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 March 2026.



DEFINITIONS

In this annual report, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Ambitious Profit”	Ambitious Profit Investment Limited, an exempted company incorporated in the Cayman Islands with limited liability on 5 January 2018 and one of the Controlling Shareholders
“ARPPU”	average revenue per month per paying user, which represents the Group’s revenue recognised for a particular game, a particular type of game or all of its games, as applicable, in the period divided by the number of paying users of the game, the type of game or all of its games, as applicable, in such period
“Articles of Association”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“Audit Committee”	the audit committee of the Company
“Auditor”	BDO Limited, the independent auditor of the Company
“Beijing Hengwan”	Beijing Hengwan Network Technology Co., Ltd. (北京恒玩網絡科技有限公司), a company established in the PRC on 17 March 2023 and wholly-owned by Shenzhen Douyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
“Beijing Softstar”	Softstar Technology (Beijing) Co., Ltd. (軟星科技(北京)有限公司), a company established in the PRC on 19 September 2000, which is an indirect wholly owned subsidiary of the Company
“Board”	the board of Directors
“Board Committees”	Audit Committee, Nomination Committee, Remuneration Committee, and Corporate Governance Committee
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, and for the purpose of this report, being the version up to 30 June 2025
“Changpei Cayman”	Changpei Investment Centre, L.P., an exempted limited partnership registered in the Cayman Islands on 2 March 2018 and one of the Controlling Shareholders
“Changpei Shanghai”	Changpei (Shanghai) Investment Centre (Limited Partnership) (長霽(上海)投資中心(有限合夥)), a limited partnership registered in the PRC on 2 June 2015
“Chengdu Zhuoxing”	Chengdu Zhuoxing Technology Co., Ltd. (成都卓星科技有限公司), a company established in the PRC on 24 June 2013 and wholly-owned by Shenzhen Lanyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements

“CMGE Mobile Tech”	China Mobile Game Technology Company Limited (中手游移動科技有限公司), a limited liability company established under the laws of the PRC on 14 October 2015, which is held as to 44.67% by Changpei Shanghai, 18.90% by Shanghai Pegasus, 31.53% by Zhongshouyou Brothers PRC and 4.90% by Yichong Investment
“Company”	CMGE Technology Group Limited (中手游科技集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 20 March 2018, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 0302)
“connected person(s)”	has the meaning ascribed to it/them under the Listing Rules
“Contractual Arrangements”	the series of contractual arrangements entered into by Shengyue Software and the PRC Operating Entities
“Controlling Shareholder(s)”	has the meaning ascribed to it/them under the Listing Rules
“Corporate Governance Committee”	the corporate governance committee of the Company
“Director(s)”	the director(s) of the Company
“Fairview Ridge”	Fairview Ridge Investment Limited, a company incorporated in the BVI with limited liability on 6 March 2018 and one of the Controlling Shareholders
“Group”	the Company, its subsidiaries and the PRC Operating Entities
“Guangzhou Manshikong”	Guangzhou Manshikong Network Technology Co., Ltd. (廣州漫時空網絡科技有限公司), a company established in the PRC on 28 April 2023 and wholly-owned by Chengdu Zhuoxing, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hainan Chuangyue”	Hainan Chuangyue Technology Company Limited (海南創躍科技有限公司), a company established in the PRC on 24 December 2019 and wholly-owned by Shenzhen Zhongshouyou, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
“Hainan Zhanshen”	Hainan Zhanshen Internet Technology Company Limited (海南戰神網絡科技有限公司), a company established in the PRC on 27 April 2020 and wholly-owned by Hainan Chuangyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
“HKFRS”	Hong Kong Financial Reporting Standards, as issued by the Hong Kong Institute of Certified Public Accountants



DEFINITIONS

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IP(s)"	intellectual property(ies)
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	31 October 2019, being the date on which the Shares of the Company became listed and commenced trading on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MAUs"	monthly active users, which refers to the number of active users in the relevant calendar month; average MAUs for a particular period is the average of the MAUs in each month during that period
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Motion Game"	Motion Game Company Limited (動力遊戲娛樂有限公司), a company incorporated in Hong Kong with limited liability on 20 July 2017 and one of the Controlling Shareholders
"MPUs"	monthly paying users, which refers to the number of paying users in the relevant calendar month; average MPUs for a particular period is the average of the MPUs in each month during that period
"Mr. Sin"	Mr. SIN Hendrick (冼漢迪) <i>M.H., J.P.</i> , the executive Director and vice chairman of the Company, and one of the Controlling Shareholders
"Mr. Xiao"	Mr. XIAO Jian (肖健), the executive Director, chairman and chief executive officer of the Company, and one of the Controlling Shareholders
"Nomination Committee"	the nomination committee of the Company
"PC"	personal computer
"Post-IPO Share Option Scheme"	the post-IPO share option scheme of the Company approved and adopted by the Shareholders on 20 September 2019
"PRC" or "China"	the People's Republic of China excluding, for the purpose of this report only, Hong Kong, the Macau Special Administrative Region and Taiwan
"PRC Operating Entities"	Chengdu Zhuoxing, Shenzhen Zhongshouyou, Shenzhen Douyue, Hainan Chuangyue, Yichun Dongdian, Hainan Zhanshen, Shenzhen Fansheng, Shanghai Zhoujing, Shanghai Yunnan, Guangzhou Manshikong and Beijing Hengwan
"Profound Power"	Profound Power Investment Limited, a company incorporated in BVI with limited liability on 8 March 2018 and one of the Controlling Shareholders
"Prospectus"	the Company's prospectus dated 19 October 2019 issued for Listing purpose
"Remuneration Committee"	the remuneration committee of the Company

“Reporting Period”	the year ended 31 December 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Yunnan”	Shanghai Yunnan Network Technology Co., Ltd. (上海雲藍網絡科技有限公司), a company established in the PRC on 6 January 2021 and wholly-owned by Shenzhen Douyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
“Shanghai Zhoujing”	Shanghai Zhoujing Network Technology Co., Ltd. (上海洲競網絡科技有限公司), a company established in the PRC on 1 December 2021 and non-wholly owned as to 51% equity interest by Shenzhen Zhongshouyou, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
“Share(s)”	ordinary share(s) of the Company with nominal value of US\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shengyue Software”	Shengyue Software (Shenzhen) Co., Ltd. (盛悅軟件(深圳)有限公司), a company established in the PRC on 5 March 2018 and an indirectly wholly-owned subsidiary of the Company
“Shenzhen Douyue”	Shenzhen Douyue Network Technology Co., Ltd. (深圳市豆悅網絡科技有限公司), a company established in the PRC on 21 November 2014 and wholly-owned by Shenzhen Lanyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
“Shenzhen Fansheng”	Shenzhen Fansheng Network Technology Co., Ltd. (深圳市凡盛網絡科技有限公司), a company established in the PRC on 4 June 2020 and wholly-owned by Shenzhen Zhongshouyou, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
“Shenzhen Lanyue”	Shenzhen Lanyue Internet Technology Company Limited (深圳市嵐悅網絡科技有限公司), a company established in the PRC on 7 June 2013 and the registered shareholder of the PRC Operating Entities
“Shenzhen Victory Games”	Victory Games Network Technology Co., Ltd. (深圳市勝利互娛網絡科技有限公司), a company established in the PRC on 1 July 2015 and an indirectly wholly-owned subsidiary of the Company
“Shenzhen Zhongshouyou”	China Mobile Games and Entertainment Group Limited Shenzhen (深圳市中手游網絡科技有限公司), a company established in the PRC on 10 July 2015 and wholly-owned by Shenzhen Lanyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements



DEFINITIONS

"Silver Joyce"	Silver Joyce International Limited, a company incorporated in the BVI on 5 July 2012 and wholly-owned by Mr. Sin, which is one of the Controlling Shareholders
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it/them under the Listing Rules
"Substantial Shareholder(s)"	has the meaning ascribed to it/them under the Listing Rules
"US\$" or "USD"	U.S. dollars, the lawful currency of the United States of America
"Wenmai Hudong"	Beijing Wenmai Hudong Technology Company Limited (北京文脈互動科技有限公司), a company established in the PRC on 12 December 2014, which is an indirect wholly-owned subsidiary of the Company
"Xiao Family Trust"	the ZSY Trust, a discretionary trust set up by Mr. Xiao, as settlor, and Trident Trust Company (B.V.I.) Limited, as trustee, for the benefit of Mr. Xiao and his spouse
"Yichong Investment"	Shanghai Yichong Investment Centre (Limited Partnership) (上海一翀投資中心(有限合夥)), one of the Shareholders and a limited partnership established in the PRC on 20 April 2015, the general partner of which is Dazi Dingcheng
"Yichun Dongdian"	Yichun Dongdian Huyu Internet Technology Company Limited (宜春市動點互娛網絡科技有限公司), a company established in the PRC on 26 November 2019 and wholly-owned by Shenzhen Douyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
"Zhongshouyou Brothers BVI"	Zhongshouyou Brothers Limited (中手游兄弟有限公司), a company incorporated in the BVI on 2 January 2018 and wholly-owned by ZSY Holding for the Xiao Family Trust, which is one of the Controlling Shareholders
"Zhongshouyou Brothers PRC"	Shaoxing Shangyu Zhongshouyou Brothers Investment Partnership (Limited Partnership) (紹興市上虞中手游兄弟投資合夥企業(有限合夥)), a limited partnership established on 23 November 2015 under the laws of the PRC, a shareholder of CMGE Mobile Tech
"ZSY Holding"	ZSY Holding Company Limited, a limited company incorporated in the BVI on 20 June 2022, which is nominated by Trident Trust Company (B.V.I.) Limited, the trustee of the Xiao Family Trust