

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2100





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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Dai Jian (*Chairman*)

Mr. Wu Lili

Mr. Li Chong

### Independent Non-executive Directors

Ms. Liu Qianli

Dr. Wang Qing

Mr. Ma Xiaofeng

Mr. Wei Kevin Cheng

## AUDIT COMMITTEE

Ms. Liu Qianli (*Chairperson*)

Dr. Wang Qing

Mr. Ma Xiaofeng

Mr. Wei Kevin Cheng

## NOMINATION COMMITTEE

Mr. Dai Jian (*Chairperson*)

Mr. Ma Xiaofeng

Ms. Liu Qianli

## REMUNERATION COMMITTEE

Dr. Wang Qing (*Chairperson*)

Mr. Ma Xiaofeng

Mr. Wu Lili

## CHIEF EXECUTIVE OFFICER

Mr. Dai Jian

## ACTING CHIEF FINANCIAL OFFICER

Ms. Chen Xiao Hong

## COMPANY SECRETARY

Ms. Lau Yee Wa

## AUTHORIZED REPRESENTATIVES

Mr. Wu Lili

Mr. Dai Jian

## AUDITOR

PricewaterhouseCoopers

*Certified Public Accountants and Registered PIE Auditor*

22/F, Prince's Building

Central

Hong Kong

## COMPANY'S WEBSITE

[www.baioo.com.hk](http://www.baioo.com.hk)

## STOCK CODE

2100

## HEADQUARTERS IN THE PRC

10th Floor, Baioo Headquarters Building

123 Tiankun 3rd Road, Tianhe

Guangzhou, Guangdong

China 510640

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Hutchins Drive  
Cricket Square  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### REGISTERED OFFICE

Hutchins Drive  
Cricket Square  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands  
British West Indies

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1912  
19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

### PRINCIPAL BANKS

China Minsheng Bank, Guangzhou Branch  
Minsheng Building, No. 68 Lie De Avenue  
Tianhe District  
Guangzhou  
Guangdong 510620  
PRC

China Merchants Bank Guangzhou  
Ti Yu Dong Road Sub Branch  
30/F, Goldlion Centre, No. 138 Ti Yu Dong Road  
Tianhe District  
Guangzhou  
Guangdong 510620  
PRC

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

### LEGAL ADVISORS AS TO HONG KONG LAW

DLA Piper Hong Kong  
25/F, Three Exchange Square  
8 Connaught Place  
Central  
Hong Kong

### LEGAL ADVISORS AS TO CAYMAN ISLANDS LAW

Conyers Dill & Pearman (Cayman) Limited  
Hutchins Drive  
Cricket Square  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### INVESTOR RELATIONS

Christensen China Limited  
Tel: (852) 2117 0861  
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Email: [baioo@christensencomms.com](mailto:baioo@christensencomms.com)

# Company Profile

Founded in 2009 and listed on the Hong Kong Stock Exchange in 2014, BAIOO Family Interactive Limited is a leading internet content and service provider in China. BAIOO primarily focuses on developing in accumulated advantageous areas, including niche game genres such as female-oriented games, pet collection and raising games. BAIOO has achieved a leading position in its targeted niche game segments in China and built a gaming brand that is popular among Generation Z users.

Since its establishment, BAIOO has been committed to developing and operating online content of various types, and has successfully launched a number of major self-developed IP products with cumulative registered users exceeding 100 million. Leveraging its track record of business growth and the emergence of the mobile internet market, BAIOO has launched a series of hit game titles. The Company's games have been well-received by users in Mainland China, Hong Kong, Macau, Taiwan, Japan, South Korea, Europe and the United States.

Looking ahead, BAIOO will continue to focus on developing its accumulated advantages in niche game segments. Through its unique IP strategy, BAIOO will continue to leverage the IPs that have been developed and accumulated throughout the years to launch a series of innovative, differentiated and attractive products, provide young users with differentiated IP-based experiences and services, and become a platform that brings great joy to young people.

# Financial Summary

## INCOME STATEMENT HIGHLIGHT

	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Continuing operations</b>					
Revenue	<b>610,367</b>	545,294	782,764	938,759	883,908
Gross Profit	<b>300,516</b>	252,062	318,054	360,628	400,559
Operating (Loss)/Profit	<b>(46,534)</b>	(42,845)	(55,126)	(37,082)	29,706
Non-International Financial Reporting ("IFRS") Accounting Standards Measures					
— Adjusted Net (Loss)/Profit (unaudited) <sup>(1)</sup>	<b>(74,310)</b>	(21,102)	(10,081)	61,744	79,176
— Adjusted EBITDA (unaudited) <sup>(2)</sup>	<b>(60,791)</b>	(23,070)	(12,279)	37,485	105,828

Notes:

- (1) Adjusted net (loss)/profit consists of (loss)/profit for the year plus share-based compensation. Adjusted net (loss)/profit eliminates the effect on non-cash share-based compensation expenses. The term of adjusted net (loss)/profit is not defined under the IFRS Accounting Standards. The use of adjusted net (loss)/profit has material limitations as an analytical tool, as adjusted net (loss)/profit does not include all items that impact our net profit/(loss) for the year.
- (2) Adjusted EBITDA means adjusted net (loss)/profit less finance income-net, plus income tax expense/(credit), depreciation of property and equipment and right-of-use assets and amortization of intangible assets.

## Financial Summary

### BALANCE SHEET HIGHLIGHT

	As at 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>					
Non-current assets	597,436	819,906	585,242	476,709	442,420
Current assets	1,161,066	1,055,145	1,334,857	1,579,558	1,571,922
<b>Total assets</b>	<b>1,758,502</b>	1,875,051	1,920,099	2,056,267	1,994,342
<b>Equity and Liabilities</b>					
Total equity	1,494,802	1,599,085	1,651,035	1,698,084	1,682,640
Non-current liabilities	18,353	11,330	29,846	52,574	63,270
Current liabilities	245,347	264,636	239,218	305,609	248,432
<b>Total liabilities</b>	<b>263,700</b>	275,966	269,064	358,183	311,702
<b>Total Equity and Liabilities</b>	<b>1,758,502</b>	1,875,051	1,920,099	2,056,267	1,994,342

# Chairman Letter

Dear Shareholders,

In 2025, China's game industry achieved a steady growth. Supported by a continuously improving policy environment, the normalization of game licence approvals, the deepening application of AI technologies and strengthened support for overseas expansion, the industry's overall growth momentum has been further enhanced. During this process, ongoing technological innovation and global expansion strategies are driving the industry toward a higher quality and more refined development. Meanwhile, the increasingly sophisticated player demand is shifting the industry's focus toward deeper, more immersive experiences, opening up new strategic pathways for gaming companies to achieve a sustained innovation and growth.

Against this backdrop, BAIOO continues to advance its long-term life cycle operational strategy centred on a portfolio of classic IPs. Remaining committed to its user-centric approach, BAIOO has delivered high-quality gaming experiences to players through gameplay innovations, content upgrades, refined and iterative optimisation of monetisation models, demonstrating its capabilities in long-term operations and laying a solid foundation for corporate development.

## FOCUSED ON GAMEPLAY INNOVATION AND CONTENT OPTIMISATION TO CONTINUOUSLY REVITALISE THE LONG-TERM VALUE OF IPs

Over the past year, BAIOO has remained firmly committed to a user-centric approach. Through frequent version updates, BAIOO continued to advance gameplay innovation and content optimisation, further refining the gameplay mechanics and interactive experiences of its existing products to deliver relaxed, diversified and immersive experiences to players, which significantly enhanced user engagement and satisfaction, while allowing its IPs to continue demonstrating resilience and vitality under the refined long-term life cycle operation.

Building on this foundation, the Company continued to deepen its cross-border IP initiatives, organically integrating gameplay innovation with cultural expression. During the Year, the Company collaborated with over 20 renowned IPs, closely aligning with the interests and preferences of younger users and introducing diverse cultural elements across multiple dimensions, including gameplay design, narrative structure and visual style, to launch a series of cocreated content offerings that combine entertainment value with cultural depth. Through integrated online-to-offline engagement such as H5 interactive experiences, themed merchandise and offline pop-up events, BAIOO effectively expanded beyond user circles, encouraged organic sharing within the community, and enabled culture to integrate into everyday entertainment in a playable, perceptible and shareable manner. These initiatives not only further strengthened the depth of connection between our products and its users but also underscored the social value of games as an emerging cultural medium, helping to shape a user-centric, culture-driven and sustainably evolving IP ecosystem that continues to bring lasting vitality to its IPs.

### LEVERAGING AI TO ENHANCE OPERATIONAL EFFICIENCY AND ACCELERATE GLOBAL PRODUCT EXPANSION

Amid the accelerating trend of AI reshaping the gaming industry landscape, BAIIO actively embraced technological transformation by fully integrating AI technologies across its R&D and operational systems. During the Year, the Company leveraged its self-developed AI intelligent creation platform to achieve the efficient conversion and reuse of art assets, while deploying automated tool systems to comprehensively enhance R&D efficiency. These technological initiatives not only strengthened the iteration speed and content quality of existing products but also provided strong support for the efficient incubation of new projects.

In December 2025, BAIIO received consecutive authoritative recognitions in capital market and social responsibility, reflecting a balanced development approach that emphasises both commercial performance and social contribution. At the Gelonghui “Golden Award”, BAIIO was honoured with the “Annual Investment Value Award (Small- and Mid-cap)”, demonstrating the capital market’s full affirmation of its profitability, execution capabilities and growth prospects. During the same period, BAIIO was also awarded with “The Most Socially Responsible Listed Company” by Zhitong Finance, underscoring the Company’s sustained efforts in creating social value. These two accolades not only represented the full recognition of BAIIO’s commitment to innovation, prudent operations and fulfilment of its responsibilities over the years, but also further strengthened market confidence in its future development.

### OUTLOOK

Looking ahead to 2026, BAIIO will remain firmly committed to its core development strategy of “innovation + differentiation”, while actively advancing its global expansion. BAIIO will continue to deepen its presence in the niche game genres, namely female-oriented games, pet collection and raising games, to further enrich its product portfolio. On the operational front, the Company will remain user-centric, deepening the refined full-life-cycle operations of IPs, while continuing to drive diversified content iterations and enhance IP value and brand influence through cross-border collaborations. Leveraging a dual-engine of “content + technology”, the Company aims to deliver higher-quality and more diversified interactive experiences to users, supporting its pursuit of sustainable and high-quality growth.

### ACKNOWLEDGEMENTS

On behalf of the management team, I would like to express my heartfelt appreciation to our players around the world, our business partners and our investors for their trust and support, and to extend my sincere respect to every staff member and colleague across the Company. It is precisely this shared dedication, focus and willingness to keep pushing boundaries that has enabled the Company to move forward steadily amid industry transformation. Looking ahead, BAIOO will remain committed to its pursuit of quality and innovation, further strengthening the value of its IPs and brands, while striving to deliver superior experiences for our users and create sustainable returns for our shareholders and society.

**DAI Jian**

*Chairman, Chief Executive and Executive Director*

**BAIOO Family Interactive Limited**

26 March 2026

# Definitions and Glossaries

## DEFINITIONS

“AGM”	the annual general meeting of the Company to be convened and held in accordance with the Articles of Association
“AI”	artificial intelligence
“Articles of Association”	the articles of association of the Company as amended, supplemented or revised from time to time
“associate”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of Directors
“BVI”	the British Virgin Islands
“CEO” or “Chief Executive Officer”	the chief executive officer of the Company
“Chairman”	the chairman of the Board
“Company” or “us” or “our Company”	BAIOO Family Interactive Limited (百奧家庭互動有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 25 September 2009 with its Shares listed on the Main Board of the Stock Exchange on 10 April 2014
“Company Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Contractual Arrangements”	a series of agreements entered into among Guangzhou WFOE, Guangzhou Baitian and the Registered Shareholders on 4 December 2013 and amended on 20 March 2014
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, collectively refers to Mr. Dai Jian and Stmoritz Investment Limited
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules

## Definitions and Glossaries

“DAE Trust”	a discretionary trust set up by Mr. Dai Jian for which TMF (Cayman) Ltd. acts as the trustee, and the beneficiaries of which are Mr. Dai and his family members
“Director(s)” or “our Director(s)”	the director(s) of our Company or any one of them
“ESG”	Environmental, Social and Governance
“Group” or “our Group” or “BAIOO”	our Company, its subsidiaries and the PRC Operating Entity (the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of the Contractual Arrangements), or, where the context so requires, in respect of the period before our Company became the holding company of its current subsidiaries, our Company’s current subsidiaries or the business operated by such subsidiaries or their predecessors (as the case may be)
“Guangzhou Baitian” or “PRC Operating Entity”	Guangzhou Baitian Information Technology Ltd.* (廣州百田信息科技有限公司), a company incorporated on 2 June 2009 and existing under the laws of the PRC. As of the date of this annual report, Mr. Dai Jian, Mr. Wu Lili, Mr. Li Chong, Mr. Chen Ziming and Mr. Wang Xiaodong hold 46.92%, 28.37%, 12.9%, 7.08% and 4.73% equity interests in Guangzhou Baitian, respectively
“Guangzhou Tianti”	Guangzhou Tianti Network Technology Co., Ltd.* (廣州天梯網絡科技有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Guangzhou Baitian
“Guangzhou WFOE”	Baiduo (Guangzhou) Information Technology Limited* (百多(廣州)信息科技有限公司), a company incorporated on 29 October 2013 under the laws of the PRC, an indirect wholly-owned subsidiary of the Company
“independent third party”	any entity or party which is not connected (as defined in the Listing Rules) to any of our Directors, substantial shareholders or chief executives of our Company or its subsidiaries, or any of their respective associates
“IP”	intellectual property
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on 10 April 2014
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Memorandum and Articles of Association”	the memorandum and articles of association of the Company

## Definitions and Glossaries

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“Option(s)”	an option or right to purchase Shares under the Pre-IPO Share Option Scheme
“PC(s)”	personal computer(s)
“Post-IPO RSU Scheme”	the post-IPO restricted share unit scheme adopted by the Company on 18 March 2014, which took effect on 10 April 2014 (as amended on 19 June 2015 and 17 December 2020) and was terminated by the Board’s resolution passed on 3 March 2023, effective on 27 June 2023 following the adoption of the 2023 RSU Scheme
“PRC” or “China”	the People’s Republic of China
“Pre-IPO RSU Scheme”	the restricted share unit plan approved and adopted by the Company on 30 September 2013 and was terminated by the Board’s resolution passed on 3 March 2023, effective on 27 June 2023 following the adoption of the 2023 RSU Scheme
“Pre-IPO Share Option Scheme”	the share option plan approved and adopted by the Company on 18 June 2010, details of which are set out in the prospectus of the Company dated 28 March 2014, and expired on 18 June 2020
“Prospectus”	the prospectus of the Company dated 28 March 2014
“R&D”	research and development
“Register of Members”	the register of members of the Company
“Registered Shareholders”	the registered shareholders of Guangzhou Baitian, namely Mr. Dai Jian, Mr. Wu Lili, Mr. Li Chong, Mr. Chen Ziming and Mr. Wang Xiaodong
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period” or “Year”	the year ended 31 December 2025
“RSU(s)”	restricted share unit(s), being a contingent right to receive Shares which is granted pursuant to the Pre-IPO RSU Scheme and/or the Post-IPO RSU Scheme and/or the 2023 RSU Scheme

## Definitions and Glossaries

“2023 RSU Scheme”	the Company’s restricted share unit plan adopted by the Company on 3 March 2023 and approved by the Shareholders by passing an ordinary resolution at the AGM held on 27 June 2023
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)” or “Ordinary Share(s)”	ordinary share(s) in the share capital of our Company with par value US\$0.0000005 each (or of such other nominal amount as shall result from capitalization, subdivision, consolidation, re-classification or re-construction of the share capital of the Company from time to time) with the rights ascribed in the Articles of Association
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“The Zhen Family Trust”	a discretionary trust set up by Mr. Li Chong for which TMF (Cayman) Ltd. acts as the trustee, and the beneficiaries of which are Mr. Li and his family members
“WHZ Trust”	a discretionary trust set up by Mr. Wu Lili for which TMF (Cayman) Ltd. acts as the trustee, and the beneficiaries of which are Mr. Wu and his family members
“WSW Family Trust”	a discretionary trust set up by Mr. Wang Xiaodong for which TMF (Cayman) Ltd. acts as the trustee, and the beneficiaries of which are Mr. Wang and his family members

## Definitions and Glossaries

### GLOSSARY

“ARQPA”	average revenue per QPA, which is revenue from our virtual worlds in a particular quarter divided by the number of quarterly paying accounts in that quarter
“average quarterly ARQPA”	average quarterly average revenue per QPA, which is revenue from our virtual worlds in a particular period divided by the total number of QPA in that period
“QAA”	quarterly active accounts, which is the number of active accounts for our virtual worlds in the relevant quarter. A quarterly active account is defined as a registered account that was accessed at least once during a quarter. An account that logged into two virtual worlds in the same quarter is counted as two QAA. Average QAA for a particular period is the average of the QAA in each quarter during that period
“QPA”	quarterly paying accounts, which is the number of paying accounts in the relevant quarter. An account that paid subscription fees or for virtual items in two virtual worlds in the same quarter is counted as two QPA. Average QPA for a particular period is the average of the QPA in each quarter during that period

# Management Discussion and Analysis

## BUSINESS OVERVIEW AND IN-DEPTH ANALYSIS OF RESULTS OF OPERATIONS

### Industry environment insights, regulatory compliance and strategic response

In 2025, the game industry in China ushered in a new cycle of recovery and growth after undergoing structural adjustments. According to industry reports, both actual sales revenue and the number of game users in the Chinese game market reached historical highs, and the issuance of game publication numbers returned to normal with a significant increase in quantity, thereby injecting strong confidence into the industry. However, the changing market environment has also revealed significant structural differentiation: on the one hand, leading companies and viral products have become the core drivers of scale expansion, resulting in increasingly fierce market competition; on the other hand, the in-depth application of AI technology has been reshaping R&D and operational efficiency, which has become a crucial element for companies to build competitive advantages. The Group has taken several measures to mitigate this situation. Specifically, the Company has continued to increase investment in the refined operation of core IPs, deepened the construction of user community, and enhanced user stickiness and long-term payment willingness. Simultaneously, the Group has deeply integrated AI technology into the entire game creation process to improve R&D efficiency and operational accuracy, striving to maintain competitive edge amidst technological reforms. Specifically, it has applied in the following aspects: 1) accelerated the construction of AIGC integrated platform, through which enabled rapid conversion of 2D and 3D resources after 2D creative output, and quickly confirmed the approximate implementation effect of the creative work, thereby improving R&D efficiency and allowing art personnel to focus on high-value creative processes; 2) quickly built level testing scenarios and white model environments by using 3D scene objects and character generation technology, thereby improving efficiency by 40%; AI video motion capture technology has also made key progress which significantly reduced the development cost of basic actions. Multimodal AI technology has made NPCs to behave more intelligently and naturally, significantly enhancing players' immersion and users' engagement; and 3) intelligent service application: AI customer service has achieved 24-hour rapid response. The mobile game Aobi Island: Dreamland (「奧比島:夢想國度」) has launched the AI assistant "Shiwaxi (史瓦西)" and the ongoing research projects will also integrate intelligent customer service functions to accurately meet players' needs for immediate response. In the future, the Group will continue to deepen the full-link application of AI, driving continuous improvement in product quality and operational efficiency through technological innovation.

Meanwhile, the users' pursuit of high-quality and highly immersive gaming experience has become increasingly prominent, prompting companies to continuously improve product quality to win market recognition. Furthermore, regulatory authorities have continued to emphasize the protection of minors and the refinement of content, requiring companies to explore cultural expressions with greater social value while operating in compliance with the regulations. The core resources upon which the Group's business model relies primarily include a mature and stable user community, long-term accumulated IP assets, and an experienced R&D and operations team. To sustain these core resources and relationships, the Company has enhanced user loyalty and IP vitality through high-frequency content iterations, community activities, and cross-border collaborations. Furthermore, the Company has continuously improved its talent incentive mechanisms, providing competitive remuneration and benefit packages, and career development paths to ensure the stability and creativity of the core team. Regarding the compliance, the Company has established a comprehensive internal audit mechanism and a system for protecting minors to ensure that business operations develop steadily while complying with regulatory requirements.

## Management Discussion and Analysis

In the face of this macro environment, the Company carefully assessed the opportunities and challenges, and determined a sustainable development strategy of consolidating its core foundation through long-term operation of core IPs and driving growth through technological innovation and quality improvement. We deeply recognized that, under the context of the decline of traffic dividends and users' increasing demands for quality, only by adhering to long-term approach, continuously increasing R&D investment, deepening refined operations, and actively embracing technological reforms to improve efficiency can we maintain our leading position amidst the fierce market competition. During the Reporting Period, the Company continued to invest resources in refining product quality and building technological capabilities, aiming to meet users' expectations and achieve sustainable business growth by providing more valuable and high-quality content. At the same time, we regarded compliance as the cornerstone of development, proactively adapting to regulatory requirements and comprehensively upgrading our system for protecting minors, so as to ensure the steady and long-term growth of our business.

### **Strengthen the protection of minors and build a solid compliance defense**

With the in-depth implementation of regulations such as the Regulation on the People's Republic of China on the Protection of Minors in Cyberspace and the Guidelines for the Establishment of Minors' Modes for the Mobile Internet, regulatory authorities' governance on minors' network environment continues to upgrade, and industry compliance standards are moving towards a new stage of refinement and systematization. In 2025, the Company actively responded to the policy call, regarding the protection of minors as the core of its corporate social responsibility and the cornerstone of its business development. The Company constructed a full-link protection system covering "pre-event prevention, ongoing supervision, and post-event services", effectively fulfilling the platform's main responsibilities.

In terms of technical prevention and system construction, the Company strictly implemented real-name authentication and anti-addiction regulations. All of the Company's game products have been connected to the anti-addiction real-name authentication system, and requirements such as disabling "guest mode" and setting age-appropriate prompts have been fully implemented. We strictly followed regulatory requirements, restricting minors to playing games only from 20:00 to 21:00 on Fridays, Saturdays, Sundays, and legal holidays. Regarding payment management, we strictly enforced age-based recharging limits for games, prohibiting users under 8 from making payments, and setting single recharging and monthly cumulative recharging payment limits for users aged 8–16 and 16–18 respectively, thus building a solid consumer security barrier from the payment process.

In terms of ecological governance of content, the Company has established a dual defense line consisting of "AI intelligent recognition + professional manual review". Through the combination of its self-developed filtering system of sensitive words and third-party security services (such as Netease's shield), the Company monitored the text, voice, and image contents within the games around the clock, resolutely blocking the spread of bad information such as pornography, violence, and suggestive content, thereby creating a clean and healthy cyberspace for minors. At the same time, the Company attaches great importance to the construction of the network ecosystem, actively cooperating with the cyberspace administration to carry out a series of "Clean and Bright (清朗)" special campaign, and regularly conducting internal compliance checks to ensure that the full life cycle of its products complies with regulatory requirements.

## Management Discussion and Analysis

For social collaboration and governance, the Company fully supported the “Parent Monitoring Program for Juveniles in Online Games”, setting up a dedicated service page on its official website and opening a monitoring hotline to provide parents with convenient monitoring tools and consultation services. In 2025, based on its systematic practices and innovative measures in the field of protection of minors in cyberspace, the Company was awarded the title of “Leading Unit for Protection of Minors in Cyberspace (未成年人網絡保護先行單位)” by the Guangzhou Game Industry Ecological Governance Base (廣州市遊戲行業生態治理基地), which signifies that our compliance work has been highly recognized by the industry and regulatory authorities.

**The specific impacts of the aforementioned regulatory changes on the financial performance and prospects of the Group is analyzed below:**

1. With the full implementation and strict enforcement of anti-addiction regulations for minors, the proportion of the Group’s revenue contributed by underage users has dropped to an extremely low level during the Reporting Period, falling within a healthy range generally recognized in the industry. This structural change aligns with the regulatory intent to guide the healthy development of the industry. Although this change has put certain pressure on revenue growth in the short term, it has also driven the Group to further focus on its core adult user group and to optimize its user age structure and revenue model. We believe that a healthier user structure will be conducive to the long-term sustainable development of the Group and reduce potential compliance risks.
2. To continuously meet increasingly stringent regulatory requirements and build a solid foundation for corporate compliance, the Group maintained a strategic investment in building its compliance system during the Reporting Period. Related resources were primarily allocated to upgrading the intelligent review system, building a professional compliance team, and optimizing the content review mechanism. While such investments may have a certain impact on costs in the short term, we consider them as necessary investments for building long-term brand trust and ensuring business continuity. By deeply integrating compliance requirements into the entire product R&D and operation process, we have effectively reduced the risks of potential operational disruptions and regulatory penalties.
3. Positive impact on business models and prospects: in the long run, stringent compliance requirements have accelerated industry clearing and raised the competitive threshold. The Company has transformed compliance pressure into a brand trust advantage, establishing a widely recognized and differentiated responsible brand image among family user groups through continuous optimization of services such as the “Parental Monitoring Program”. These services have become an important link for the Company to connect with user families and convey the concept of healthy gaming.

Meanwhile, the regulatory guidance towards “content refinement” aligns perfectly with the long-term strategy of the Group. We anticipate focusing more on providing in-depth content experiences for our core adult users and actively exploring compliant development paths for family-friendly content in the future. While meeting regulatory requirements, we will continue to expand our product matrix, laying a solid foundation for long-term sustainable growth.

# Management Discussion and Analysis

## Long-term value of classic IPs unlocking and financial performance

With the dual support of a robust compliance defense and an in-depth technological application, the core IP matrix of the Company has demonstrated a strong commercial momentum and resilience against cycles. Leveraging a deep understanding of user needs, we continuously activate the value of existing users through diverse means such as content innovation, cross-border collaboration, and cultural integration, driving classic IPs to achieve a dual leap in commercial performance and brand influence.

### Aobi Island (「奧比島」) IP

The Company's classic IP, "Aobi Island", is a community raising game. The mobile game "Aobi Island: Dreamland" was launched in July 2022. This game is a magical world that carries the memories, joy, and dreams of 300 million little Aobis. On Aobi Island, you will become the owner of the island, hosting parties, making friends, enjoying the warm and cheerful community atmosphere. Since its launch, this mobile game has its content continuously innovated and has become popular among players. During the Year, based on in-depth insights into the preferences of younger users, more than 20 cross-industry collaborations were carried out for this product throughout the year, covering diverse formats such as emoji IP collaborations and anniversary creative artist series collaborations. While enhancing the fun of the content, it successfully expanded user boundaries and deepened emotional identification, and successfully rolled out themed versions including Silver Screen Splendor (「影視風華」) and Aobi Dimension (「熊次元」). Leveraging high-quality art design and immersive interactive experiences, the Company achieved growth in revenue throughout the year despite an overall challenging industry environment. During the Year, such mobile gaming revenue contributed 26.2% to the total revenue of the Group, demonstrating the strong resilience of long-term operation.

### Legend of Aoqi (「奧奇傳說」) IP

The "Legend of Aoqi" IP centers on collecting spirits and battling. The web game was launched in April 2012, while the mobile game was released in April 2021. During the Year, the "Legend of Aoqi" mobile game launched major versions such as Hero Elegy (「英雄挽歌」) and Final Descent of the Gods (「終湮神臨」), achieving increase in both user engagement and revenue through innovative battle mechanics, popular characters and supporting operational activities. At the same time, the "Legend of Aoqi" IP partnered with the popular IP Nailong (「奶龍」) to launch limited-edition crossover skins and pets, as well as summer-themed character skins and merchandise in conjunction with its summer version update, significantly enhancing user engagement and social media buzz. During the Year, the IP web gaming revenue contributed 19.2% to the total revenue of the Group, while the mobile gaming revenue contributed 20.8% to the total revenue of the Group, demonstrating significant synergy between the two games.

### Aola Star (「奧拉星」) IP

“Aola Star” IP, launched in July 2010, is a role-playing web game in the genre of pet raising. Players will play the role of an “Aola Star” trainer, leading the magic pets to jointly explore the vast universe and the world of stars. After experiencing battles and challenges, they will gradually grow into the guardians of the universe, and take on the mission of protecting the world and keeping the peace. The Aola Star IP focused on the expression of cultural value through coordinated development across its web game and mobile game. It collaborated successively with national intangible cultural heritage Xiangyunsha (香雲紗) and the classic domestic animation Legend of Nezha (《哪咤傳奇》) and enhanced the depth of game content while effectively strengthening the brand cultural identity and community engagement through organic integration of traditional cultural elements into gameplay and narrative. During the Year, this web gaming revenue contributed 11.0% to the total revenue of the Group, consolidating our competitiveness and IP vitality in the pet raising game genres.

## OUTLOOK FOR 2026 AND SOCIAL RESPONSIBILITY

### Deepen our global footprint, build a future with both responsibility and growth

Looking ahead to 2026, BAIOO will build upon its existing achievements, seize key opportunities presented by industry recovery and technological innovation, and embark on a new journey of high-quality development. Leveraging its mature R&D system and operational experience, the Company will steadily advance its overseas market layout with dual themes of “cultivation of IP value” and “breakthroughs in global markets”.

In terms of IP distribution and reshaping, the Company will drive the evolution of core IPs from single products to a global content ecosystem. Through refined distribution strategies and brand collaborations, we will achieve deep penetration of IP influence in overseas markets. Regarding content creation, we will continue to empower high-quality content production with cutting-edge technologies such as AIGC, combining localized narratives and user co-creation mechanisms to create premium content that not only conveys the charm of Chinese culture but also resonates with global users. In terms of character development, we will leverage multimodal AI technology to create characters with greater emotional tension and universal appeal, break through cultural barriers with deeply-portrayed character personalities, and strengthen the emotional bond between global players and the IPs.

Through refined localization optimization and cultural adaptation strategies, we accurately reach global users, not only delivering high-quality gaming experience but also conveying the charm of Chinese culture, thus building a long-term growth momentum that transcends national borders.

For new product development, the Company plans to launch two self-developed major products in 2026: the trendsetting card mobile game series (「亂塗彩世界」) and the content-based card mobile game (「夜幕之下」). Both products currently have entered the late stage of R&D, and have received positive feedback from multiple rounds of testing during the Year. With a distinctive artistic style, innovative gameplay mechanics, and solid content construction, these games continuously build a strong reputation among core users. We will continue to refine the product quality, striving to make these two new products as the new drivers for future performance growth and inject strong momentum into the Company’s long-term development.

## Management Discussion and Analysis

While pursuing commercial value, BAIIO has always regarded fulfilling social responsibility as a core principle of its corporate development. Through the “BAIOO Public Welfare” platform, the Company has continuously invested in three major areas: education assistance, public welfare, and green advocacy, thereby actively giving back to the society. In the education sector, we continue to advance the “BAIOO Encouragement Grants” project, subsidizing students with financial difficulties in Meizhou, Maoming, and other areas, and conducting education grant activities in rural primary schools to ignite their dreams of education. For public welfare, the Company visited disadvantaged families in the community during important holidays to convey warmth and support of the Company. In the field of environmental protection, the Company initiated tree-planting charitable activity, organized employee volunteers to plant “BAIOO loving forests (百奧愛心林)”, actively advocating for low-carbon and environmental-friendly concepts. In the future, the Group will continue to deepen its public welfare practices, expand the breadth and depth of the boundaries of its responsibilities, and collaborate with all sectors of the society to jointly create a beautiful blueprint for the coordinated development of the Company and the society.

## OPERATION INFORMATION

The following table sets out average QAAs, average QPAs and average quarterly ARQPA for our online virtual worlds for the years indicated below:

	For the year ended		
	31 December 2025 <sup>(1)</sup>	31 December 2024	Year-over-year change
	<i>(QAA &amp; QPA in millions, ARQPA in RMB)</i>		
average QAA <sup>(2)</sup>	7.7	6.3	22.2%
average QPA <sup>(3)</sup>	0.9	0.8	12.5%
average quarterly ARQPA <sup>(4)</sup>	167.1	163.0	2.5%

Notes:

1. As of 31 December 2025, our online virtual worlds under commercial operation mainly included Aobi Island, Aola Star, Dragon Knights, Light of Aoya, Legend of Aoqi, Shiwuyu (「食物語」), Aola Star Mobile (「奧拉星手遊」), Legend of Aoqi Mobile (「奧奇傳說手遊」) and Aobi Island Mobile (「奧比島手遊」).
2. The average QAA for online virtual worlds was approximately 7.7 million for the year ended 31 December 2025, representing an increase of approximately 22.2% compared with the year ended 31 December 2024. The increase was primarily due to some of the games with a longer launch period maintain a good operating momentum as well as a new game was launched in the year, which drove the expansion of the number of the game users.
3. The average QPA for online virtual worlds was approximately 0.9 million for the year ended 31 December 2025, representing an increase of approximately 12.5% compared with the year ended 31 December 2024. The increase was primarily due to the increase of QAA.
4. The average quarterly ARQPA for online virtual worlds was approximately RMB167.1 for the year ended 31 December 2025, representing an increase of approximately 2.5% compared with the year ended 31 December 2024. The increase was primarily due to the users were attracted by good contents in games and increased willingness of users paying.

## OVERALL BUSINESS AND FINANCIAL PERFORMANCE

The following table sets forth our consolidated statements of comprehensive income for the years ended 31 December 2025 and 2024, respectively:

	For the year ended			
	31 December 2025 RMB'000	% of Revenue	31 December 2024 RMB'000	% of Revenue
<b>Revenue</b>	<b>610,367</b>	<b>100.0</b>	545,294	100.0
Online entertainment business	607,058	99.5	545,130	100.0
Other businesses	3,309	0.5	164	—
<b>Cost of revenue</b>	<b>(309,851)</b>	<b>(50.8)</b>	(293,232)	(53.8)
<b>Gross profit</b>	<b>300,516</b>	<b>49.2</b>	252,062	46.2
Selling and marketing expenses	(77,496)	(12.7)	(57,508)	(10.5)
Administrative expenses	(59,076)	(9.7)	(57,762)	(10.6)
Research and development expenses	(192,006)	(31.5)	(177,042)	(32.5)
Net impairment losses on financial assets	(16,375)	(2.7)	(3,804)	(0.7)
Other income	—	—	1,106	0.2
Other (losses)/gains — net	(2,097)	(0.3)	103	—
<b>Operating loss</b>	<b>(46,534)</b>	<b>(7.6)</b>	(42,845)	(7.9)
Finance income — net	15,067	2.5	24,453	4.5
Impairment loss on investment in an associate	(26,527)	(4.3)	—	—
Share of loss of an associate	(9,374)	(1.5)	(7,797)	(1.4)
<b>Loss before income tax</b>	<b>(67,368)</b>	<b>(11.0)</b>	(26,189)	(4.8)
Income tax expense	(7,747)	(1.3)	(1,767)	(0.3)
<b>Loss for the year</b>	<b>(75,115)</b>	<b>(12.3)</b>	(27,956)	(5.1)

## Management Discussion and Analysis

The following table sets forth our consolidated statement of comprehensive income for the years ended 31 December 2025 and 2024 respectively:

	For the year ended			
	31 December 2025 RMB'000	% of Revenue	31 December 2024 RMB'000	% of Revenue
<b>Loss for the year</b>	<b>(75,115)</b>	<b>(12.3)</b>	(27,956)	(5.1)
Other comprehensive income	—	—	—	—
<b>Total comprehensive loss for the year</b>	<b>(75,115)</b>	<b>(12.3)</b>	(27,956)	(5.1)
<b>Other financial data</b>				
Adjusted net loss <sup>(1)</sup> (unaudited)	<b>(74,310)</b>	<b>(12.2)</b>	(21,102)	(3.9)
Adjusted EBITDA <sup>(2)</sup> (unaudited)	<b>(60,791)</b>	<b>(10.0)</b>	(23,070)	(4.2)

Notes:

- Adjusted net loss consists of loss for the year plus share-based compensation. Adjusted net loss eliminates the effect on non-cash share-based compensation expenses. The term of adjusted net loss is not defined under the IFRS accounting standards. The use of adjusted net loss has material limitations as an analytical tool, as adjusted net loss does not include all items that impact our net loss for the year.
- Adjusted EBITDA consists of adjusted net loss less finance income-net, plus income tax expenses, depreciation of property and equipment and right-of-use assets and amortization of intangible assets.

### Revenue

Our revenue for the year ended 31 December 2025 was RMB610.4 million, representing a 11.9% increase from RMB545.3 million for the year ended 31 December 2024.

*Online Entertainment Business:* Our online entertainment business revenue for the year ended 31 December 2025 was RMB607.1 million, an 11.4% increase from RMB545.1 million for the year ended 31 December 2024. The increase was primarily due to the outstanding performance of existing games through launched new themed versions and consistently updated content to enriched gaming experience to boost in user payment intention to drive revenue growth, and increase of the new overseas game operated by third party.

*Other Businesses:* Revenue from other businesses for the year ended 31 December 2025 was RMB3.3 million, a 1,550.0% increase from RMB0.2 million for the year ended 31 December 2024. The increase was mainly due to the increase of the sales of peripheral products.

## Cost of Revenue

Our cost of revenue for the year ended 31 December 2025 was RMB309.9 million, a 5.7% increase from RMB293.2 million for the year ended 31 December 2024.

*Online Entertainment Business:* Our online entertainment business cost for the year ended 31 December 2025 was RMB309.1 million, a 5.5% increase from RMB293.1 million for the year ended 31 December 2024. The increase was mainly driven by the increase of third-party revenue sharing.

*Other Businesses:* Cost of other businesses for the year ended 31 December 2025 was RMB0.8 million, a 788.9% increase from RMB0.09 million for the year ended 31 December 2024. The increase primarily reflected an increase of peripheral products cost.

## Gross Profit

As a result of the foregoing, our gross profit for the year ended 31 December 2025 was RMB300.5 million, compared with RMB252.1 million for the year ended 31 December 2024. Gross profit margin was 49.2% for the year ended 31 December 2025, compared with 46.2% for the year ended 31 December 2024. The gross profit margin increased was mainly due to the proportion of revenue from entrusted third parties mobile games with high revenue sharing decreased.

## Selling and Marketing Expenses

Our selling and marketing expenses for the year ended 31 December 2025 were RM77.5 million, a 34.8% increase from RMB57.5 million for the year ended 31 December 2024. This was primarily due to the increase in promoting and advertising expenses.

## Administrative Expenses

Our administrative expenses for the year ended 31 December 2025 were RMB59.1 million, a 2.2% increase from RMB57.8 million for the year ended 31 December 2024. This increase was primarily due to the increase in office expenses resulting from moving into a new office building.

## Research and Development Expenses

Our research and development expenses for the year ended 31 December 2025 were RMB192.0 million, a 8.5% increase from RMB177.0 million for the year ended 31 December 2024. This increase was primarily driven by the increase in content production expenses.

## Net Impairment Losses on Financial Assets

We recorded net impairment losses of financial assets of RMB16.4 million for the year ended 31 December 2025, which compared to RMB3.8 million net impairment losses of financial assets for the year ended 31 December 2024. The net impairment losses was primarily due to the impairment of receivables from an associate of RMB18.4 million which is related to the unrecoverable prepayment for the year ended 31 December 2025.

## Other Income

The Company recognized no other income for the year ended 31 December 2025, representing a decrease by 100% from RMB1.1million for the year ended 31 December 2024. The other income was generated from our fulfilment of certain performance, conditions related to government grants.

# Management Discussion and Analysis

## Other (Losses)/Gains — net

The Company recognized net other losses of RMB2.1 million and it was primarily due to the losses on termination of lease contract for the year ended 31 December 2025 compared with the net other gain of RMB0.1 million for the year ended 31 December 2024.

## Operating Loss

As a result of the foregoing, our operating losses for the year ended 31 December 2025 was RMB46.5 million, compared with our operating loss of RMB42.8 million for the year ended 31 December 2024.

## Finance Income — net

We had net finance income of RMB15.1 million for the year ended 31 December 2025, compared with net finance income of RMB24.5 million for the year ended 31 December 2024. Net finance income for the year ended 31 December 2025 was primarily consisted of interest income on term deposit and cash and cash equivalents, which was partly offset by foreign exchange loss on cash and bank balance as well as interest expenses on lease liabilities.

## Impairment Loss on Investment in an Associate

The investment in an associate was impaired by RMB26.5 million for the year ended 31 December 2025, primarily due to the associate encountering operational difficulties which eventually led to a cessation of operations.

## Share of Loss of an Associate

The Company recognized share of loss of an associate of RMB9.4 million for the year ended 31 December 2025, compared with share of loss of an associate of RMB7.8 million for the year ended 31 December 2024.

## Loss before Income Tax

As a result of the foregoing, we had a loss of RMB67.4 million for the year ended 31 December 2025, compared with a loss of RMB26.2 million for the year ended 31 December 2024.

## Income Tax Expense

Our income tax expenses for the year ended 31 December 2025 was RMB7.7 million, compared with the income tax expense of RMB1.8 million for the year ended 31 December 2024. The change was primarily due to the derecognition of deferred tax assets for tax loss of Guangzhou Tianti Network Technology Co., Ltd during the year.

## Loss for the Year

As a result of the foregoing, we had a loss of RMB75.1 million for the year ended 31 December 2025, compared with a loss of RMB28.0 million for the year ended 31 December 2024.

## Non-IFRS Measure — Adjusted Net Loss/EBITDA

Our adjusted net loss for the year ended 31 December 2025 was RMB74.3 million, representing a 252.1% increase from net loss of RMB21.1 million for the year ended 31 December 2024. Our adjusted EBITDA for the year ended 31 December 2025 was loss of RMB60.8 million, representing an 163.2% increase from loss of RMB23.1 million for the year ended 31 December 2024.

## Management Discussion and Analysis

The following table reconciles our adjusted net loss and adjusted EBITDA for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is net loss:

	Unaudited	
	For the year ended	
	31 December	
	2025	2024
	RMB'000	RMB'000
Loss for the year	(75,115)	(27,956)
Add:		
Share-based compensation	805	6,854
Adjusted net loss	(74,310)	(21,102)
Add:		
Depreciation and amortization	20,839	20,718
Finance income — net	(15,067)	(24,453)
Income tax expenses	7,747	1,767
Adjusted EBITDA	(60,791)	(23,070)

## LIQUIDITY AND CAPITAL RESOURCES

In 2025, we met our working capital and other capital requirements principally from cash flow generated from our operating activities.

The Group's gearing ratios as of the dates below were as follows:

	As of	
	31 December	
	2025	
	2025	2024
	RMB'000	RMB'000
Total liabilities	263,700	275,966
Total assets	1,758,502	1,875,051
Gearing ratio <sup>(1)</sup>	15%	15%

Note:

(1) Gearing ratio is calculated by dividing total liabilities by total assets.

## Management Discussion and Analysis

### Cash and Cash Equivalents, Short-Term Deposits and Long-Term Deposits

As of 31 December 2025, our cash and cash equivalents consisted of cash in bank and cash on hand, which amounted to RMB490.3 million, compared with RMB495.7 million as of 31 December 2024. We had short-term deposits of RMB551.0 million as of 31 December 2025, compared with RMB449.0 million as of 31 December 2024, representing bank deposits which we intend to hold for over three months but less than one year. We had long-term deposits of RMB60.0 million as of 31 December 2025, compared with RMB245.0 million as of 31 December 2024, representing bank deposits which we intend to hold for over one year but less than three years.

As of 31 December 2025, the Group had no restricted cash.

The effective interest rate per annum for cash in bank balances and deposits as of 31 December 2025 was 1.64%, compared with 1.88% as of 31 December 2024. Our policy is to place our cash in interest-bearing principal-protected call deposits or deposits with reputable domestic or international banks.

Our cash and cash equivalents, short-term deposits and long-term deposits are denominated in the following currencies:

Group	As of	As of
	31 December 2025	31 December 2024
	RMB'000	RMB'000
RMB	922,349	1,035,547
US\$	108,088	80,999
HK\$	70,755	73,053
Others	109	76
	<b>1,101,301</b>	<b>1,189,675</b>

### Bank Loans and Other Borrowings

The Group had no bank loans or other borrowings as of 31 December 2025.

### Treasury Policies

As of 31 December 2025, the Group had conservative treasury policies in terms of cash and financial management. The Group does not use any financial instruments for hedging purposes.

## Foreign Currency Risk

As of 31 December 2025, RMB179.0 million of our financial resources were held in deposits in non-RMB currencies. Since there are no cost-effective hedges against the fluctuations of the RMB, there is a risk that we may experience a loss as a result of any foreign currency exchange rate fluctuations in connection with our cash in bank balances.

## Capital Expenditures and Investments

Our capital expenditures consist of payment of construction in progress and purchases of property and equipment, such as servers and computers and intangible assets, such as computer software. For the year ended 31 December 2025, our total capital expenditures were RMB70.1 million, compared with RMB86.6 million for the year ended 31 December 2024. The following table sets out our expenditures for the periods indicated:

	For the year ended	
	31 December 2025	2024
	RMB'000	RMB'000
<b>Capital Expenditures</b>		
– Payment of construction in progress	57,619	84,114
– Purchase of property and equipment	8,758	569
– Purchase of intangible assets	3,755	1,916
<b>Total</b>	<b>70,132</b>	<b>86,599</b>

## Contingent Liabilities

As of 31 December 2025, the Group did not have any material contingent liabilities, guarantees or litigation against it.

## Charges on Assets

As of 31 December 2025, there were no charges on the Group's assets.

## Material Acquisitions and Future Plans for Major Investment

As of 31 December 2025, the Group currently has no specific plans for other major investments or acquisitions for significant capital assets or other businesses. However, the Group will continue to look for new opportunities for business development.

# Management Discussion and Analysis

## Employees and Staff Costs

As of 31 December 2025, the Group had 761 full-time employees. The following table sets forth the number of full-time employees by function as of 31 December 2025:

	As of 31 December 2025	
	Number of Employees	% of Total
Operations	29	3.8
Operations for R&D	171	22.5
Development and research	433	56.9
Sales and Marketing	67	8.8
General and administration	61	8.0
<b>Total</b>	<b>761</b>	<b>100</b>

In addition to salary, we also provide various incentives, including share-based awards, such as RSUs granted pursuant to the share incentive schemes of the Company, and performance-based bonuses to better motivate our employees. As required by the PRC law, we contribute to housing funds and maintain mandatory social insurance plans for our employees, covering pension, medical, unemployment, work injury and maternity leave. We are required by the PRC law to make contributions to these social insurance plans at specified percentages of the compensation of each employee, up to a maximum amount as may be specified by the local government from time to time. Such social insurance plans include defined contribution retirement benefit plans organized by the relevant governmental authorities. Forfeited contributions by the Group to these plans may not be used by the Group to reduce the existing level of contributions. The total amount of contributions we made for employee social insurance plans for the year ended 31 December 2025 were approximately RMB61.8 million, compared with RMB66.5 million for the year ended 31 December 2024. We incurred staff costs of approximately RMB280.1 million and RMB281.0 million, for the years ended 31 December 2025 and 2024, representing 45.9% and 51.5% of our revenue for those periods respectively.

We will continue to grant RSUs to our employees to incentivize them pursuant to the 2023 RSU scheme. The maximum number of the shares which we may grant pursuant to the 2023 RSU Scheme and all other share schemes as adopted by the Company from time to time shall not exceed 282,284,400 Shares, representing approximately 10% of our issued shares capital as of the date of the AGM in 2023.

Under the previous restricted share unit plan which was terminated on 27 June 2023, there were a total of 4,260,000 RSUs outstanding as of 31 December 2025.

# Management Discussion and Analysis

During the Reporting Period, there were no RSUs granted under the 2023 RSU Scheme. As of 31 December 2025, there was no outstanding RSU under the 2023 RSU Scheme.

## Dividend

At the Company's AGM on 27 June 2025, the Shareholders approved the Board-recommended special dividend of HK\$0.012 (equivalent to approximately RMB0.011) per share for the year ended 31 December 2024. The special dividend was paid to the Shareholders on 31 July 2025.

The Board is pleased to recommend the payment of a special dividend of HK\$0.012 (equivalent to RMB0.011) per share for the year ended 31 December 2025 out of our share premium account, subject to the approval of the Shareholders at the forthcoming AGM to be held on Friday, 26 June 2026. The proposed special dividend will be payable on Thursday, 30 July 2026 to the Shareholders of whose names appear on the register of members of the Company (the "**Register of Members**") on Tuesday, 14 July 2026.

## CHANGES SINCE 31 DECEMBER 2025

There were no other significant changes in the Group's financial position or from the information disclosed under management discussion and analysis in this annual results announcement for the year ended 31 December 2025.

# Biographies of the Directors and Senior Management

## DIRECTORS

### Executive Directors

**Dai Jian** (戴堅), aged 58, is a co-founder of our Group and was appointed as our Chairman in November 2011, Executive Director in April 2012 and Chief Executive Officer in mid-October 2016. He is responsible for the overall management, corporate development and strategic planning of our Group.

Mr. Dai has more than 25 years of experience in the information and technology industry. From March 2013 to June 2023, he served as the chairman of the board of Altratek Guangdong, a wireless telecommunication product and service provider, where he is responsible for the overall management, resources integration and strategic planning of the company. From December 2004 to March 2013, he was the executive director and chief executive officer 2 of Altratek Guangdong. Prior to that, he co-founded and was the chairman of Guangzhou Elite Enterprise Management Corporation\* (廣州市伊萊哲企業管理有限公司) (“**Guangzhou Elite**”) from November 1999 to November 2004, where he was responsible for the overall management, resources integration and strategic planning of the company.

Mr. Dai received his bachelor’s degree in computer application from Hunan University (湖南大學) in July 1990.

Saved as disclosed above, Mr. Dai is not or has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

**Wu Lili** (吳立立), aged 58, is a co-founder of our Group and was appointed as Executive Director in September 2009. Mr. Wu was appointed as our Chief Executive Officer in March 2010 and relinquished such position in March 2015. He is responsible for overseeing the Company’s growth strategies, mergers and acquisitions and other business opportunities.

Mr. Wu has more than 25 years of experience in the information technology industry. From March 2013 to June 2023, he served as the director of Altratek Guangdong. From September 2007 to June 2009, he was the deputy director of the marketing department of Altratek Guangdong, where he was responsible for resources integration and capital operation, as well as strategic planning and new project development, including the overall management of the company’s new Internet business and the integration of the telecom value added services. Prior to that, he was the vice chairman of marketing of Guangzhou Elite from November 1999 to August 2007, where he managed the company’s various production lines and marketing agencies in the PRC, and was responsible for the implementation of the company’s marketing strategies of the company.

Mr. Wu received his MBA degree from the China Europe International Business School (中歐國際工商學院) in September 2004. He also received his master’s degree in computer application and bachelor’s degree in computer communications from Beijing University of Posts and Telecommunications (北京郵電大學), formerly known as (北京郵電學院) in April 1992 and July 1989, respectively.

## Biographies of the Directors and Senior Management

Saved as disclosed above, Mr. Wu is not or has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

**Li Chong** (李冲), aged 57, is a co-founder of our Group and was appointed as our Chief Operating Officer from September 2009 to August 2021, and Executive Director since September 2009. He is responsible for developing middle and long-term development strategies of the Group and identifying and securing high-end talents for the Group.

Mr. Li has more than 25 years of experience in the information technology industry. From March 2013 to June 2023, he served as the chairman of the supervisory board of Altratek Guangdong. From January 2008 to July 2009, he was one of the new project leaders of Altratek Guangdong, where he was responsible for the design and operations of the company's products. In particular, he was a key participant in the feasibility study and development of Aobi Island. Prior to that, he was the President of Guangzhou Aochuang Information Technology Co., Ltd.\* (廣州市奧創信息技術有限公司) from October 2000 to December 2008, where he was responsible for the overall operations and management of the company.

Mr. Li received his master's degree in business management from Jinan University (暨南大學) in June 2000. He also received his master's degree in communications and electric systems and bachelor's degree in telecommunications engineering from Beijing University of Posts and Telecommunications (北京郵電大學) in April 1992 and July 1989, respectively.

Saved as disclosed above, Mr. Li is not or has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

### Independent Non-Executive Directors

**Liu Qianli** (劉千里), aged 50, was appointed as our Independent Non-Executive Director on 18 March 2014.

Ms. Liu has over 22 years of experience in investment banking and corporate finance, including holding senior management positions at Phoenix New Media Limited (NYSE Stock Symbol: FENG), ChinaEdu Corp. and MainOne Information Technology Company Ltd. previously. She is currently an independent director of Luckin Coffee Inc. (OTC Symbol: LKNCY), and an independent non-executive director of XD Inc. (HKEX Stock Code: 2400) and Feiyu Technology International Company Limited (HKEX Stock Code: 1022).

Ms. Liu obtained her bachelor's degree of arts from Dartmouth College in 1997 and her MBA from the Massachusetts Institute of Technology Sloan School of Management in 2003.

Saved as disclosed above, Ms. Liu is not or has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

## Biographies of the Directors and Senior Management

**Wang Qing** (王慶), aged 57, was appointed as our Independent Non-Executive Director on 18 March 2014.

Dr. Wang has over 25 years of experience in investment banking and corporate finance. Dr. Wang is president and partner of Shanghai Chongyang Investment Management Co., Ltd, a privately managed fund in China. Before joining Chongyang Investment in April 2013, Dr. Wang was deputy head of the Investment banking department at China International Capital Corporation (“CICC”) from June 2011 to April 2013. Dr. Wang joined CICC from Morgan Stanley, where he served as managing director and chief economist for Greater China in the research division in Hong Kong from May 2007 to June 2011. Prior to that, Dr. Wang spent 6 years, from June 1999 to October 2005, in Washington, D.C. as an economist with the International Monetary Fund.

Dr. Wang has been appointed as an independent director of China Continent Property & Casualty Insurance Co., Ltd (中國大地財產保險股份有限公司) since March 2019. In addition, he has been appointed as an independent director of Ant Bank (Hong Kong) Limited (螞蟻銀行(香港)有限公司) since May 2019. Dr. Wang has been appointed as an independent director of Bank of Taizhou Co., Ltd. since April 2022.

Dr. Wang received his Ph.D. in economics from the University of Maryland at College Park, U.S. in August 2000. He received his bachelor’s degree and master’s degree in economics from Renmin University of China (中國人民大學) in July 1991 and January 1994, respectively.

Saved as disclosed above, Dr. Wang is not or has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

**Ma Xiaofeng** (馬肖風), aged 62, was appointed as our Independent Non-Executive Director on 18 March 2014.

Mr. Ma is the co-founder, chairman and chief executive officer of ATA Creativity Global (Stock Symbol: AACG), formerly known as ATA Inc. (Stock Symbol: ATAI), a professional services provider for testing, assessment and related services in China, and a public company listed on NASDAQ. Since July 2015, Mr. Ma has been serving as the chairman of the board of directors of ATA Online (Beijing) Education Technology Co., Ltd.\* (全美在線(北京)教育科技股份有限公司) whose shares were listed on the NEEQ since 21 December 2015 and were delisted since 11 October 2017.

Save as disclosed above, Mr. Ma is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

**Wei Kevin Cheng** (蔚成), aged 58, was appointed as our Independent Non-Executive Director on 27 June 2023.

Mr. Wei is currently a partner of a company focused on corporate finance advisory business. Mr. Wei served as the chief financial officer from December 2007 to September 2013 of IFM Investments Limited, a real-estate services company headquartered in Beijing. IFM Investments Limited was delisted from NYSE in 2015. From 2006 to 2007, Mr. Wei served as the chief financial officer of Solarfun Power Holdings Co., Limited (ticker symbol: SOLF), a NASDAQ listed solar company (now known as Hanwha Q CELLS Co., Ltd. (ticker symbol: HQCL) (privatised in 2019)). From 1999 to 2005, Mr. Wei worked in the

## Biographies of the Directors and Senior Management

internal audit and risk management functions with the Asia Pacific regional or global coverage for multinational companies including LG Philips Displays International Ltd. (2003 to 2005) headquartered in Hong Kong. From 1991 to 1999, Mr. Wei worked with KPMG LLP and Deloitte Touche LLP in various audit and consulting roles between the United States of America and China.

Mr. Wei graduated from Central Washington University in June 1991, where he received his bachelor's degree (cum laude) with a double major in accounting and business administration. He is also a member of the American Institute of Certified Public Accountant.

Mr. Wei served as an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of the board of Alphamab Oncology (stock code: 9966), a company listed on the Main Board of the Stock Exchange, from 12 December 2019 to 30 June 2025. Prior to that, Mr. Wei served as an independent non-executive director, the chairman of the audit and compliance committee of the board of Nexteer Automotive Group Limited (stock code: 1316), a company listed on the Main Board of the Stock Exchange, from June 2013 to June 2022.

Save as disclosed above, Mr. Wei is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

## SENIOR MANAGEMENT

**Dai Jian** (戴堅), aged 58, is our Chairman, Executive Director and Chief Executive Officer. Please refer to the section headed “— Executive Directors — Dai Jian” for his biography.

**Wang Xiaodong** (王曉東), aged 60, is a co-founder of our Group and was appointed as Executive Vice President in September 2009. Mr. Wang was also appointed as our Executive Director from September 2009 to March 2010 and from December 2013 to January 2022.

Mr. Wang has more than 27 years of experience in the information technology industry, as well as extensive experience in the education industry. Prior to joining the Group, he was one of the new project leaders of Altratek Guangdong from September 2007 to July 2009, where he was a key participant in the feasibility study and development of Aobi Island. He was specifically responsible for managing human resources, administration and the cooperation with primary schools and other education agencies for the product. He was the director of human resources and vice president of Guangzhou Elite from August 2001 to December 2008, where he was in charge of the company's operations in northern China, as well as the management and development of the company's human resources department.

## Biographies of the Directors and Senior Management

From January 1998 to August 2001, he was the associate dean of Hunan University College of Civil Engineering (湖南大學土木工程學院), where he was responsible for the overall student education and management. Prior to that, he was the associate director of the department of mechanical engineering of Hunan University (湖南大學) from February 1997 to January 1998, where he was responsible for the overall student education and management of the department.

Mr. Wang received his master's degree in industrial international trade and bachelor's degree in machine design and manufacturing from Hunan University (湖南大學) in December 1998 and July 1988, respectively.

**Chen Xiao Hong** (陳小紅), aged 59, was appointed as Acting Chief Financial Officer of the Company in October 2016. Ms. Chen was appointed as the Financial Controller of the Company in September 2009 and Vice President of Finance of the Company in July 2014. Ms. Chen is responsible for corporate finance, investor relations and financial management of our Group. She has over 17 years of experience in finance management.

Ms. Chen has undertaken the Certified General Accountants Association of Canada (CGA) course and professional manager training in Peking University (北京大學). Ms. Chen received her bachelor's degree in meteorology from the Beijing Institute of Meteorology (北京氣象學院).

# Biographies of the Directors and Senior Management

## COMPANY SECRETARY

**Lau Yee Wa** (劉綺華), aged 53, has been appointed as our Company Secretary since August 2018.

Ms. Lau is a director of the corporate services division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Lau has over 27 years of experience in the corporate services field and has been providing professional corporate secretarial to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Lau is a Chartered Secretary, a Chartered Governance Professional and an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

She holds a bachelor's degree in business administrative management from the University of South Australia.

# Directors' Report

The Board is pleased to present its report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are developing and publishing mobile and PC games. Details of the principal activities of the Group are set out in note 14 to the section headed "Notes to the Consolidated Financial Statements" of this annual report. The analysis of the Group's revenues and contribution to results by business segments are set out in note 5 to the section headed "Notes to the Consolidated Financial Statements" of this annual report. There were no other significant changes in the nature of the Group's principal activities during the year ended 31 December 2025.

## BUSINESS REVIEW AND KEY FINANCIAL PERFORMANCE INDICATORS

A review of the business of the Group during the year ended 31 December 2025 (including particulars of important events affecting the Company that have occurred during the year ended 31 December 2025, an analysis of the Group's performance during the year ended 31 December 2025 using financial key performance indicators and a discussion on the Group's future business development) is provided in the sections headed "Chairman Letter" and "Management Discussion and Analysis" of this annual report. A description of the principal risks and uncertainties that the Group may be facing and compliance with relevant laws and regulations which have a significant impact on the Group can be found in this directors' report. In addition, the financial risk management objectives and policies of the Group are available in note 3 to the section headed "Notes to the Consolidated Financial Statements" of this annual report. These discussions form part of this directors' report.

Considering the principal activities of the Group, less destruction has been made directly to the environment, but protecting the environment has always been essential to the Group and has guided our actions to minimize the impact of the Group. Going forward, continuous efforts will be made by the Group and our employees in promoting sustainability in environment, social and corporate governance.

## RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the sections headed "Consolidated Income Statement", "Consolidated Statement of Comprehensive Income", "Consolidated Balance Sheet", "Consolidated Statement of Changes in Equity" and "Consolidated Statement of Cash Flows" of this annual report.

## DIVIDENDS

The Board recommended the payment of a special dividend of HK\$0.012 (equivalent to approximately RMB0.011) per Share for the year ended 31 December 2025, subject to the approval of the Shareholders at the AGM to be held on Friday, 26 June 2026. The proposed special dividend is expected to be payable on Thursday, 30 July 2026 to the Shareholders whose names appear on the Register of Members as of Tuesday, 14 July 2026. The Board believes that the proposed special dividend for the year ended 31 December 2025 is in line with the Dividend Policy.

## DIVIDEND POLICY

The Group adopted a dividend policy (the "**Dividend Policy**") on 20 December 2018. A summary of this policy is disclosed as below.

In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its Shareholder value.

The Company does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations and factors, including, inter alia, the Group's financial results, cash flow situation, business conditions and strategies, future operations and earnings and capital requirements and expenditure plans, interests of Shareholders, any restrictions on payment of dividends and any other factors that the Board may consider relevant.

The Dividend Policy will be reviewed by the Board as appropriate from time to time.

## CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the upcoming AGM, the Register of Members will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 22 June 2026. In addition, subject to the Shareholders' approval of the proposed special dividend at the AGM, the Register of Members will be closed from Friday, 10 July 2026 to Tuesday, 14 July 2026, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to the proposed special dividend. In order to qualify for the proposed special dividend, all transfers documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, no later than 4:30 p.m. on Thursday, 9 July 2026.

## Directors' Report

### USE OF PROCEEDS FROM THE COMPANY'S GLOBAL OFFERING

The Shares of the Company were listed on the Main Board of the Stock Exchange on 10 April 2014 with net proceeds from the initial public offering of approximately RMB1,121.2 million, after deducting underwriting fees and commissions and other expenses paid by the Company in connection with the initial public offering.

As of 31 December 2024, unutilised proceeds from the abovementioned issuances amounted to RMB398.5 million. During the Reporting Period, no proceeds had been utilised in accordance with the intended use as disclosed in the Prospectus. Unutilised proceeds from the aforementioned issuances as of 31 December 2025, being RMB398.5 million, are intended to be applied in the manner consistent with the intended use as disclosed in the Prospectus in the coming financial year.

### FINANCIAL SUMMARY

The Company has been listed on the Main Board of the Stock Exchange since 10 April 2014. A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements.

### PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended 31 December 2025 are set out in note 16 to the section headed "Notes to the Consolidated Financial Statements" of this annual report.

### SHARE CAPITAL AND SHARE INCENTIVE SCHEMES

Details of movements in the Company's share capital and share incentive schemes are set out in notes 24 and 26 to the section headed "Notes to the Consolidated Financial Statements" of this annual report and the below paragraph headed "Share Incentive Schemes", respectively.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders, under the Articles of Association, although there are no restrictions against such rights under the laws in the Cayman Islands being the jurisdiction in which the Company is incorporated.

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

During the year ended 31 December 2025, neither the Company nor any member of the Group has purchased, redeemed or sold any of the Company's listed securities.

### RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2025 are set out in note 25 to the sections headed "Notes to the Consolidated Financial Statements" and "Consolidated Statement of Changes in Equity" of this annual report, respectively.

### DISTRIBUTABLE RESERVES

For the year ended 31 December 2025, the Company had distributable reserves amounting to RMB401,290,000 (2024: RMB434,619,000).

### CHARITABLE CONTRIBUTIONS

The Group had no charitable contributions during the year ended 31 December 2025.

### MAJOR CUSTOMERS AND SUPPLIERS

The customers of the Group consisted of end users/customers from online entertainment business and other businesses of the Group.

For the year ended 31 December 2025, the top five sources of cash proceeds from sales of physical and virtual prepaid cards and sales of AoCoins through other payment channels accounted for 77.0% of our total cash proceeds from these sales.

The top three sources of cash proceeds from these sales for the year ended 31 December 2025 was our online payment channel and accounted for 63.4% of our total cash proceeds from these sales.

None of the Directors, their close associates or any Shareholders that, to the knowledge of the Directors, own more than 5% of the Company's issued share capital had any interest in any of the five largest revenue contributors during the year ended 31 December 2025.

## Directors' Report

For the year ended 31 December 2025, charges from the five largest suppliers accounted for 52.7% of our cost of revenues.

The charges from the largest supplier accounted for 34.7% of our cost of revenues.

None of the Directors, any of their close associates or any Shareholders that, to the knowledge of the Directors, own more than 5% of the issued share capital of the Company had any interest in any of the five largest suppliers during the year ended 31 December 2025.

For the year ended 31 December 2025, there was no material dispute between the Group and its suppliers and/or customers.

## DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this annual report are:

### Executive Directors

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

Mr. Wu Lili

Mr. Li Chong

### Independent non-executive Directors

Ms. Liu Qianli

Dr. Wang Qing

Mr. Ma Xiaofeng

Mr. Wei Kevin Cheng

The Board has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and as at the date of this annual report still considers them to be independent.

## ROTATION AND RE-ELECTION OF DIRECTORS

In accordance with article 84(1) of the Articles of Association, at each AGM not less than one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. Mr. Li Chong, Ms. Liu Qianli and Mr. Wei Kevin Cheng will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

The Board recommended the re-appointment of the Directors standing for re-election at the AGM.

### CHANGES IN DIRECTORS' INFORMATION

The Company is not aware of any changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

### DIRECTORS' SERVICE CONTRACTS

None of the aforesaid retiring Directors proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any member of the Group within one year without payment of compensation, other than under normal statutory obligations.

Save as disclosed in note 39 to the section headed "Notes to the Consolidated Financial Statements" of this annual report, there were no other emoluments, pension and any compensation arrangements for the Directors and past Directors which are required to be disclosed under the Listing Rules, or section 383 of the Companies Ordinance or the Companies (Disclosure of Information about Benefits of Directors) Regulation (Chapter 622G, Laws of Hong Kong). Save as disclosed above, none of the Directors has a service contract with the Company or any member of the Group which is not determinable within one year without payment of compensation, other than statutory obligations.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any member of the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 December 2025.

### CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

None of the Controlling Shareholders or his/its subsidiary has or had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the business of the Group to which any member of the Group was a party during the year ended 31 December 2025.

# Directors' Report

## DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors and those of the five highest paid individuals for the year ended 31 December 2025 are set out in notes 9 and 39 to the section headed "Notes to the Consolidated Financial Statements" of this annual report, respectively. The remunerations of the Directors are determined based on the market price and contribution made by such Directors to the Company. There has been no arrangement under which any Director has waived or agreed to waive any emoluments during the year ended 31 December 2025.

## PERMITTED INDEMNITY

Permitted indemnity provisions (as defined in section 469 of the Companies Ordinance) for the benefit of the Directors are currently in force and were in force during the year ended 31 December 2025. Pursuant to article 164(1) of the Articles of Association, each Director and the officers of the Company shall be entitled to be indemnified by the Company out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur or about the execution and discharge of his/her duties or in relation thereto.

The Company has maintained appropriate Directors' and officers' liability insurance coverage for the Directors in respect of any legal actions which may be taken against the Directors in the execution and discharge of their duties or in relation thereto during the year ended 31 December 2025.

## MANAGEMENT CONTRACTS

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

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

As at 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name	Position	Relevant company (including associated corporation)	Capacity/Nature of interest	Number of Shares/ underlying Shares held	Approximate percentage of shareholding <sup>(9)</sup>
Dai Jian (戴堅) <sup>(1)</sup>	Chairman, Executive Director and Chief Executive Officer	The Company	Founder of a discretionary trust Interest of controlled corporation	687,944,180(L) <sup>(6)</sup>	23.99%(L)
		The Company	Beneficial owner	10,000,000(L)	0.35%(L)
Wu Lili (吳立立) <sup>(2)</sup>	Executive Director	The Company	Founder of a discretionary trust Interest of controlled corporation	365,596,180(L)	12.75%(L)
Li Chong (李沖) <sup>(3)(4)</sup>	Executive Director	The Company	Founder of a discretionary trust Interest of controlled corporation	114,816,360(L)	4.00%(L)
		The Company	Beneficial owner	15,000,000(L)	0.52%(L)
Liu Qianli (劉千里) <sup>(5)</sup>	Independent Non-Executive Director	The Company	Beneficial owner	200,000(L)	0.007%(L)
Wang Qing (王慶) <sup>(6)</sup>	Independent Non-Executive Director	The Company	Beneficial owner	200,000(L)	0.007%(L)
Ma Xiaofeng (馬肖風) <sup>(7)</sup>	Independent Non-Executive Director	The Company	Beneficial owner	200,000(L)	0.007%(L)

# Directors' Report

## Notes:

- (1) Mr. Dai established DAE Trust on 27 December 2013 for the benefit of himself and his family members, and acts as its settlor and protector. The trustee of DAE Trust is TMF (Cayman) Ltd., an independent third party and the sole shareholder of DAE Holding Investments Limited, a trust holding company owns 100% of equity interest in Stmoritz Investment Limited. In addition, 10,000,000 RSUs were granted to Mr. Dai under the Pre-IPO RSU Scheme entitling him to receive 10,000,000 Shares and subject to vesting. As at 31 December 2025, all the RSUs granted to Mr. Dai were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (2) Mr. Wu established WHZ Trust on 27 December 2013 for the benefit of himself and his family members, and acts as its settlor and protector. The trustee of WHZ Trust is TMF (Cayman) Ltd., an independent third party and the sole shareholder of WHEZ Holding Ltd., a trust holding company owns 100% of equity interest in Bright Stream Holding Limited.
- (3) Mr. Li established The Zhen Family Trust on 27 December 2013 for the benefit of himself and his family members, and acts as its settlor and protector. The trustee of The Zhen Family Trust is TMF (Cayman) Ltd., an independent third party and the sole shareholder of Golden Water Management Limited, a trust holding company owns 100% of equity interest in LNZ Holding Limited.
- (4) Mr. Li was interested in 15,000,000 RSUs granted to him under the Post-IPO RSU Scheme entitling him to receive 15,000,000 Shares subject to vesting. For details, please refer to the Company's announcements dated 12 April 2021 and 30 March 2022, the circulars dated 21 May 2021 and 27 April 2022 and the poll results announcements dated 25 June 2021 and 6 June 2022. As at 31 December 2025, 100% of the RSUs granted to Mr. Li on 12 April 2021 and 77.5% of the RSUs granted to Mr. Li on 30 March 2022 under the Post-IPO RSU Scheme were vested.
- (5) Ms. Liu was interested in 200,000 RSUs granted to her under the Pre-IPO RSU Scheme entitling her to receive 200,000 Shares subject to vesting. As at 31 December 2025, all the RSUs granted to Ms. Liu were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (6) Dr. Wang was interested in 200,000 RSUs granted to him under the Pre-IPO RSU Scheme entitling him to receive 200,000 Shares subject to vesting. As at 31 December 2025, all the RSUs granted to Dr. Wang were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (7) Mr. Ma was interested in 200,000 RSUs granted to him under the Pre-IPO RSU Scheme entitling him to receive 200,000 Shares subject to vesting. As at 31 December 2025, all the RSUs granted to Mr. Ma were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (8) The Letter "L" denotes the person's Long position in such Shares.
- (9) These percentages are calculated on the basis of 2,867,174,000 Shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company and their respective associates had registered an interest or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that are required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, the following persons have interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding in the total issued share capital of the Company <sup>(8)</sup>
TMF (Cayman) Ltd. <sup>(1)</sup>	Trustee of trusts	1,193,824,720(L) <sup>(7)</sup>	41.64%(L)
DAE Holding Investments Limited <sup>(2)</sup>	Trust holding company	687,944,180(L)	23.99%(L)
Stmoritz Investment Limited <sup>(2)</sup>	Registered owner	687,944,180(L)	23.99%(L)
Dai Jian (戴堅) <sup>(2)(5)</sup>	Founder of a discretionary trust Interest of controlled corporation	687,944,180(L)	23.99%(L)
	Beneficial owner	10,000,000(L)	0.35%(L)
Bright Stream Holding Limited <sup>(3)</sup>	Registered owner	365,596,180(L)	12.75%(L)
WHEZ Holding Ltd. <sup>(3)</sup>	Trust holding company	365,596,180(L)	12.75%(L)
Wu Lili (吳立立) <sup>(3)</sup>	Founder of a discretionary trust Interest of controlled corporation	365,596,180(L)	12.75%(L)
THL H Limited <sup>(4)</sup>	Registered owner	326,063,280(L)	11.37%(L)
Tencent Holdings Limited <sup>(4)</sup>	Interest of controlled corporation	326,063,280(L)	11.37%(L)
The Core Trust Company Limited <sup>(6)</sup>	Trustee of a trust	258,759,022(L)	9.02%(L)

# Directors' Report

## Notes:

- (1) TMF (Cayman) Ltd. is the trustee of DAE Trust, WHZ Trust, The Zhen Family Trust and WSW Family Trust.
- (2) The entire share capital of Stmoritz Investment Limited is wholly-owned by DAE Holding Investments Limited and ultimately owned by TMF (Cayman) Ltd. as the trustee of the DAE Trust, which is a discretionary trust set up by Mr. Dai Jian ("**Mr. Dai**") on 27 December 2013 for the benefit of himself and his family members, and Mr. Dai is a settlor and protector. As at 31 December 2025, Mr. Dai (as founder of the DAE Trust), DAE Holding Investments Limited and TMF (Cayman) Ltd. are taken to be interested in 687,944,180 Shares held by Stmoritz Investment Limited (without taking into account any Shares to be issued upon exercise of any share options and/or any vesting of the RSUs under the Pre-IPO Share Option Scheme, Pre-IPO RSU Scheme, Post-IPO RSU Scheme and/or the 2023 RSU Scheme) pursuant to Part XV of the SFO.
- (3) The entire share capital of Bright Stream Holding Limited is wholly-owned by WHEZ Holding Ltd. and ultimately owned by TMF (Cayman) Ltd. as the trustee of the WHZ Trust, which is a discretionary trust set up by Mr. Wu Lili ("**Mr. Wu**") on 27 December 2013 for the benefit of himself and his family members, and Mr. Wu is a settlor and protector. As at 31 December 2025, Mr. Wu (as founder of the WHZ Trust), WHEZ Holding Ltd. and TMF (Cayman) Ltd. are taken to be interested in 365,596,180 Shares held by Bright Stream Holding Limited (without taking into account any Shares to be issued upon exercise of any share options and/or any vesting of the RSUs under the Pre-IPO Share Option Scheme, Pre-IPO RSU Scheme, Post-IPO RSU Scheme and/or the 2023 RSU Scheme) pursuant to Part XV of the SFO.
- (4) The entire share capital of THL H Limited is owned by Tencent Holdings Limited, which is a company listed on the Main Board of the Stock Exchange (stock code: 700). Tencent Holdings Limited is taken to be interested in 326,063,280 Shares held by THL H Limited pursuant to Part XV of the SFO.
- (5) 10,000,000 RSUs were granted to Mr. Dai under the Pre-IPO RSU Scheme entitling him to receive 10,000,000 Shares subject to vesting. As at 31 December 2025, all the RSUs granted to Mr. Dai were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (6) The Core Trust Company Limited is the trustee to administer the Pre-IPO Share Option Scheme, the Pre-IPO RSU Scheme, the Post-IPO RSU Scheme and the 2023 RSU Scheme.
- (7) The Letter "L" denotes the person's Long position in such Shares.
- (8) These percentages are calculated on the basis of 2,867,174,000 Shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Directors and the chief executive of the Company are not aware of any other persons who had an interest or short position in the Shares or underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## SHARE INCENTIVE SCHEMES

In order to incentivize the Directors, senior management and other employees of the Group for their contribution to the Group and to attract and retain suitable personnel of our Group, the Company adopted the Pre-IPO RSU Scheme, the Post-IPO RSU Scheme and the 2023 RSU Scheme, respectively.

Summaries of the terms of the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme have been disclosed in the sections headed, “Statutory and General Information — Pre-IPO RSU Scheme” and “Statutory and General Information — Post-IPO RSU Scheme” in Appendix IV to the Prospectus, the historical annual reports of the Company, the circular of the Company dated 24 April 2015 and the supplementary circular of the Company dated 14 May 2015 and the circular of the Company dated 26 November 2020.

### 1) Pre-IPO RSU Scheme

The eligible participants under the Pre-IPO RSU Scheme includes existing employees, Directors, or officers of the Group and any other persons as selected by the Board at its discretion.

Unless otherwise duly approved by the Shareholders, the total number of Shares underlying RSUs under the Pre-IPO RSU Scheme shall not exceed 188,733,600 Shares (excluding Shares underlying RSUs that have lapsed or been cancelled in accordance with this Pre-IPO RSU Scheme). There is no requirement regarding the maximum entitlement of each participant under the Pre-IPO RSU Scheme. The Board has sole discretion to determine the vesting period and vesting criteria (if any) for any grant of RSUs under the Pre-IPO RSU Scheme, which may also be adjusted and re-determined by the Board from time to time. The grantee(s) shall not be required to bear or pay any price or fee for the grant of RSUs under the Pre-IPO RSU Scheme. Prior to its termination, the Pre-IPO RSU Scheme had been valid and effective until 30 September 2023. It was terminated by the Board's resolution on 3 March 2023, effective on 27 June 2023 following the adoption of the 2023 RSU Scheme (as defined below).

No more RSUs were granted after the Listing under the Pre-IPO RSU Scheme. As at 31 December 2025, there were no outstanding RSU under the Pre-IPO RSU Scheme.

Prior to the Listing on 10 April 2014, the Company appointed The Core Trust Company Limited as the trustee (the “**Pre-IPO RSU Trustee**”) and Peto Holding Limited, a company incorporated in the BVI and an independent third party, as its nominee (the “**Pre-IPO RSU Nominee**”) to administer the Pre-IPO RSU Scheme. To increase the public float, the Company further engaged The Core Services Limited, as the new trustee (the “**New RSU Trustee**”), and ZEA Holding Limited, a company incorporated in the BVI and an independent third party, as the new nominee (the “**New RSU Nominee**”), to administer certain RSUs granted to the Directors and the senior management under our Pre-IPO RSU Scheme on 10 June 2014. As at 31 December 2025, the Pre-IPO RSU Nominee holds 74,508,144 Shares and the New RSU Nominee holds 22,802,000 Shares respectively, underlying the RSUs granted under the Pre-IPO RSU Scheme for the benefit of eligible participants pursuant to the Pre-IPO RSU Scheme.

### 2) Post-IPO RSU Scheme

The eligible participants under the Post-IPO RSU Scheme includes existing and former employees, directors or officers of the Company, Guangzhou Baitian Information Technology Ltd. (廣州百田信息科技有限公司) or other companies in the Group, or any other persons as selected by the Board or the Remuneration Committee at its sole discretion.

The maximum number of Shares which may be awarded under the Scheme may not exceed 2% of the issued share capital of the Company as of the date of approval of the refreshed scheme limit. The maximum number of Shares which may be awarded to any one grantee under the Post-IPO RSU Scheme may not exceed 2% of the issued share capital of the Company as of the date of approval of the refreshed scheme limit. The Board or the Remuneration Committee has the sole discretion to determine the vesting schedule and vesting criteria (if any) for any grant of RSUs to any grantee(s), which may also be adjusted and re-determined by the Board from time to time. The grantee(s) shall not be required to bear or pay any price or fee for the grant of RSUs under the Post-IPO RSU Scheme. Prior to its termination, the Post-IPO RSU Scheme shall be valid and effective until 1 October 2030. It was terminated by the Board's resolution on 3 March 2023, effective on 27 June 2023 following the adoption of the 2023 RSU Scheme (as defined below).

During the year ended 31 December 2025, there were no RSUs granted under the Post-IPO RSU Scheme. No more RSUs was and will be granted under the Post-IPO RSU Scheme following its termination on 3 March 2023. As at 31 December 2024 and 31 December 2025, there were a total of 20,640,000 and 4,260,000 RSUs outstanding (i.e. granted but unvested) under the Post-IPO RSU Scheme, respectively.

The Company appointed The Core Trust Company Limited as the trustee and Baiduo Investment Holding Limited, a company incorporated in the BVI and an independent third party, as the nominee to administer the Post-IPO RSU Scheme pursuant to its scheme rules. On 27 May 2021, the Company further appointed Ms. Zhang Xiaoting as the trustee and Gusto Limited, a limited liability company incorporated under the laws of the BVI and an independent third party as the nominee to administer the RSUs granted to the Directors and CEO under the Post-IPO RSU Scheme. As at 31 December 2025, Baiduo Investment Holding Limited and Gusto Limited held 161,448,878 Shares and 40,000,000 Shares, respectively, underlying the RSUs granted under the Post-IPO RSU Scheme for the benefit of eligible participants pursuant to the Post-IPO RSU Scheme.

### 3) 2023 RSU Scheme

Since 1 January 2023, Chapter 17 of the Listing Rules governs both share option schemes and share award schemes.

According to their respective scheme rules, the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme (collectively, the “**Previous RSU Schemes**”) were valid and effective until 30 September 2023 and 1 October 2030, respectively, unless terminated. The Board considered that (i) the Pre-IPO RSU Scheme would expire soon; and (ii) any amendments to the Post-IPO RSU Scheme to comply with Chapter 17 of the Listing Rules would be costly and unduly burdensome and such amendments will result in the Post-IPO RSU Scheme expiring on or before 10 April 2024 under Chapter 17 of the Listing Rules. Accordingly, the Board resolved on 3 March 2023 to terminate the Previous RSU Schemes, effective upon the approval of the 2023 RSU Scheme (as defined below) by the Shareholders. The Previous RSU Schemes remain in full force and effect to the extent necessary to give effect to the exercise of any awards granted prior to its termination or otherwise as may be required in accordance with the provisions of the Previous RSU Schemes. All awards granted prior to such termination and not vested on the date of termination shall remain valid.

As approved by the Shareholders through an ordinary resolution at the annual general meeting of the Company dated 27 June 2023 (“**2023 AGM**”), the 2023 RSU Scheme was adopted. The objectives of the 2023 RSU Scheme are (i) to recognise the contributions by the grantees and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. Eligible persons under the 2023 RSU Scheme include any employee participants, related entity participants or a service providers who are selected by the Board or the Remuneration Committee at its sole discretion from time to time and permissible under applicable laws and regulations (including Listing Rules), but excluding excluded persons as defined under the 2023 RSU Scheme. The Core Trust Company Limited has been appointed by the Board to administer the granting and vesting of RSUs pursuant to the 2023 RSU Scheme. Subject to the conditions therein, the 2023 RSU Scheme shall be valid and effective for ten (10) years from the adoption date (i.e. 27 June 2023), and has a remaining life of about 7.5 years as at the date of this annual report.

The aggregate number of Shares underlying all grants made pursuant to the 2023 RSU Scheme (excluding awards that have lapsed or been cancelled in accordance with the rules of the same scheme) and all other share schemes as adopted by the Company from time to time for a three-year period from the date of approval of the limit by the Shareholders at the 2023 AGM (unless otherwise refreshed within such three-year period by the Shareholders' prior approval) shall not exceed 282,284,400 Shares, representing 10% of the number of Shares in issue as at the same date. The total number of Shares available for issue under the 2023 RSU Scheme was 282,284,400, representing approximately 9.8% of the issued shares of the Company as at the date of this annual report.

The aggregate number of Shares underlying all grants made to the service providers pursuant to the 2023 RSU Scheme (excluding awards that have lapsed or been cancelled in accordance with the rules of the 2023 RSU Scheme) and all other share schemes as adopted by the Company granting options and/or awards to the service providers as adopted by the Company from time to time for a three-year period from the date of approval of the limit by the Shareholders at the AGM (unless otherwise refreshed within such three-year period by the Shareholders' prior approval) shall not exceed 28,228,440 Shares, representing 1% of the number of Shares in issue as at the same date (the “**Service Provider Sub-limit**”).

## Directors' Report

The maximum number of Shares which may be awarded to any one selected person under the scheme may not exceed 1% of the issued share capital of the Company, taking into account of the Shares issued and to be issued in respect of all options and awards granted to such grantee under all share schemes as adopted by the Company in aggregate (excluding any awards lapsed in accordance with terms of the scheme) in the 12-month period up to and including the date of relevant grant, unless such grant is otherwise separately approved by the Shareholders in general meeting, with such grantee and his close associates (or associates if the participant is a connected person) abstaining from voting.

The vesting period for the awards shall not be less than twelve (12) months, subject to terms and conditions of the 2023 RSU Scheme. Awards granted to employee participants may be subject to a shorter vesting period at the discretion of the Board or the Remuneration Committee under circumstances as specified under the relevant scheme rules. The grantees shall not be required to bear or pay any price or fee for the application or acceptance of the grant of the awards, or the vesting of the RSUs under the 2023 RSU Scheme. The basis of determining such purchase price of the awards aligns with the purposes of the 2023 RSU Scheme as the eligible persons will receive an award at no cost, which is much more competitive than purchasing Shares in the market, thus incentivising them to contribute to the Group's development.

During the year ended 31 December 2025, there were no RSUs granted under the 2023 RSU Scheme. As at 31 December 2024 and 31 December 2025, there were no RSUs outstanding (i.e. granted but unvested) under the 2023 RSU Scheme, respectively. If all the outstanding RSUs under the 2023 RSU Scheme are vested according to the relevant vesting schedules, there would be no dilution effect on the issued share capital of the Company as at 31 December 2025.

The number of Shares underlying RSUs available for grant under the share schemes' mandate as adopted by the Company as at 31 December 2024 and 31 December 2025 was 282,284,400 and 282,284,400, respectively. The number of Shares underlying RSUs available for grant under the Service Provider Sub-limit adopted by the Company as at 31 December 2024 and 31 December 2025 was 28,228,440 and 28,728,440, respectively. The number of Shares that may be issued in respect of the RSUs granted under the share schemes as adopted by the Company for the year ended 31 December 2025, divided by the weighted average number of Shares for the year ended 31 December 2025, is 10.31%.

## Movements of the RSUs under the Post-IPO RSU Scheme during the year ended 31 December 2025

Name of Grantees	Nature	Number of Shares underlying the RSUs as at 31 December 2024	Granted during the year (note 10)	Date of grant	Vesting Schedule	Consideration (US\$) (note 11)	Vested during the year	Lapsed during the year	Number of Shares underlying the RSUs as at 31 December 2025	Approximate percentage of issued Shares of the Company (note 9)	the weighted average closing price of the shares immediately before the dates on which the RSU were exercised or vested
<b>Post-IPO RSU Scheme (before termination)</b>											
<b>(a) Director</b>											
Mr. Li Chong	RSUs	2,250,000	–	12 April 2021	Note 1	–	2,250,000	–	–	–	HK\$0.44
	RSUs	2,625,000	–	30 March 2022	Note 2	–	1,500,000	–	1,125,000	0.04%	HK\$0.46
	<b>Sub-total</b>	<b>4,875,000</b>	<b>–</b>			<b>–</b>	<b>3,750,000</b>	<b>–</b>	<b>1,125,000</b>	<b>0.04%</b>	
<b>b) Senior management</b>											
Mr. Wang Xiaodong	RSUs	3,375,000	–	12 April 2021	Note 1	–	3,375,000	–	–	–	HK\$0.44
	RSUs	5,250,000	–	30 March 2022	Note 2	–	3,000,000	–	2,250,000	0.08%	HK\$0.46
	<b>Sub-total</b>	<b>8,625,000</b>	<b>–</b>			<b>–</b>	<b>6,375,000</b>	<b>–</b>	<b>2,250,000</b>	<b>0.08%</b>	
<b>c) other grantees</b>											
27 employees	RSUs	1,830,000	–	11 June 2021	Note 5	–	1,650,000	180,000	–	–	HK\$0.53
27 employees	RSUs	1,935,000	–	3 September 2021	Note 6	–	1,935,000	–	–	–	HK\$0.44
11 employees	RSUs	3,015,000	–	12 May 2022	Note 7	–	1,560,000	750,000	705,000	0.02%	HK\$0.44
1 employees	RSUs	360,000	–	9 December 2022	Note 8	–	180,000	–	180,000	0.01%	HK\$0.52
	<b>Sub-total</b>	<b>7,140,000</b>	<b>–</b>			<b>–</b>	<b>5,325,000</b>	<b>930,000</b>	<b>885,000</b>	<b>0.03%</b>	
	<b>Total</b>	<b>20,640,000</b>	<b>–</b>			<b>–</b>	<b>15,450,000</b>	<b>930,000</b>	<b>4,260,000</b>	<b>0.15%</b>	

# Directors' Report

## Notes:

- 1) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
  - 20% of the RSUs granted shall vest on 1 July 2022;
  - 20% of the RSUs granted shall vest on 1 July 2023;
  - 30% of the RSUs granted shall vest on quarterly basis from 1 July 2023 to July 2024; and
  - 30% of the RSUs granted shall vest on quarterly basis from 1 July 2024 to July 2025.
- 2) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
  - 20% of the RSUs granted shall vest on 1 July 2023;
  - 20% of the RSUs granted shall vest on 1 July 2024;
  - 30% of the RSUs granted shall vest on quarterly basis from on 1 July 2024 to July 2025; and
  - 30% of the RSUs granted shall vest on quarterly basis from on 1 July 2025 to July 2026.
- 3) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
  - 20% of the RSUs granted shall vest on 2 April 2021;
  - 20% of the RSUs granted shall vest on 2 April 2022; and
  - 7.5% of the RSUs granted shall vest on a quarterly basis commencing from 2 April 2022 to 2 April 2024.
- 4) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
  - 20% of the RSUs granted shall vest on 1 July 2021;
  - 20% of the RSUs granted shall vest on 1 July 2022; and
  - 7.5% of the RSUs granted shall vest on a quarterly basis commencing from 1 July 2022 to 1 July 2024.
- 5) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
  - 20% of the RSUs granted shall vest on 11 June 2022;
  - 20% of the RSUs granted shall vest on 11 June 2023; and
  - 7.5% of the RSUs granted shall vest on a quarterly basis commencing from 11 June 2023 to 11 June 2025.
- 6) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
  - 20% of the RSUs granted shall vest on 1 July 2022;
  - 20% of the RSUs granted shall vest on 1 July 2023; and
  - 7.5% of the RSUs granted shall vest on a quarterly basis commencing from 1 July 2023 to 1 July 2025.
- 7) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
  - 20% of the RSUs granted shall vest on 1 April 2023;
  - 20% of the RSUs granted shall vest on 1 April 2024; and
  - 7.5% of the RSUs granted shall vest on a quarterly basis commencing from 1 April 2024 to 1 April 2026.
- 8) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
  - 20% of the RSUs granted shall vest on 9 December 2023;
  - 20% of the RSUs granted shall vest on 9 December 2024; and
  - 7.5% of the RSUs granted shall vest on a quarterly basis commencing from 9 December 2024 to 9 December 2026.
- 9) Approximate percentage of issued Shares of the Company is calculated by dividing the RSUs held by the relevant grantees by the issued and outstanding Shares of the Company (as enlarged by the vest in full of all the RSUs granted under the Post-IPO RSU Scheme) as at 31 December 2025. The closing price of the Shares immediately before 30 March 2022, 12 May 2022 and 9 December 2022 are HK\$0.465, HK\$0.425 and HK\$0.435, respectively.
- 10) The grantees are not required to bear or pay any price or fee for the grant of RSUs under the Post-IPO RSU Scheme.
- 11) No performance targets were set out for the above grants during the year of 2025.
- 12) There were no RSUs cancelled during the year of 2025.

Further details of the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme are set out in note 26 to the section headed “Notes to the Consolidated Financial Statements” of this annual report and the Prospectus. Further details of the 2023 RSU Scheme are set out in the announcement and the circular of the Company dated 3 March 2023 and 27 April 2023, respectively.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2025.

## DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above under the paragraphs headed "Share Incentive Schemes" and "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above, at no time during the year ended 31 December 2025 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any of the Directors or chief executive of the Company or their respective associates, or were any such rights exercised by them; nor was the Company or a specified undertaking (within the meaning of the Companies Ordinance) of the Company, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates to acquire such rights in any other body corporate.

## CONNECTED TRANSACTIONS

The Board confirmed that none of the related party transactions as set out in note 36 to the section headed "Notes to the Consolidated Financial Statements" of this annual report constituted connected transactions or continuing connected transaction under Chapter 14A of the Listing Rules during the year ended 31 December 2025. Further, save as disclosed below, the Group has not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules during the year ended 31 December 2025. The Directors confirmed that they have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

### Continuing connected transactions entered into by the Group for the year ended 31 December 2025

On 25 January 2021, Tencent Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 700) ("**Tencent**", together with its subsidiaries, "**Tencent Group**") had, through its wholly-owned subsidiary, THL H Limited, agreed to acquire an aggregate of 326,063,280 Shares from various Shareholders of the Company (the "**Investment**"). Tencent has become a substantial Shareholder of the Company since the completion of the Investment. Accordingly, Tencent (and its associates) are connected persons of the Company with effect from the completion of the Investment. Further details of the Investment are set out in the announcement of the Company dated 25 January 2021.

## Directors' Report

During the year ended 31 December 2025, the Group has entered into a number of continuing transactions with Tencent Group. A summary of such continuing transactions of the Group with Tencent Group with the respective aggregate transaction amounts during the Reporting Period is set out as follows:

	Amount (in RMB)
Service fees charged by Tencent arising from Legend of Aoqi Mobile Cooperation Agreement (Note a)	2,585,784
Provision of Tencent Cloud service (Note b)	6,149,514
Provision of WeChat Pay service (Note c)	1,939,851

Notes:

- (a) On 1 April 2021, Guangzhou Tianti and Tencent Computer entered into the continuing transaction under a mobile online game cooperation access agreement in relation to the mobile game "Legend of Aoqi Mobile" (「奥奇传说手游」) ("**Legend of Aoqi Mobile Cooperation Agreement**") in Mainland China. On 20 January 2025, the then subsisted Legend of Aoqi Mobile Cooperation Agreement was renewed by entering into a renewed mobile online game cooperation access agreement ("**2025 Legend of Aoqi Mobile Cooperation Agreement**") with Tencent Computer, which is for a term of three years commencing from 1 February 2025 and ending on 31 January 2028.

Pursuant to the 2025 Legend of Aoqi Mobile Cooperation Agreement, Guangzhou Tianti releases and operates the mobile game "Legend of Aoqi Mobile" (「奥奇传说手游」) on Tencent's mobile game platform, Application Treasure. The amount payable to Tencent Computer by Guangzhou Tianti is calculated in the following manner:

$$\text{Amount payable to Tencent Computer} = (A \times 25\%) + (B \times 40\%)$$

Notes:

A = revenue received from game players when they recharge their game accounts; and

$$B = A \times 75\%$$

The proposed annual cap of the 2025 Legend of Aoqi Mobile Cooperation Agreement for the period from 1 February 2025 to 31 January 2026, is RMB4,000,000. The continuing connected transaction under the 2025 Legend of Aoqi Mobile Cooperation Agreement did not exceed the disclosed annual cap as at 31 December 2025. The service fees (tax-inclusive) charged by Tencent arising (a) from the 2024 Legend of Aoqi Mobile Cooperation Agreement entered on 1 February 2024 for the period from 1 February 2024 to 31 January 2025 were RMB2,670,151 and (b) from the 2025 Legend of Aoqi Mobile Cooperation Agreement for the period from 1 February 2025 to 31 December 2025 were RMB2,204,250. Further details of the 2025 Legend of Aoqi Mobile Cooperation Agreement are set out in the announcement of the Company dated 20 January 2025.

- (b) Before the completion of the Investment, Guangzhou Baitian and Tencent Cloud Computing (Beijing) Company Limited\* (騰訊雲計算(北京)有限責任公司) ("Tencent Cloud") (a subsidiary and hence an associate (as defined under Chapter 14A of the Listing Rules) of Tencent) had entered into the continuing transaction under a Tencent cloud service agreement ("**Tencent Cloud Service Agreement**"). On 24 July 2025, the then subsisted Tencent Cloud Service Agreement was further renewed by entering into a renewed Tencent cloud service agreement ("**2025 Tencent Cloud Service Agreement**"), which is for a term of one year commencing from 25 July 2025 and ending on 24 July 2026.

Pursuant to the 2025 Tencent Cloud Service Agreement, Guangzhou Baitian purchases and uses certain Tencent cloud services provided by Tencent Cloud, including system services composed of various products and services such as computing and network, storage and content delivery network, cloud database, cloud security, monitoring and management, domain name service, mobile and communication, video service, big data and artificial intelligence. The service fee payable to Tencent Cloud by Guangzhou Baitian for each service provided is denominated in RMB and calculated according to the standard service charges published on the official website of Tencent Cloud ([www.qcloud.com](http://www.qcloud.com)) (the "**Tencent Cloud Published Rates**") and it is subject to a negotiable discount of approximately between 15% to 70% to the Tencent Cloud Published Rates per each service provided. Such discount shall be determined based on the type of service and the size of service fee that we will pay to Tencent Cloud for such service provided, which shall be agreed in separate underlying orders.

The proposed annual cap of the 2025 Tencent Cloud Service Agreement for the period from 25 July 2025 to 24 July 2026 is RMB20,000,000. The continuing connected transaction under the 2025 Tencent Cloud Service Agreement did not exceed the disclosed annual cap as at 31 December 2025. The service fees (tax-inclusive) for the provision of Tencent cloud services arising (a) from the Tencent Cloud Service Agreement entered on 24 July 2024 for the period from 25 July 2024 to 24 July 2025 were RMB6,010,949 and (b) from the 2025 Tencent Cloud Service Agreement for the period from 25 July 2025 to 31 December 2025 were RMB2,658,203. Further details of the 2025 Tencent Cloud Service Agreement are set out in the announcement of the Company dated 24 July 2025.

- (c) Before the completion of the Investment, Tenpay Payment Technology Co., Ltd.\* (財付通支付科技有限公司) ("**Tenpay**") (a subsidiary and hence an associate (as defined under Chapter 14A of the Listing Rules) of Tencent) had entered into the continuing transactions under the respective WeChat Pay user service agreements with Guangzhou Baitian and Guangzhou Tianti.

During the year ended 31 December 2025, (i) Guangzhou Baitian further renewed the then subsisted WeChat Pay user service agreement by entering into a renewed WeChat Pay user service agreement ("**2025 Guangzhou Baitian – WeChat Pay Service Agreement**") with Tenpay on 20 January 2025 for a term of one year commencing from 24 February 2025 and ending on 23 February 2026; and (ii) Guangzhou Tianti and Juyu (Guangzhou) Network Technology Co., Ltd. (聚娛(廣州)網絡科技有限公司) further renewed the then subsisted WeChat Pay user service agreement by entering into a renewed WeChat Pay user service agreement ("**2025 Guangzhou Tianti – WeChat Pay Service Agreement**", together with the 2025 Guangzhou Baitian – WeChat Pay Service Agreement, "**2025 WeChat Pay Service Agreements**") with Tenpay on 27 June 2025 for a term of one year commencing from 29 June 2025 and ending on 28 June 2026.

The service fee payable to Tenpay by Guangzhou Baitian and Guangzhou Tianti for each service provided is denominated in RMB and calculated according to the standard service charges published on the official website ([www.tenpay.com](http://www.tenpay.com)) or the relevant product pages of Tenpay and as amended by notices and announcements issued by Tenpay from time to time (the "**Tenpay Published Rates**"). The Tenpay Published Rates are generally a fixed percentage of the transaction amount settled through Tenpay's platform by Guangzhou Baitian and Guangzhou Tianti.

The proposed annual cap pursuant to the 2025 WeChat Pay Service Agreements is RMB4,000,000. The continuing connected transactions under the 2025 WeChat Pay Service Agreements did not exceed the disclosed annual cap as at 31 December 2025. The aggregate service fees (tax-inclusive) as paid by Guangzhou Tianti and Juyu (Guangzhou) Network Technology Co., Ltd. and Guangzhou Baitian to Tenpay for the WeChat Pay service for the year ended 31 December 2024 and 2025 were RMB1,801,366 and RMB1,939,851, respectively. Further details of the 2025 WeChat Pay Service Agreements are set out in the announcements of the Company dated 20 January 2025 and 27 June 2025.

## Directors' Report

The transactions contemplated under the 2025 Legend of Aoqi Mobile Cooperation Agreement, the 2025 Tencent Cloud Service Agreement and the 2025 WeChat Pay Service Agreements constitute continuing connected transactions of the Group with Tencent Group during the Reporting Period (collectively, the "**Tencent Continuing Connected Transactions**"), which are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. The independent non-executive Directors have reviewed the Tencent Continuing Connected Transactions with Tencent Group and confirmed that these transactions were entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better (as defined in the Listing Rules); and
- (3) on the terms of the respective transaction agreements, which are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board has engaged the Company's external auditor, PricewaterhouseCoopers ("**PwC**"), to report on the Group's disclosed continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" as issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed as above in accordance with Rule 14A.56 of the Listing Rules.

## Contractual Arrangements

Reference is made to the Prospectus, historical Company's interim reports and annual reports since the Listing and page 70 of the Company's 2025 interim report for the six months ended 30 June 2025 in relation to the Contractual Arrangements. The Company wishes to provide further information in relation to the Contractual Arrangements for the year ended 31 December 2025.

### 1) Reasons for using the Contractual Arrangements

Details of the reasons for using the Contractual Arrangements are set out in sections headed "Contractual Arrangements" and "Connected Transactions – Non-exempt Continuing Connected Transactions" in the Prospectus.

### 2) Operating entity of the Group controlled through the Contractual Arrangements

The online children's interactive entertainment and e-learning services provided by the Group are respectively prohibited and restricted to foreign investment in the PRC pursuant to the applicable PRC laws and regulations. Accordingly, the Group has entered into the Contractual Arrangements narrowly tailored to provide the Group with supervision and control over Guangzhou Baitian which holds the licenses and regulatory approvals that are essential to the Group's business operations.

During the year ended 31 December 2025, the following entity was controlled by the Group through the Contractual Arrangements:

Name of the PRC Operating Entity	Kind of legal entity/place of establishment and operation	Registered owners	Business activities
<b>As at 31 December 2025</b>			
Guangzhou Baitian Information Technology Ltd.* (廣州百田信息科技有限公司)	Limited liability company/ the PRC	46.92% by Mr. Dai Jian 28.37% by Mr. Wu Lili 12.90% by Mr. Li Chong 7.08% by Mr. Chen Ziming 4.73% by Mr. Wang Xiaodong	Operating the virtual worlds of the Group

On 9 July 2015, Guangzhou Baitian established Guangzhou Tianti which is principally engaged in providing software and information technology services to facilitate Guangzhou Baitian's role and function under the Contractual Arrangements.

On 15 June 2017, Guangzhou Baitian established Guangzhou Xiaoyunxiong Interactive Education Limited (Current Name: Guangzhou Xiaoyunxiong Information Technology Limited, "**Xiaoyunxiong**") which is principally engaged in providing education service for children to facilitate Guangzhou Baitian's role and function under the Contractual Arrangements.

On 22 June 2020, Guangzhou Baitian established Guangzhou Baitian Culture Development Company Limited ("**Baitian Culture**") which is principally engaged in providing culture and art services to facilitate Guangzhou Baitian's role and function under the Contractual Arrangement.

None of Guangzhou Tianti, Xiaoyunxiong nor Baitian Culture is a party to any of the Contractual Arrangements. For details, please see note 14 to the section headed "Notes to the Consolidated Financial Statements" of this annual report.

## Directors' Report

### 3) Revenue and Assets subject to the Contractual Arrangements

The revenue, profit and total assets of Guangzhou Baitian which subject to the Contractual Arrangements are set out as follows:

	Year ended 31 December 2025 RMB'000	Year ended 31 December 2024 RMB'000
Revenue	221,187	216,207
Profit for the year	31,335	26,293

	Year ended 31 December 2025 RMB'000	Year ended 31 December 2024 RMB'000
Total assets	1,604,692	1,570,224

For the year ended 31 December 2025, the revenue and profit of Guangzhou Baitian which subject to the Contractual Arrangements amounted to approximately 36.2% (2024: 39.6%) and -41.7% (2024: -94.10%) of the revenue and profit for the year of the Group, respectively.

As at 31 December 2025, the total assets subject to the Contractual Arrangements amounted to approximately 91.3% (2024: 83.7%) of the total assets of the Group.

Transactions carried out during the year ended 31 December 2025, which have been eliminated in the consolidated financial statements of the Group, are set out as follows:

- For the year ended 31 December 2025, the consulting service fees (tax-exclusive) provided by Guangzhou WFOE to Guangzhou Baitian pursuant to the Contractual Arrangements amounted to RMB4,660,194 (2024: RMB4,660,194).

#### 4) Contractual Arrangements in place

For the year ended 31 December 2025, the Contractual Arrangements consist of four agreements: (a) the exclusive business consultation and service agreement, (b) the proxy agreement, (c) the share pledge agreement and (d) the exclusive option agreement. The PRC legal advisers of the Company have advised that the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements are legal, valid and binding on the parties and are enforceable under applicable PRC laws and regulations. For the year ended 31 December 2025, there were no new Contractual Arrangements entered into, renewed or reproduced among Guangzhou Baitian, its shareholders and Guangzhou WFOE. There was no change in the Contractual Arrangements under which they were adopted for the year ended 31 December 2025.

Further details of the major terms of the Contractual Arrangements have been set out in the sections headed “Connected Transactions” and “Contractual Arrangements” in the Prospectus, “Directors’ Report — Connected Transactions” in the 2016 Annual Report and “Other Information — Compliance with the Qualification Requirement” in the 2017 Interim Report, respectively.

#### **Change in the Contractual Arrangements and/or Circumstances and Latest Regulatory Development in Using Contractual Arrangements**

There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted for the year ended 31 December 2025.

#### **Foreign Investment Law**

On 15 March 2019, the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the “**Foreign Investment Law**”) was formally passed by the 13th National People’s Congress of the PRC and took effect on 1 January 2020. The Foreign Investment Law replaced the Law on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law on Sino-Foreign Contractual Joint Ventures (《中華人民共和國中外合作營企業法》) and the Law on Foreign Capital Enterprises (《中華人民共和國外資企業法》) to become the legal foundation for foreign investment in the PRC.

The Foreign Investment Law does not explicitly stipulate the contractual arrangements as a form of foreign investment. Since contractual arrangements are not specified as foreign investment under the Foreign Investment Law, and if the future laws, administrative regulations and provisions of the State Council of the PRC do not incorporate contractual arrangements as a form of foreign investment, then the Foreign Investment Law would not apply to, or have any impact on, the Contractual Arrangements, and it would not substantially change the identification of foreign investors in the context of foreign investment and the principle of recognition and treatment of Contractual Arrangements compared with the current PRC laws and regulations, therefore the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties.

As at the date of this annual report, the Company is not aware of any non-compliance with the Foreign Investment Law.

### ***New Internet Publication Regulations***

In addition, the Board noted that on 4 February 2016, as approved by the General Administration of Press and Publication (the “GAPP”), the Ministry of Industry and Information Technology issued the Regulations on Administration of Internet Publication Services (《網絡出版服務管理規定》) (the “**New Internet Publication Regulations**”) which came into force from 10 March 2016 and the Interim Regulations on Administration of Internet Publication (《互聯網出版管理暫行規定》) issued on 27 June 2002 was superseded. The New Internet Publication Regulations reiterated that foreign enterprises are prohibited to invest in the internet publication business and preserved the license requirement for any company that engages in internet publication activities which includes the publication of online games through the internet. Guangzhou Baitian, as an internet content provider, holds a valid network cultural business permit issued by the Ministry of Culture and a valid internet publication license issued by the GAPP in relation to publication of all games currently operated by the Group through the internet. The Group has complied with the New Internet Publication Regulations in all material respects during the year ended 31 December 2025.

### **Risks associated with the Contractual Arrangements and actions taken by the Company to mitigate the risks associated with the Contractual Arrangements**

Details of the risks associated with the Contractual Arrangements and actions taken by the Company to mitigate the risks associated with the Contractual Arrangements are set out in section headed “Other Information – Requirements related to Contractual Arrangements (other than Relevant Foreign Ownership Restrictions)” in the 2015 interim report.

### **5) The extent to which the Contractual Arrangements relating to requirements other than the foreign ownership restriction (the “Qualification Requirements”)**

As at 31 December 2025, the Company has no updates to disclose in relation to the Qualification Requirements as required under the Regulations on the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), which were promulgated by the State Council on 11 December 2001 and amended on 10 September 2008, 6 February 2016 and 29 March 2022. Despite the lack of clear guidance or interpretation on the Qualification Requirements, the Group has been gradually building up its track record of overseas business operations to comply with the Qualification Requirements. Details of the extent to which the Contractual Arrangements relating to the requirements other than the foreign ownership restrictions are set out in section headed “Other Information – Requirements related to Contractual Arrangements (other than Relevant Foreign Ownership Restrictions)” in the 2015 interim report.

### 6) Unwinding of the Contractual Arrangements

Up to the date of this annual report, there has not been any unwinding of any Contractual Arrangements, nor has there been any failure to unwind any Contractual Arrangements when the restrictions that led to the adoption of the Contractual Arrangements are removed.

#### **Waiver from Strict Compliance with the Listing Rules**

As disclosed in the sections headed "Waivers from Strict Compliance with the Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance – Waiver in respect of Non-exempt Connected Transactions" and "Connected Transactions" in the Prospectus, the Company had applied for, and had been granted a specific waiver to the Company from strict compliance with the continuing connected transactions requirements of Chapter 14A of the Listing Rules in respect of the Contractual Arrangements.

### 7) Directors' View

The Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to the Group's legal structure and business operations, that such transactions are on normal commercial terms and are fair and reasonable, or advantageous, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

The independent non-executive Directors reviewed the Contractual Arrangements and confirmed that (i) the continuing connected transactions carried out during the year ended 31 December 2025 (the "**Continuing Connected Transactions**") have been entered into in the ordinary and usual course of business of the Group, (ii) the Continuing Connected Transactions have been entered into on normal commercial terms or better, (iii) the Continuing Connected Transactions have been entered into according to the Contractual Arrangements governing each of the Continuing Connected Transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole, (iv) no new agreements within the Group have been entered into from the Listing Date till the end of the year ended 31 December 2025, and (v) no dividends or other distributions have been made by Guangzhou Baitian to the relevant holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

### 8) Auditor's view

Further, the Company's external auditor, PricewaterhouseCoopers ("**PwC**"), was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. PwC has issued its unqualified letter containing its findings and conclusions in respect of the Continuing Connected Transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company has identified principal risks and uncertainties that the Group faces with respect to economic risks, operational risks, regulatory risks, financial risks, and specific risks related to the Group's corporate structure. The Group's business, future results of operations and prospects could be materially and adversely affected by those risks and uncertainties. The following highlights the principal risks and uncertainties of the Group and it is not meant to be exhaustive. There may be other risks and uncertainties which are not known to the Group or which may not be material now but turn out to be material in the future.

#### Economic Risks

- A severe or prolonged downturn of the PRC economy may arise due to various factors, including but not limited to complex geopolitical tensions and international trade competition, which have already resulted in adverse impacts on the PRC economy.
- Negative effect on the operational, financing or investing activities of the Group due to fluctuations in foreign currency exchange rates, inflation, fluctuations of interest rates and other measures relating to financial policies in the PRC.

The Group will continue to diversify its market presence, actively expand into overseas markets, and enhance the Company's resilience and profitability. Management will also closely monitor macroeconomic indicators and geopolitical developments to ensure a rapid response and strategy adjustment in the event of significant changes in the market environment. Simultaneously, we will closely monitor changes in financial policies in China and major overseas markets, conduct stress tests and scenario analyses in advance, and prepare comprehensive contingency plans before policy changes occur.

#### Operational Risks

- Failure to compete in the competitive environment which the Group operates in or to keep up with technological developments.
- If the Group fails to continuously strengthen its existing games and launch new games, or if its top games lose their popularity, the Group may not be able to retain existing players and attract new players, which will adversely affect the business and results of the operation of the Group.

The Board meets regularly and reviews the Group's strategies, business plan, financial results, and key performance indicators of the Group to ensure that the business risks are controlled and managed, and potential risks can be identified.

## Regulatory Risks

- Failure to adhere to laws, regulations and rules, or to obtain or maintain all applicable permits and approvals.

The Group has adopted internal procedures to monitor the Group's compliance risk to ensure that the Group's compliance with the laws and regulations in regions in which the Group conducts business.

## Financial Risks

- Details of financial risks are set out in note 3 to the section headed "Notes to the Consolidated Financial Statements" of this annual report.

The Group has adopted financial risk management policies to control the Group's financial risk exposure. The Board monitors the financial results and key operating statistics with the assistance of the Group's internal financial reporting department on a monthly basis.

## Risks related to the Contractual Arrangements

- Details of risks related to the corporate structure of the Group are set out in the above paragraph headed "Risks associated with the Contractual Arrangements and actions taken by the Company to mitigate the risks associated with the Contractual Arrangements" above under the paragraph headed "Connected Transactions".

## RELATED PARTY TRANSACTIONS

Details of related party transactions during the year ended 31 December 2025 are set out in note 36 to the section headed "Notes to the Consolidated Financial Statements" of this annual report.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, the Board confirms that the Company has maintained the amount of public float as required under the Listing Rules during the year ended 31 December 2025.

## DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors nor their respective associates has engaged in or has any interests in any business which competes or may compete, either directly or indirectly, with the business of the Group.

## Directors' Report

### RETIREMENT BENEFIT SCHEME

Details of retirement benefit scheme of the Group are set out in note 9 to the section headed “Notes to the Consolidated Financial Statements” of this annual report.

### IMPORTANT EVENTS AFTER THE YEAR ENDED 31 DECEMBER 2025

There were no other significant changes in the Group's financial position nor from the information disclosed under the “Management Discussion and Analysis” section of this annual report for the year ended 31 December 2025.

### CORPORATE GOVERNANCE

Information on the corporate governance practices as adopted by the Company is set out in the section headed “Corporate Governance Report” of this annual report.

### MATERIAL LITIGATION AND COMPLIANCE MATTERS

For the year ended 31 December 2025, the Company was not involved in any material litigation nor arbitration and the Directors were not aware of any material litigation nor claims that were pending or threatened against the Company.

For the year ended 31 December 2025 and up to the date of this annual report, to the best knowledge of the Directors, the Group has complied with applicable laws, rules and regulations in all material respects.

### ENVIRONMENTAL POLICIES AND PERFORMANCE

As one of the top online entertainment destinations designed for young teens in China, the Group's businesses do not involve in production-related air, water and land pollutions which are regulated by the applicable laws and regulations in the PRC. No hazardous waste was produced by the Group in its course of business for the year ended 31 December 2025.

The Group complies with the relevant laws and regulations in environmental protection and the impact on the environment has always been a major focus of the Group. The Group adheres to the principle and practice of recycling and conservation. The Group encourages all employees to be eco-friendly and participate in energy and resources saving, such as encouraging two-sided printing and the use of scratch papers, saving water and electricity to reduce energy consumption. The Group will continually make efforts to put emphasis on environmental protection and sustainable development.

For details, please see the section headed “Environmental, Social and Governance Report” of this annual report.

### COMPLIANCE WITH LAWS AND REGULATIONS

For the year ended 31 December 2025, as far as the Directors are aware, the Group has complied with all relevant laws and regulations that have significant impact on the Group. For details of such laws and regulations, please refer to the section headed "Change in the Contractual Arrangements and/or Circumstances and Latest Regulatory Development in Using Contractual Arrangements" of this annual report.

### STAFF RELATIONSHIP AND HUMAN RESOURCES

The Company views employees as our most valuable assets. The Company recognizes that the skill, dedication and enthusiasm of our team are critical to our success in the face of ever-evolving market challenges. The Company strives to build an energetic working environment and to offer competitive remuneration packages, various incentives, promotion opportunities and training courses to its staff.

### WORKPLACE QUALITY

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics. The Group has employee handbooks outlining terms and conditions of employment, expectations for employees' conduct and behavior, employees' rights and benefits. The Group has established and implemented policies that promote a harmony and respectful workplace.

The Group believes that employees are the valuable assets of an enterprise and regards human resources as its corporate wealth. We provide on-the-job training and development opportunities to enhance our employees' career progression. Through different trainings, staff's professional knowledge in corporate operations, occupational and management skills are enhanced.

### HEALTH AND SAFETY

The Group prides itself on providing a safe, effective and congenial work environment. Adequate arrangements, trainings and guidelines are implemented to ensure the working environment is healthy and safe. The Group provides health and safety communications for employees to present the relevant information and raise awareness of occupational health and safety issues.

The Group values the health and well-being of staff. In order to provide employees with health coverage, all employees are entitled to medical insurance benefits as well as other health awareness programs.

For details, please see the section headed "Environmental, Social and Governance Report" of this annual report.

# Directors' Report

## REVIEW BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and policies as adopted by the Group and discussed the Group's auditing, internal controls and financial reporting matters with the management. The Audit Committee has also reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Shares, they are advised to consult an expert.

## APPRECIATION

The Group would like to express its appreciation to all the staff for their outstanding contributions towards the Group's development. The Board wishes to sincerely thank the management for their dedication and diligence, and they are the key factors for the Group to continue its success in the future. Also, the Group wishes to extend its gratitude for the continued support from its Shareholders, customers, and business partners. The Group will continue to deliver sustainable business development, so as to meet its business objectives for 2026 and realize higher values for its Shareholders and other stakeholders.

## AUDITOR

PricewaterhouseCoopers retired and a resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming AGM. There have been no other changes of auditor in the past three years.

ON BEHALF OF THE BOARD

**DAI JIAN**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong

26 March 2026

# Corporate Governance Report

The Board of the Company is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2025.

## CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholders' wealth will be maximized in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs the management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

## CORPORATE GOVERNANCE PRACTICES

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance the corporate value and accountability. The Board is committed to achieving high corporate governance standards.

Throughout the Reporting Period, the Company has applied the principles and complied with all the Code Provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") as set forth in Appendix C1 to the Listing Rules, save and except for the Code Provision C.2.1 with details as below.

### Code Provision C.2.1

Code Provision C.2.1 of Part 2 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Dai Jian ("**Mr. Dai**") currently acts as the Chairman and the CEO. Mr. Dai, as one of the founders of the Group, is instrumental to the Group's growth and business expansion since 2009. The Board believes that vesting the roles of both the Chairman and the CEO in the same person has the benefit of ensuring a consistent leadership within the Group and enabling a more effective and efficient overall strategic planning for the Group. The Board further believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

# Corporate Governance Report

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own securities dealing code to regulate Directors' dealings in the Company's securities and other matters as covered by the Model Code.

Specific enquiry has been made to all Directors of the Company and all of them have confirmed that they have complied with the Model Code during the Reporting Period.

The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guidelines**") to regulate securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by any employee was noted by the Company during the Reporting Period.

## BOARD OF DIRECTORS

The Company advocates the culture of "integrity" and has adopted as its core values the principles of integrity, honesty, fairness, impartiality, and ethical business practices in its operations. The Company is committed to high probity standards and ethical business practices, and it encourages whistleblowing of concerns and actual or suspected misconducts or malpractices by any staff and/or external parties in any matters related to the Company. The Board is also committed to adopting ethical and anti-corruption business practices, high standard of integrity and zero tolerance to corruption.

The Company is headed by an effective Board which acts in good faith and in the best interests of the Company. The Board assumes responsibility for its leadership and control and is collectively responsible for promoting the success of the Company by making strategic decisions and supervising the management of the Company's affairs while ensuring that the Company meets its statutory obligations. Board diversity is critical to strong governance and decision making. The Board of the Company has a balance of skills, experiences and diversity of perspectives appropriate to the requirements of the Company's business. It regularly conducts board evaluation on its performance to ensure Directors have devoted sufficient time to make contributions to the Company that are commensurate with their roles and responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element among the Board, which can effectively exercise independent judgements.

The Board of the Company during the Reporting Period comprises the following Directors:

## **Executive Directors**

Mr. Dai Jian (*Chairman of the Board, Chief Executive Officer and Chairman of Nomination Committee*)

Mr. Wu Lili (*Member of Remuneration Committee*)

Mr. Li Chong

## **Independent Non-executive Directors**

Ms. Liu Qianli (*Chairperson of Audit Committee and Member of Nomination Committee*)

Dr. Wang Qing (*Chairperson of Remuneration Committee and Member of Audit Committee*)

Mr. Ma Xiaofeng (*Member of Audit Committee, Remuneration Committee and Nomination Committee*)

Mr. Wei Kevin Cheng (*Member of Audit Committee*)

The biographical information of the Directors is set out in the section headed “Biographies of the Directors and Senior Management” of this annual report.

To the knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationship with each other.

## **Independent Non-executive Directors**

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

The Company has received confirmation from each of the four independent non-executive Directors in respect of his/her independence and the Company considers each of them to be independent in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules.

# Corporate Governance Report

## Appointment and Re-election of Directors

The non-executive Directors, including the independent non-executive Directors, are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

Code Provision B.2.2 of Part 2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company adopts these practices that each of the Directors is appointed for a specific term of three years with clear indication of his/her authorities and responsibilities in the service agreement/letter of appointment and subject always to re-election as and when required under the Articles of Association. The Articles of Association of the Company requires that at each annual general meeting one-third of the directors for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Every Director shall be subject to retirement at an annual general meeting at least once every three years and the Directors to retire shall be those who have been the longest in office since their last re-election or appointment.

The Articles of Association of the Company also requires that all directors appointed to fill a casual vacancy shall hold office until the first annual general meeting after the appointment and shall then be eligible for re-election.

## Board Independence Evaluation

Code Provision B.1.3 of Part 2 of the CG Code stipulates that the Company should establish mechanism(s) (the “**Mechanism**”) to ensure that independent views and input are available to the Board and the Board should review the implementation and effectiveness of the Mechanism on an annual basis. In connection with the Mechanism, the Company has adopted the following new or revised policies (collectively, the “**Board Independence Evaluation Policies**”) on 1 January 2022 to satisfy the Code Provision B.1.4 of Part 2 of the CG Code.

- Director Nomination Policy;
- Board Diversity Policy;
- Risk Management Policy; and
- Director and Senior Management Remuneration Policy.

The independence of the Board shall be promoted and further enhanced by the Company, and the Mechanism shall be reviewed on an annual basis.

During the Reporting Period, the Board has conducted the independence evaluations with reference to the measures and procedures as set out in the Mechanism and the evaluation results were satisfactory.

## **Responsibilities, Accountabilities and Contributions of the Board and Management**

The Board is responsible for leadership and control and overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

The Board directly and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including the independent non-executive Directors, shall bring a wide spectrum of valuable business experiences, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors shall have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board shall regularly review the contributions as required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

## **Continuous Professional Development of Directors**

Directors shall always keep abreast of their responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director of the Company will receive a formal, comprehensive and tailored induction on the first occasion of his/her appointment and thereafter will receive any necessary professional development to ensure he/she has appropriate understanding of the business and operations of the Company and has full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements from time to time.

In accordance with Code Provision C.1.1 of Part 2 of the CG Code with regards to continuous professional development, directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant. Internally-facilitated briefings for Directors will be arranged by the Company and reading materials on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

# Corporate Governance Report

Records of trainings as received by each Director of the Company during the Reporting Period is summarized as below:

Directors	Types of Training
<b>Executive Directors</b>	
Mr. Dai Jian	A, C
Mr. Wu Lili	A, C
Mr. Li Chong	A, C
<b>Independent Non-Executive Directors</b>	
Ms. Liu Qianli	A, B, C
Dr. Wang Qing	A, B, C
Mr. Ma Xiaofeng	A, C
Mr. Wei Kevin Cheng	A, C

Note:

Types of Training

- A Attending in-house briefing(s)
- B Attending seminar(s) and training(s)
- C Reading materials relating to directors' roles, functions and duties

## BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request. Each of the Board committees is provided with sufficient resources to perform its duties.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" of this annual report.

### Audit Committee

The Company established the Audit Committee on 19 March 2014 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of Part 2 of the CG Code. The Audit Committee currently comprises four members namely, Ms. Liu Qianli (as Chairperson), Dr. Wang Qing, Mr. Ma Xiaofeng and Mr. Wei Kevin Cheng (including one independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise). The primary duties of the Audit Committee are to assist the Board by providing an independent view on the effectiveness of the financial reporting system, risk management and internal control systems of the Group, monitoring the integrity of the Company's financial statements and interim and annual reports, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

During the Reporting Period, the Audit Committee has met with the senior management of the Group to review the interim and annual financial results and reports of the Company as well as other financial, internal control, corporate governance and risk management matters of the Group. It received, considered and discussed the reports and presentations as provided by the senior management, the Group's internal audit department and external auditor, to ensure that the Group's consolidated interim and annual financial statements were prepared in accordance with the International Accounting Standard (IAS) and International Financial Reporting Standards (IFRSs) respectively and in compliance with the applicable disclosures as required by the Companies Ordinance and the Listing Rules, and for such internal control as the Directors determine is necessary to enable the preparation of the Group's consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Audit Committee held two meetings to review the interim and annual financial results and reports of the Company in respect of the Reporting Period and all other significant issues on the financial reporting and compliance procedures, risk management and internal control systems, scope of work and appointment of external auditor, connected transactions and arrangements for employees to raise concerns about possible improprieties.

Pursuant to Code Provision D.3.3(e)(i) of Part 2 of the CG Code, the Audit Committee has also met the external auditor twice without the presence of the executive Directors during the Reporting Period.

# Corporate Governance Report

## Remuneration Committee

The Company established the Remuneration Committee on 19 March 2014 with written terms of reference in compliance with paragraph E.1 of Part 2 of the CG Code. The Remuneration Committee comprises three members, namely Dr. Wang Qing (as Chairperson), Mr. Ma Xiaofeng and Mr. Wu Lili. The primary functions of the Remuneration Committee include, but not limited to the following: (i) making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving the performance-based remuneration by reference to the corporate goals and objectives as resolved by the Board from time to time.

The Remuneration Committee has met once to review and make recommendations to the Board on the remuneration policy and structure of all Directors and senior management of the Company during the Reporting Period.

Details of the remuneration of each Director and members of the senior management by band of the Company for the year ended 31 December 2025 are set out in notes 9 and 39 to the Consolidated Financial Statements as contained in this annual report.

## Directors and Senior Management Remuneration Policy

The Company has adopted a Directors and Senior Management Remuneration Policy, which took effect on 1 January 2022, setting out the Company's practices on the remuneration of the Directors and the senior management. The policy stipulates that the levels of remuneration should be sufficient to attract and retain the Directors and the senior management as required to successfully operate the Company. The Company should avoid paying more remuneration than that is necessary for such purpose. No Director nor senior management should be involved in deciding their own remunerations.

The remuneration packages of executive Directors are determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contributions of each executive Director. The remuneration of the executive Directors comprises basic salary, pensions and discretionary bonus. Executive Directors shall receive share options and restricted share units to be granted under the Company's share incentive schemes. The remuneration of the independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities. The independent non-executive Directors generally should not be granted with equity-based remuneration (e.g. share options or grants) with performance-related elements, which may lead to bias in their decision-making and may compromise their objectivity and independence.

## Nomination Committee

The Company established the Nomination Committee on 19 March 2014 with defined terms of reference in compliance with paragraph B.3 of Part 2 of the CG Code. The Nomination Committee comprises three members namely, Mr. Dai Jian (as Chairperson), Mr. Ma Xiaofeng and Ms. Liu Qianli. The primary functions of the Nomination Committee include, without limitation, reviewing annually the structure, size and composition (including the skills, knowledge and experiences) of the Board, making recommendations on any proposed changes to the Board with reference to the business strategy of the Company, reviewing the Board Diversity Policy and the Director Nomination Policy, assessing the independence of independent non-executive Directors, making recommendations to the Board on matters relating to the appointment or re-appointment of Directors and supporting the Company's regular evaluation of the Board's performance.

In assessing the Board composition, the Nomination Committee would take into account various aspects as set out in the Board Diversity Policy, including but not limited to character and integrity, qualification including professional qualifications, skills, knowledge and experiences and diversity aspects. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

The Nomination Committee has met once to review the independence of the independent non-executive Directors and structure, size and composition of the Board during the Reporting Period.

## **Director Nomination Policy**

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a revised Director Nomination Policy, which took effective on 1 January 2022, setting out the criteria and process in relation to the nomination and appointment of Directors of the Company. It aims to provide a clear guideline to the Company to select right candidates to be part of the Board and to ensure that the Board has a balance of skills, experiences and diversity of perspectives appropriate to the Company. At the same time, it aims to enhance the Board continuity and to sustain an appropriate leadership at the Board level. In identifying and selecting suitable candidates to become a member of the Board, the ultimate decision will be based on, including but not limited to, the potential contributions that the selected candidates could bring to the Board in terms of qualifications, skills, experiences, independence, gender and cultural diversity and such other perspectives that are appropriate to the Company's business and succession plan with reference to the Board Diversity Policy and the Director Nomination Policy.

The nomination process as set out in the Director Nomination Policy is as follows:

### ***Appointment of New Director***

- (i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other members of the management and external recruitment agents.
- (ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of a new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out in the Policy to determine whether such candidate is qualified for directorship.
- (iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidates for directorship, as applicable.

## Corporate Governance Report

- (v) For any person that is nominated by Shareholders for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out in the Policy to determine whether such candidate is qualified for directorship.
- (vi) Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders of the Company in respect of the proposed election of Director at the general meeting.
- (vii) In the selection process of an independent non-executive Director, the Nomination Committee and/or the Board should consider factors which may affect a candidate's time commitment to the Company, including by not limited to:
  - directorship at another issuer undergoing a period of particularly increased activity, such as an acquisition or a takeover;
  - chairing an issuer's board and/or board committees;
  - membership of board committees;
  - acting as chief executive officer or full-time executive director for another issuer; and
  - being an independent non-executive director for multiple boards and taking up significant commitments at government or non-profit making bodies.

### ***Re-election of Director at General Meeting***

- (i) The Nomination Committee and/or the Board should review the overall contributions and services of the retiring Director to the Company and the level of his/her participation and performance on the Board. The non-executive Director and independent non-executive Director are expected to:
  - keep up to date with the Company's business affairs and be involved in scrutinizing the Company's performance in achieving agreed corporate goals and objectives, and monitor performance reporting;
  - bring independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, and help review some of the Board's major decisions, the Company's performance in relation to corporate goals, and monitor performance reporting;
  - take the lead where potential conflicts of interest arise; and
  - serve on the audit, remuneration, nomination and other governance committees of the Company, if invited.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out in the Policy.

- (iii) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.
- (iv) Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of such candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations. Such information shall include but not limited to (a) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent; (b) if the proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board; (c) the perspectives, skills and experiences that the individual could bring to the Board; and (d) how the individual contributes to diversity of the Board.

### ***Director Selection Criteria***

The selection criteria as set out in the Director Nomination Policy is as follows:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experiences and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- Any measurable objectives adopted for achieving diversity on the Board;
- Requirement for the Board to have independent Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines as set out in the Listing Rules;
- Any potential contributions the candidate could bring to the Board in terms of qualifications, skills, experiences, independence, gender and cultural diversity and diversity of perspectives;
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

# Corporate Governance Report

## Board Diversity Policy

The Company has adopted a revised Board Diversity Policy which took effect on 1 January 2022, setting out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

Pursuant to the Board Diversity Policy, the Nomination Committee considers several aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experiences, skills, knowledge and length of service (collectively, the “**Measurable Objectives**”). All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company’s business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board composition will not be considered diverse if its composition consists of a single category of one of the Measurable Objectives, including but not limited to gender, ethnicity, or work experience.

Selection of candidates will be based on the Measurable Objectives. The ultimate decision will be based on merits and contributions that the selected candidates would bring to the Board.

The Company shall develop and maintain pipeline of potential successors to the Board to maintain diversity, based on the Measurable Objectives.

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives as set in the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

## Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and the senior management as at the date of this annual report:

	Female	Male
	Percentage (number)	Percentage (number)
Board	14% (1)	86% (6)
Senior Management	50% (1)	50% (1)
Other employees	46% (344)	54% (412)
<b>Overall workforce</b>	<b>45% (346)</b>	<b>55% (419)</b>

The Board had targeted to achieve and had achieved to have at least 14% (1) female Director, 50% (1) female senior management and 46% (344) female employees of the Group and considers that the above current gender diversity is satisfactory.

Note: The number of overall workforce excluded the independent directors.

## Corporate Governance Functions

The Board is responsible for performing the functions as set out in Code Provision A.2.1 of Part 2 of the CG Code.

During the Reporting Period, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and the Employees Written Guidelines, and the Company's compliance with the Corporate Governance Code and disclosure in its corporate governance report.

# Corporate Governance Report

## ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The attendance records of each Director at the Board meetings, the Board committee meetings and the general meeting of the Company held during the Reporting Period are set out in the table below:

	Board	Nomination Committee	Remuneration Committee	Audit Committee	AGM
<b>Executive Directors</b>					
Mr. Dai Jian	4/4	1/1	—	—	1/1
Mr. Wu Lili	4/4	—	1/1	—	1/1
Mr. Li Chong	4/4	—	—	—	1/1
<b>Independent Non-Executive Directors</b>					
Ms. Liu Qianli	4/4	1/1	—	2/2	1/1
Dr. Wang Qing	4/4	—	1/1	2/2	1/1
Mr. Ma Xiaofeng	4/4	1/1	1/1	2/2	1/1
Mr. Wei Kevin Cheng	4/4	—	—	2/2	1/1

Apart from regular Board Meetings, the Chairman has also held a meeting with the independent non-executive Directors without the presence of executive Directors during the Reporting Period pursuant to Code Provision C.2.7 of Part 2 of the CG Code.

The independent non-executive Directors have attended the annual general meeting of the Company to gain and develop a balanced understanding of the views of the Shareholders.

## BOARD MEETINGS

Pursuant to Code Provision C.5.1 of Part 2 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. It is expected that regular Board meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of Directors entitled to be present. The Board held four meetings during the Reporting Period.

For each regular Board meeting, notice is delivered to each member of the Board at least 14 days in advance to ensure that Directors can have sufficient time to arrange for attending the meeting, either in person or through electronic means. Agenda, full board papers and related materials in form of quality are sent to all Directors 3 days before the meeting as agreed to ensure that Directors can make informed decisions during the meeting. Minutes which record all the matters being considered and decisions reached at each Board meeting are circulated among all Directors thereafter for comments within a reasonable time to make certain that sufficient and accurate details are being recorded. Minutes of each Board meeting duly signed by the Chairman is kept by the Company Secretary and they are open for inspection at any reasonable time upon receipt of a reasonable notice from any Director.

### RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

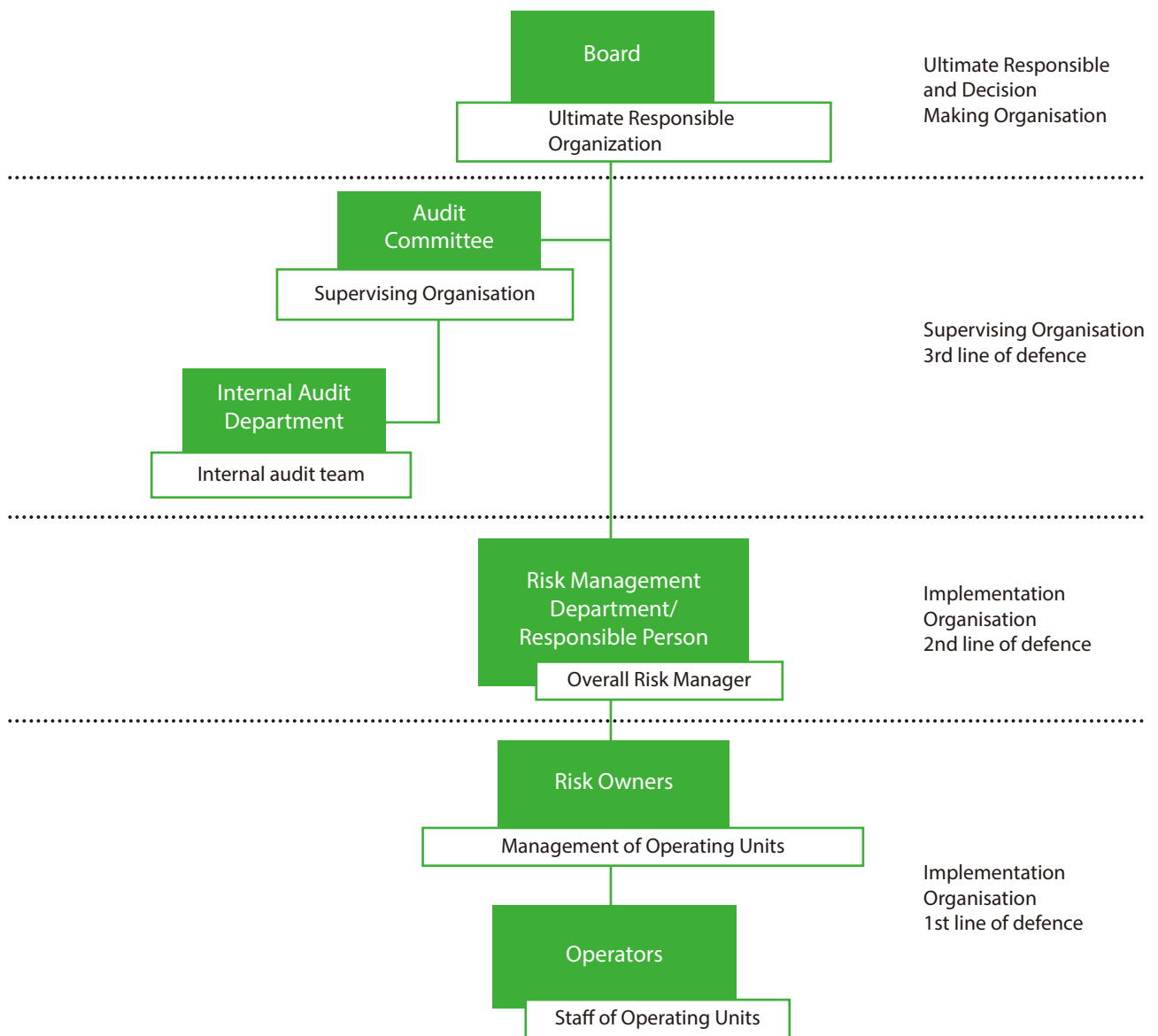
The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Board is also responsible for carrying out an annual review on any changes in the nature and extent of significant risks (including ESG risks), identifying any significant control failings or weaknesses and also the extent to which they have results in unforeseen outcomes or contingencies that have had, could have had, or may in the future have a material impact on the Company's financial performance or conditions.

The Audit Committee and the Internal Audit Department of the Company which was established under the supervision of the Audit Committee are responsible for assisting the Board in leading the management and overseeing the design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted a Risk Management Policy with defined principles, procedures, roles and responsibility of each level in the risk management framework (see below diagram) and implementation details.

## RISK MANAGEMENT FRAMEWORK



The Company's risk management and internal control systems have been developed with the following features and process:

## Features

- 1) facilitates risk identification and escalation whilst providing assurance to the Board;
- 2) assigns clear roles and responsibilities and facilitates implementation with guidelines and tools; and
- 3) adopts a "Three Lines of Defence" model, with oversight and directions from the Board.

## Process

- 1) the operating units of the Group, as risk owners, implement the risk management policy, identify, alert, evaluate, mitigate and monitor their own risks and the management of the operating units reports such risk management activities to the Risk Management Department/Responsible Person;
- 2) the Risk Management Department/Responsible Person, in coordination with the management of the operating units, identify the internal/external risks of the Group at least annually and establish/update the risk database. At the same time, they assess the risk issues and put forward proposals to the Audit Committee/Board to mitigate and/or transfer the identified risks; and
- 3) the Audit Committee and the Internal Audit Department are responsible for providing guidance and performing independent review of the adequacy and effectiveness of the risk management and internal control systems of the Company, and reporting to the Board in a timely manner. Their duties and responsibilities include persistently monitoring the operation of the risk management system to ensure the system is able to identify, assess, respond, trace and monitor corporate risks; reviewing the risk management framework; making regular discussions with the senior management on the Group's risk management and internal control systems so as to ensure effective internal control system being established; reviewing and/or preparing annual report of risk management for review by the Board. Special reviews are also performed at management's request.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management (including ESG risks) and internal control systems for the year ended 31 December 2025.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, has reviewed the risk management (including ESG risks) and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2025, and considered that such systems are effective and adequate. The annual review has also covered, among other things, the financial reporting and internal audit function, staff qualifications and experiences, adequacy of relevant resources, training programmes, budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

# Corporate Governance Report

## Anti-Fraud, Anti-Corruption and Whistleblowing Policy

The Company has adopted the Anti-Fraud, Anti-Corruption and Whistleblowing Policy, which took effect on 1 January 2022, setting out the purposes of preventing fraud, reducing risks, standardizing business behaviour, safeguarding legitimate rights and interests of the Company and protecting legitimate rights and interests of its Shareholders, whilst aligning with the actual circumstances of the Company.

The desired corporate culture of the Company includes the element of “integrity”. Integrity, honesty, fairness, impartiality, and ethical business practices are all the core values of the Company. The Company is committed to high probity standards and ethical business practices, and encouraging whistleblowing of concerns and actual or suspected misconduct or malpractice by any staff and/or external parties in any matters related to the Company. The top-level management is also committed to adopt ethical and anti-corruption business practices, high standard of integrity and zero tolerance to corruption.

This Policy applies to the Company, directors and employees of the Company at all levels, external parties with whom the Company does business, and persons acting on behalf of the Company in agency or fiduciary capacity (such as agents, consultants and contractors). The whistleblowing mechanism further covers external parties, including business counterparts (such as customers and suppliers), who may be victims of misconduct by Company’s employees.

## Disclosure of Inside Information

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group:

- has conducted its affairs with close regard to the disclosure requirements under the Listing Rules as well as the Guidelines on Disclosure of Inside Information as published by the Securities and Future Commission in June 2012 in company with Part XIVA of the SFO;
- has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- has included in its code of conduct a strict prohibition on unauthorized use of confidential or inside information; and
- has established and implemented procedures for responding to external enquiries about the Group’s affairs so that only the executive Directors and corporate communications and investor relations general manager are authorized to communicate with parties outside the Group.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

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.

Pursuant to Code Provision D.1.1 of Part 2 of the CG Code, the management has provided to the Board such explanation 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 statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

## AUDITORS' REMUNERATION

The remuneration paid/payable to the external auditor of the Company, PricewaterhouseCoopers in respect of the audit services and non-audit services for the Reporting Period is set out below:

Service Category	Fees Paid/Payable RMB'000
Audit Services	3,774
Non-audit Services	147
<b>Total</b>	<b>3,921</b>

The non-audit services provided by external auditor mainly include tax related services.

# Corporate Governance Report

## COMPANY SECRETARY

Ms. Lau Yee Wa has been appointed as the Company's Company Secretary. Ms. Lau is currently a director of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

Ms. Lau reports to the Chairman and the CEO of the Company. All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters. Ms. Chen Xiao Hong, the Acting Chief Financial Officer of the Company, has been designated as the primary contact person at the Company which would work and communicate with Ms. Lau on the Company's corporate governance and secretarial and administrative matters.

During the Reporting Period, Ms. Lau has undertaken not less than 15 hours of relevant professional trainings in compliance with Rule 3.29 of the Listing Rules.

## SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, a separate resolution is proposed for each substantially separate 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 of the Stock Exchange after each general meeting.

### Convening an Extraordinary General Meeting ("EGM") and Putting Forward Proposals at EGM

Pursuant to article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the rights, by written requisition to the Board or the Secretary of the Company, to require an EGM to be called by the Board for the transaction of any business as specified in such requisition, including making proposals or moving a resolution at the EGM.

The requisitionist(s) who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the requisitionist(s) concerned to the head office of the Company at 10th Floor, Baioo Headquarters Building, 123 Tiankun 3rd Road, Tianhe, Guangzhou, Guangdong, China 510640 or at the office of Tricor Investor Services Limited, the Hong Kong Share Registrar of the Company, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for the attention of the Company Secretary.

The Requisition must state clearly the name of the requisitionist(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included the details of the business(es) proposed to be transacted in the EGM, signed by the requisitionist(s) concerned.

The Company will check the Requisition and verify the identity and the shareholding of the requisitioner(s) with the Company's Hong Kong Share Registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM within 2 months and/or include the proposal(s) or the resolution(s) as proposed by the requisitioner(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the requisitioner(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM and/or include the proposal or the resolution as proposed by the requisitioner(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board has not advised the requisitioner(s) of any outcome to the contrary and fails to proceed to convene such EGM, the requisitioner(s) himself/herself/themselves may do so in accordance with the Articles of Association, and all reasonable expenses incurred by the requisitioner(s) concerned as a result of the failure of the Board shall be reimbursed to the requisitioner(s) concerned by the Company.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

### Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: (Head Office) 10th Floor, Baioo Headquarters Building, 120 Tiankun 3rd Road, Tianhe, Guangzhou, Guangdong, China 510640

or

(Hong Kong Share Registrar) the office of Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

(For the attention of the Company Secretary)

Fax: (852) 2117 0869

Email: [baioo@christensencomms.com](mailto:baioo@christensencomms.com)

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with its Shareholders and in particular, through annual general meeting and other general meetings. At the AGM held on 27 June 2025, Directors were available to meet Shareholders and answer their enquires.

### Shareholders' Communication Policy

The Company has adopted a Shareholders' Communication Policy, which took effect on 1 January 2022. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling the Shareholders to exercise their rights as Shareholders effectively. During the Reporting Period, the Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were considered satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

#### (i) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any documents issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; (f) a proxy form; (g) an application proof; and (h) a post hearing information pack. The Corporate Communication of the Company will be published on the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders are encouraged to provide, amongst other things, their contact details, in particular, their email address to the Hong Kong Share Registrar of the Company in order to facilitate timely and effective communications.

#### (ii) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on price sensitive information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

#### (iii) Corporate Website

The Company's website ([www.baioo.com.hk](http://www.baioo.com.hk)) provides the Shareholders with corporate information and other relevant financial and non-financial information available electronically and on a timely basis about the Group. Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website under the "Investor Relations" section. Other corporate information about the Company's business developments, overview, corporate governance and contractual arrangements will also be available on the Company's website. The Shareholders' Communication Policy, as amended from time to time, shall be made available on the Company's website in the "Investor Relations" section. The Company will review this Policy on an annual basis to ensure its continued effectiveness.

## (iv) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolution(s) as proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable the Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Appropriate arrangements for the general meetings shall be in place to encourage Shareholders' participation. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditor should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve connected transaction(s) or any other transactions that are subject to independent Shareholders' approval.

## (v) Shareholders' Enquiries

### Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong Share Registrar, Tricor Investor Services Limited, via its online holding enquiry service at [srhk.vistra.com](http://srhk.vistra.com), or send an email to [is-enquiries@vistra.com](mailto:is-enquiries@vistra.com) or call its hotline at (852) 2980 1333, or go in person to its public counter at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

### Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company, for the attention of the Company Secretary, by email: [baioo@christensencomms.com](mailto:baioo@christensencomms.com), fax: (852) 2117 0869, or mail to the following:

Address: (Head Office) 10th Floor, Baioo Headquarters Building, 123 Tiankun 3rd Road, Tianhe Guangzhou, Guangdong China 510640;

or

(Hong Kong Share Registrar) the office of Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Note: Shareholders' information may be disclosed as required by law.

### Other Investor Relations Communication Platforms

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a required basis.

## CHANGE IN CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Company has not made any changes to its Memorandum and Articles of Association. An up-to-date version of the Company's Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website.

# Environmental, Social and Governance Report

## I. ABOUT THE REPORT

### 1 Report summary

BAIOO Family Interactive Limited (the “Group” or “BAIOO” or “We”) is pleased to issue the tenth environmental, social and governance report (the “Report”). The Report continues to disclose in a transparent and open manner the Group’s progress and achievements in Environmental, Social and Governance (“ESG”) in 2025, in order to respond to the concerns and expectations of the stakeholders and the social public on the Group’s sustainable development, to promote the green transformation of the value chain, and to respond to the country’s “dual carbon” goal of reaching carbon peak by 2030 and becoming carbon neutral by 2060.

### 2 Scope and boundary of the Report

The Report covers the period from January 1, 2025 to December 31, 2025, and some of its contents can be traced back to previous years. The contents of the Report cover the principal businesses of the Group, including the provision and distribution of internet content and services. For the details of the businesses of the Group, please refer to the 2025 annual financial report of the Group.

### 3 Standards for preparing the Report

The Report is prepared in strict compliance with the “Environmental, Social and Governance Reporting Code” (the “ESG Reporting Code”) as set out in Appendix C2 to the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The last part of the Report contains detailed information about the index of the ESG Reporting Code, which will help readers to find and retrieve relevant information more efficiently. The Report is compiled in accordance with the four principles of materiality, quantitative, balance and consistency to ensure its authenticity and accuracy, and fully demonstrate the Group’s current management status and work results in the ESG field.

Principle of the Report	Definition	Response of the Group
<b>Materiality</b>	The issues covered in the Report shall reflect the significant impact of the Group on the economy, environment and society, or the scope of stakeholders’ assessment and decision.	We maintain close communication with stakeholders and conduct assessments of materiality issues in conjunction with the Group’s development strategy and business operation, comprehensively identifying, assessing and analyzing its materiality issues during the Year.
<b>Quantitative</b>	The report shall disclose key performance indicators in a measurable manner.	We make quantitative disclosure of the Group’s key performance indicators for environment and society, and illustrate the standards, methods and emission factors adopted for disclosure of the emission data.

# Environmental, Social and Governance Report

Principle of the Report	Definition	Response of the Group
<b>Balance</b>	The report shall reflect the overall sustainable development performance of the Group in an impartial manner.	We have explained in detail the sustainable development issues that have a significant impact on our business, including work results and challenges.
<b>Consistency</b>	The Report shall be disclosed in a consistent manner.	We adopt a consistent disclosure scope and reporting method for annual information disclosure to ensure comparability.

## 4 Sources of the Report

The information and source of data in the Report are sourced from the internal formal documents, internal data and related public information of the Group.

## II. THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY AND OBJECTIVE OF THE GROUP

### 1 Managing Sustainable Development

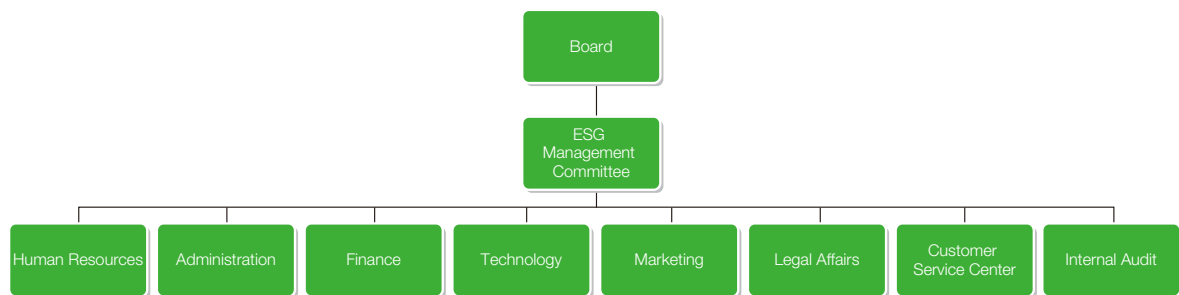
During the Year, the Group continued to focus on the three niche game genres of female-oriented games, pet collection and raising games and “nijigen” games, continued to focus on the development and operation of internet products and deployed the business development in web games (“**Web Games**”), mobile games (“**Mobile Games**”), and comic intellectual properties (“**IPs**”), and actively practiced our three core values of IP companionship, immersive experience and casual socializing, conveying the vision of “Green Entertainment, Healthy Interaction and Joyful Companion”. To maintain market competitiveness, the Group continued its investment in research and development, kept abreast of the development of cutting-edge technologies, expanded the scope of game coverage, ensured the quality and precision of games, and continuously provided high-quality game content.

The Group is fully aware of the importance of actively undertaking environmental and social responsibilities. In terms of the environment, we put into practice the green and low-carbon operation mode in response to the national dual carbon goal, have developed and regularly review environment-related objectives and improvement measures, proactively adapt to climate change challenges, and integrate environmental protection concepts into game products to continuously convey the responsibility and awareness of environmental protection. In terms of business, we strictly control product quality, attach importance to customer service, and strive to create a green, healthy, and happy online environment and are committed to bringing more high-quality IP games to global users. Regarding employment, we are committed to being a quality employer, and pay close attention to employee health and career development, implement employee welfare through providing diversified benefits and communication and care mechanisms. In terms of giving back to society, we enthusiastically participate in social welfare undertakings and spread positive energy through our caring actions.

# Environmental, Social and Governance Report

The Group has established a comprehensive ESG governance structure. The Board of Directors (the “**Board**”) of the Group, as the highest responsible organization for the management and public disclosure of ESG matters, is informed of and discusses the annual ESG work status through board meetings and other channels, and is responsible for the Group’s ESG management policies, ESG strategies, and ESG-related target formulation, target progress review and ESG performance.

The Group has formulated and issued the “Terms of Reference of the ESG Management Committee”, clarified the personnel composition, division of responsibilities, reporting procedures, etc. at all levels of the ESG governance structure, and actively integrated ESG concepts into daily operating activities.



*The Group’s Environmental, Social and Governance Organizational Chart*

The division of responsibilities at all levels of the Group’s ESG governance structure includes:

## **Board**

- Has overall responsibility for the Group’s ESG strategy and reporting, and is responsible for supervising the revision and implementation of relevant strategies of the Group, allocating resources and ensuring the effective operation of ESG and climate risk management;
- Be responsible for assessing and determining ESG and climate-related risks and opportunities, ensuring that an appropriate and effective ESG and climate risk management and internal control system is in place;
- Formulates the Group’s ESG management policies, strategies, priorities and objectives, and reviews the Group’s performance on ESG-related objectives by formulating indicators;
- Reviews and formally approves the annual ESG report; and
- Authorizes the ESG Management Committee to coordinate and manage ESG issues in accordance with its terms of reference.

# Environmental, Social and Governance Report

## **ESG Management Committee**

- The chairman of the Committee is an executive director of the Group, and the members comprise the heads of each functional center;
- The Committee shall hold a meeting at least once a year and report its decisions or suggestions to the Board;
- Be responsible for formulating and reviewing the Group's ESG responsibilities, vision, objectives, strategies and policies, and strengthening the materiality assessment and reporting process;
- Supervises, assesses, reviews, and reports to the Board on the Group's actions to achieve its ESG responsibilities, vision, strategies and policies, and the progress towards achieving ESG objectives;
- Monitors the communication channels and methods of the Group with its stakeholders, identifies major ESG issues, comprehensively assesses and prioritizes these issues, and reports to the Board;
- Reviews key ESG trends and related risks and opportunities, assesses the effectiveness of the Group's ESG governance framework to ensure that relevant risks are incorporated into the Group's risk governance framework, and recommends appropriate adjustments and updates as necessary;
- Supervises and reviews the ESG work of the Group, assesses the Group's sustainability performance and reviews progress towards its goals through the formulation of indicators and other means; and
- Reviews and recommends the Board to approve the annual ESG report.

## **All Functional Centers**

- All functional centers are responsible for implementing the specific work of the Group's ESG management strategy and supervising the ESG work process; and
- All functional centers arrange the persons in charge to regularly collect and count relevant quantitative indicators and data, so as to provide an information basis for the Board and management to review the ESG management progress and ESG report disclosure.

# Environmental, Social and Governance Report

## 2 Internal Control

The Group has established a comprehensive risk management and internal control system and set up a risk management framework comprising of the Board, Audit Committee, Internal Audit Department and Risk Management Department. This framework features a model of “three lines of defense”, i.e. Risk Supervising Organization, Risk Management Department/Responsible Person, Management of Operating Units, to identify, assess, respond to, trace and monitor the Group’s risks, including ESG risks.

The Group continued to improve its internal control mechanism, constantly improved its risk management system to cope with and resist material risks, and enhanced its corporate governance level and risk prevention and control ability. The Group continued to improve compliance operations and anti-corruption mechanisms, conducted anti-corruption training, urged all the staff to abide by laws and to act honestly and uprightly, created a business environment with honesty, integrity, cleanness and uprightness. The Group actively maintained positive interactions and communication with government regulatory authorities, industry associations, and other parties, strictly implemented the latest laws, regulations, and industry self-regulation requirements, actively cooperated with regulatory work, strengthened compliance awareness, and jointly promoted the healthy and orderly development of the gaming industry. In terms of industry regulation tracking, the Group closely monitored industry policies and regulations to ensure that it can grasp regulatory directions and the latest requirements at the earliest opportunity and conduct timely self-inspections of business compliance; actively participated in seminars and training organized by competent authorities and industry associations, deeply analyzed the implications of policies, comprehensively assessed industry trends, maintained communication and learning with peer companies, and shared industry dynamics and risk warning information.

## III. STAKEHOLDER ENGAGEMENT PLAN AND MATERIALITY ASSESSMENT

### 1 Communication with Stakeholders

The Group has always regarded stakeholder communication as a core aspect of corporate governance, strictly adheres to the principles of “true, accurate, comprehensive and timely” information disclosure, and ensures the openness and transparency of the information of the Group by establishing all-round and diversified communication channels, in order to promote stakeholders’ in-depth understanding and continuous trust in the Company.

# Environmental, Social and Governance Report

For external stakeholders, the Group regularly holds general meetings and performance sharing meetings, provides detailed interpretation of annual reports, operating strategies and business development, and thoroughly communicates with shareholders by means of presentation, questions and answers, etc. Meanwhile, to help stakeholders understand the relevant dynamics about the Group, the Group provides official investor relationship website, official account, hotline, email, offline investor communication days and various other channels and methods. The Group actively organizes and participates in online and offline activities, carries out technological communications and information sharing with industry associations and listens to the opinions of the market and stakeholders by way of visits, salons, annual meetings and participation in industry seminars, investment summits, etc. For stakeholders within the Group, the Group listens to the voice of the staff and maintains close and effective communication with them through WeChat groups and the labor union. Through multi-dimensional communications with investors, the Group has effectively enhanced the engagement and mutual trust with stakeholders, thereby laying a solid foundation for the Group's stable development in the capital market.

Stakeholders	Expectation and Proposition	Communication and Response
<b>Investors and shareholders</b>	Business growth	Improvement in profitability
	Scientific governance	Creation of long-term earnings
	Compliance operations	Strengthened risk management and control
	Information disclosure	Regular information disclosure
<b>Government and regulatory authorities</b>	Promoting social employment	Participation in the regional common construction
	Compliance with national policies	Regulatory compliance in business operations
	Fulfilling tax payment obligations	Timely and proactive tax payment
	Strengthening integrity building	Cooperation with government's supervision and examination
<b>Customers</b>	Customers' demand	Improvement of customer communication mechanism
	Pursuit of quality	Enhancement of product and service quality
	Privacy security	Protection of customers' privacy
	Business integrity	Optimization of internal control system
<b>Staff</b>	Smooth career development	Construction of a reasonable promotion mechanism
	Protection of legitimate rights and interests	Compliance with laws and regulations
	Remuneration and benefit protection	Improvement of the remuneration and benefit system
	Good working environment	Employee care and rights protection

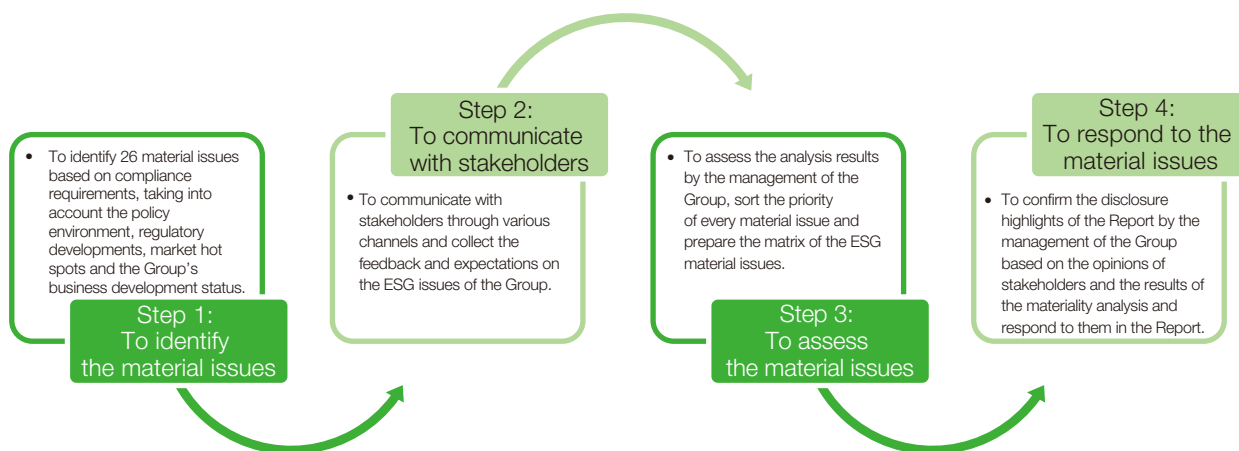
# Environmental, Social and Governance Report

Stakeholders	Expectation and Proposition	Communication and Response
<b>Suppliers and partners</b>	Openness and fairness Cooperation and win-win solutions Coordinated development	Standardization of procurement process Perfection of communication mechanisms Establishment of a long-term management model
<b>Communities</b>	Eco-friendly community Devotion to social welfare Promotion of the development of the community	Implementation of green operation Launch of public welfare projects Cross-industry collaboration
<b>Industry association</b>	Promotion of industry advancement Fair competition	Participation in industry discussions and communications Improvement of R&D capabilities

## 2 Materiality Assessment of Issues

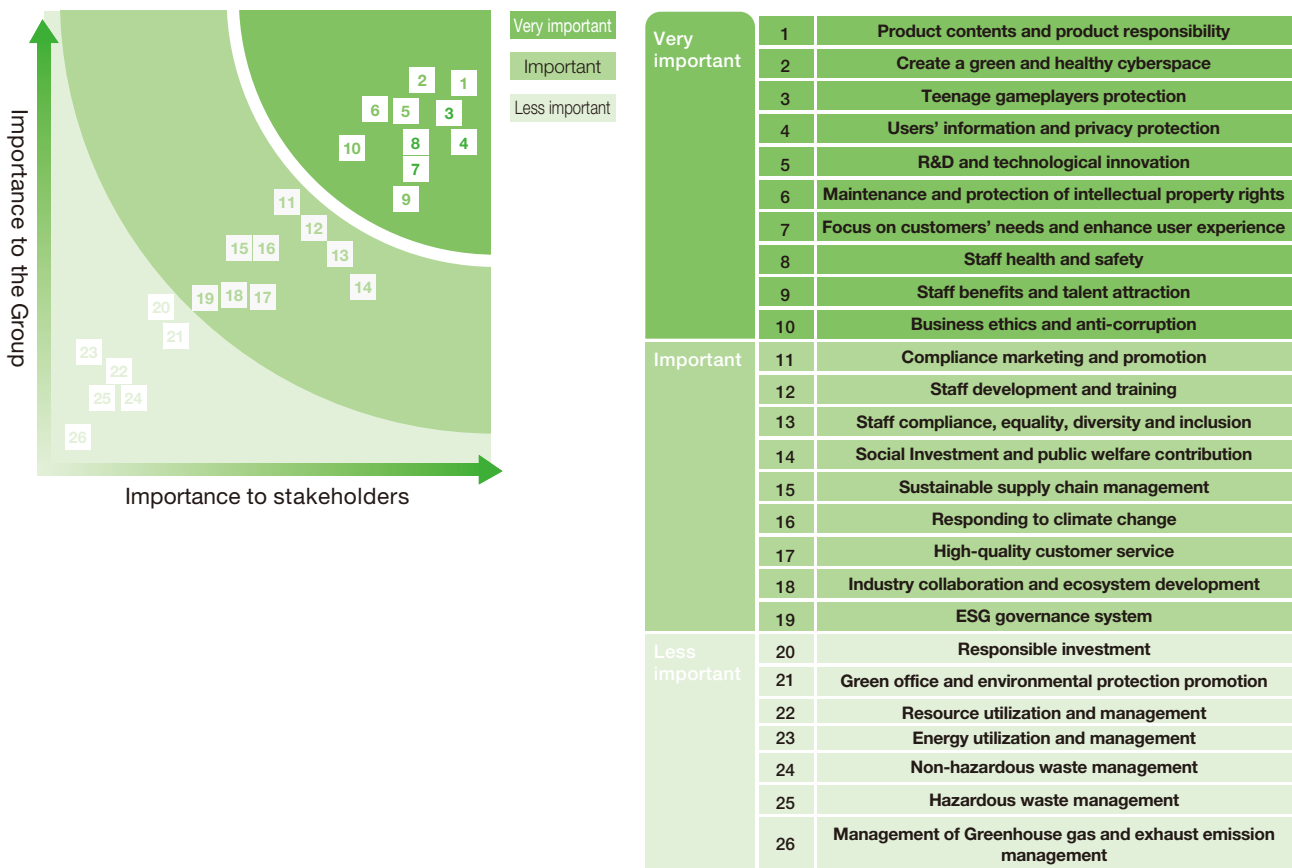
During the Year, the Group strictly followed the procedures for analyzing and assessing the material issues and comprehensively assessed and determined the sequence of the material issues during the Year through close communication with stakeholders, collecting feedback and industry characteristics analysis, taking into account changes in national laws and regulations, regulatory developments, stakeholders' expectations, industry developments and the actual situation of the Group.

The assessment steps for material issues of the Group in 2025 are as follows:



# Environmental, Social and Governance Report

The results of the Group's assessment of material issues during the Year are as follows:



The ranking of the material issues in 2025 indicate that the issues that are most concerned among stakeholders are centered on the aspects including product contents and product responsibility, creating a green and healthy cyberspace, teenage gameplayers protection and users' information and privacy protection. The Group fully respects the opinions of both internal and external stakeholders and proactively responds to the propositions of all parties concerned.

During the Year, the Group adhered to strict product R&D processes and quality control mechanism. Through a series of measures including strengthening technical support, adopting a middle-office deployment mechanism, and improving game testing standards and processes, the Group strictly controlled product quality and adhered to high-quality content creation and R&D to convey positive values and traditional culture. In addition, the Group strictly abided by the relevant laws and regulations such as the Law of the People's Republic of China on Protection of Minors, the Provisions on the Administration of Online Publishing Services, the Personal Information Protection

# Environmental, Social and Governance Report

Law of the People's Republic of China, and the Notice by the National Press and Publication Administration on Further Strengthening Management to Effectively Prevent Minors from Indulging in Online Games, guided users to access the Internet healthily and protect the healthy growth of teenagers through a series of measures such as anti-addiction measures, parental's monitoring program, information content review and monitoring. The Group attaches importance to user privacy and security and protects users' legitimate rights and interests.

The Group is well aware that communication with stakeholders is a driver of its sustainable development. In the future, the Group will continue to improve the communication mechanism with stakeholders, listen to the voice of all parties, and take their feedback as an important reference for the Group's day-to-day management for sustainable development.

## IV. PRODUCT RESPONSIBILITY

The Group upholds the operational principle of meticulous craftsmanship and dedication, deeply understands the core needs of players, dynamically analyzes industry development trends, and adheres to a dual-track strategy of high-quality content creation and product research and development by building a standardized product development system and a full-process quality control mechanism. We strive to create high-quality game products that convey positive values and the essence of excellent traditional Chinese culture. At the same time, the Group has taken measures such as establishing and improving a standardized closed-loop complaint handling mechanism, conducting regular user satisfaction surveys, and continuously strengthening the protection of user privacy data to accurately capture user feedback and demands and effectively safeguard users' legitimate rights and interests.

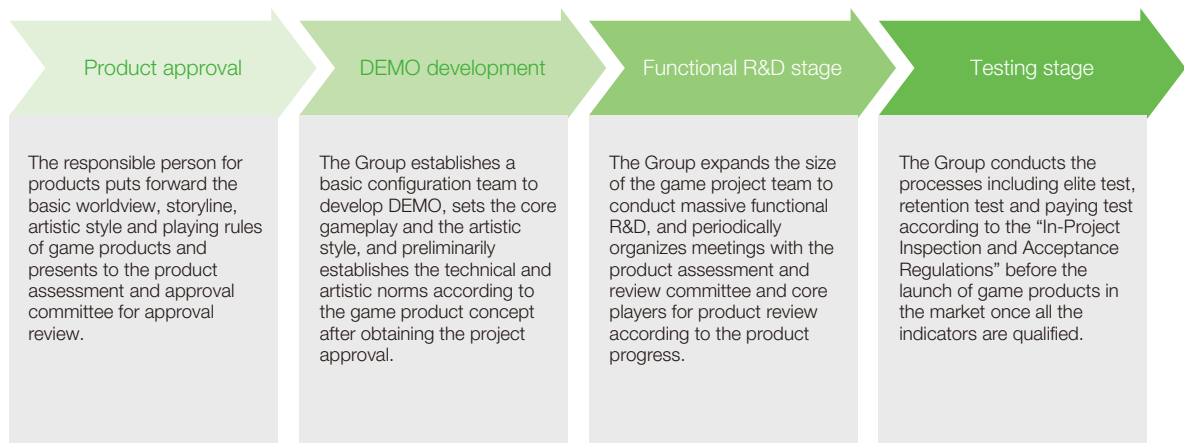
### 1 Product quality management

The Group implements a strict product R&D process and quality control mechanism, continuously reviews product quality control points, strengthens technical support, maintains the effectiveness of game testing standards and processes, promotes the effective operation and collaboration of the product quality control platform and big data analysis system, and achieves full-chain product quality control.

# Environmental, Social and Governance Report

## 1) Product development and quality control mechanism

The Group has formulated and implemented internal systems such as the “In-Project Inspection and Acceptance Regulations”, the “Table of Risk Assessment for Server Technology” and the “Regulations on Product and Technical Review Process”, and set up stringent product R&D and acceptance testing process to implement the quality control throughout its full process. The product development process and control points adopted by the Group are as follows:



To ensure efficient product R&D and deliver high-quality game R&D results, we have focused on optimizing product R&D management. We set clear game development goals for each project, including gameplay, user experience, performance, etc., to ensure that the product meets player expectations; We also set up a company-level R&D technology center and independent technical & art departments to provide technical support for various projects in terms of visual effects and performance. By independent integration and engine departments, we implement unified project management and component reuse to improve production efficiency. A middle-office deployment mechanism is adopted to flexibly schedule and promptly support technical breakthroughs and performance optimization for key projects.

The Group adhered to the focus on users’ needs and continued to improve quality management. The Group has set up a Product Quality Control Team responsible for controlling the quality throughout all stages of game operation. The Product Quality Control Team carries out overall quality evaluation from the dimensions of function, security, adaptability, fault tolerance and weak network. For products with evaluation results failing to meet the standards, the Product Quality Control Team will request the project team to rectify the relevant issue until the products pass the subsequent evaluation, after which the project can proceed to the next stage, so as to provide assurance of the product quality throughout its full process.

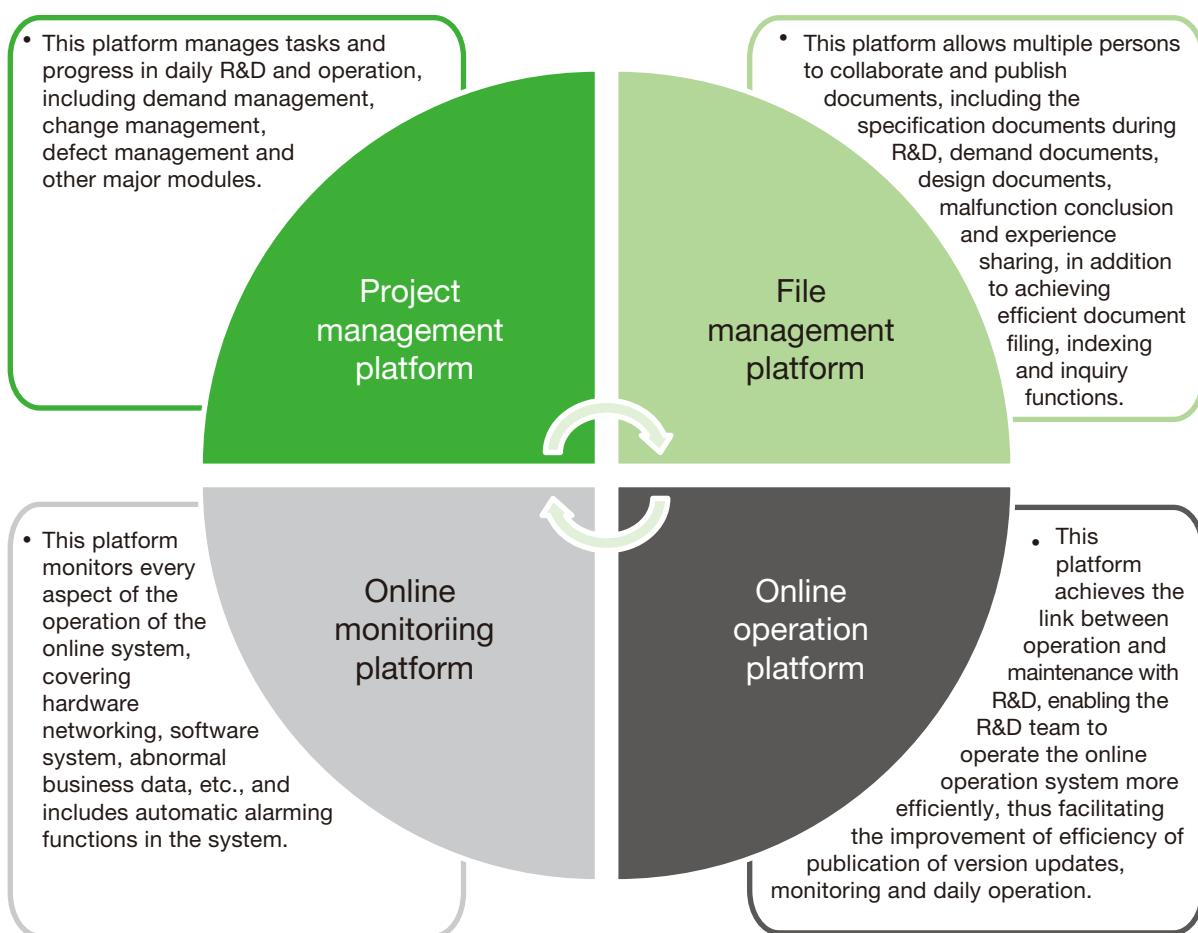
We have also established a sound management mechanism for product quality acceptance and have carried out key optimization work during the Year. An automated testing team has been established in our testing center to focus on R&D and testing automation tools (such as new UI automation tools and self-built cloud real machine platform), strengthening the quantification of metrics, and further improving efficiency and quality; improving game testing standards and processes, adding acceptance criteria for PC and mini-game categories to ensure the stable

# Environmental, Social and Governance Report

operation of games; strengthening specialized testing work, such as stress testing, benchmarking with competitors, re-defining standards, performance acceptance testing for different device tiers and processes, compatibility testing of different regions, networks, and devices, adding stress test review assistance and specialized testing content security testing, and agency project testing, to ensure product stability and smooth experience; strengthening the quality of version iteration, tracking version quality data, and ensuring product launch quality; adding performance data review and analysis after each project test launch; and strengthening phased version acceptance work, promptly synchronizing relevant issues with relevant departments for resolution to ensure project progress.

## 2) Product quality control platform

The Group has developed its own management platforms, including the project management platform, the file management platform, the online operation platform, and the online monitoring platform. These four core platforms work together to regulate the workflow and provide a strong guarantee for the improvement of product quality, product R&D and operational efficiency.



# Environmental, Social and Governance Report

Based on four core platforms, the Group integrates digital applications into all aspects of business operations to empower business development. In the quality analysis sector, we have built a quality analysis platform based on Feishu to track version quality data and improve team collaboration efficiency. In terms of multi-version game management, we have implemented a multi-version parallel management solution, coupled with an automated construction system to ensure the correctness of multi-version and multi-region releases. In terms of project process management, we have continuously optimized our tools, switching from Jira<sup>1</sup> to Tapd<sup>2</sup> to lower the barrier to entry, improve collaboration efficiency, ensure normal version progress, and facilitate management.

### 3) Data analysis and supervision

In order to ensure the stable operation of the games that have been launched, the Group continued to apply a third-party big data system in data collection, modeling, storage, analysis and intelligent application at the operation stage of products, so as to conduct real-time and comprehensive operational analysis, and thus timely identify problems and adjust the operational strategy. At the same time, in order to improve the feedback flow of games that have been launched and ensure the efficiency and smooth operation of version upgrades, the Group has introduced professional software and AI in game development, art style design, multi-language copywriting output, 3D model application, smart assistants and other aspects.

The Group has actively taken response measures for the problems that have been discovered and the content that needs to be optimized, and adjusted the game content in accordance with relevant procedures such as the Regulations on Game Updating and Maintenance and the Emergency Treatment Procedures Process to ensure the stable operation and smooth update of the game. The Group complemented and expanded the functions of external data system through the internal self-developed data system, thereby carrying out more comprehensive and efficient product quality analysis and control. At the same time, the Group has established the data monitoring and alarm system, which works in conjunction with internal self-developed data systems, to strengthen the monitoring of project distribution and operation data and stability of online operation, and to shorten the time for incident response and processing. We continue to strengthen refined operations and have set up dedicated data analysis positions to assist in research and development, distribution, and operation improvement and optimization of products by mining and analyzing data.

- 1 Jira is a tracking tool for projects and transactions, and is widely used in work areas such as defect tracking, customer service, requirements gathering, process approval, task tracking, project tracking and agile management.
- 2 Tapd (Tencent Agile Product Development) is a software R&D management platform that provides solutions for the entire product R&D life cycle and supports full-process R&D practices such as agile demand planning, iterative plan tracking, testing and quality assurance, and continuous construction and delivery.

## 2 Cultural communication and co-creation

Leveraging games as a medium, the Group has built a positive IP matrix incorporating traditional Chinese cultural elements, and actively explored cross-sector linkage and collaboration models, promoting the upgrading of its game products into innovative communication carriers that convey positive values. Moving forward, the Group will continue to advance product innovation and iteration, conveying positive and uplifting values to users and contributing to building cultural confidence within society.

### 1) Aola Star

“Aola Star” is a role-playing game in the genre of pet raising. Players will play the role of an “Aola Star” trainer, leading the magic pets to jointly explore the vast universe and the world of stars. After experiencing battles and challenges, they will gradually grow into the guardians of the universe, and take on the mission of protecting the world and keeping the peace.

- **Case sharing: “Aola Star” cross-sector linkage: Aola Star x Guangdong Arts & Crafts Association x Intangible Cultural Heritage — Gambiered Canton Gauze**

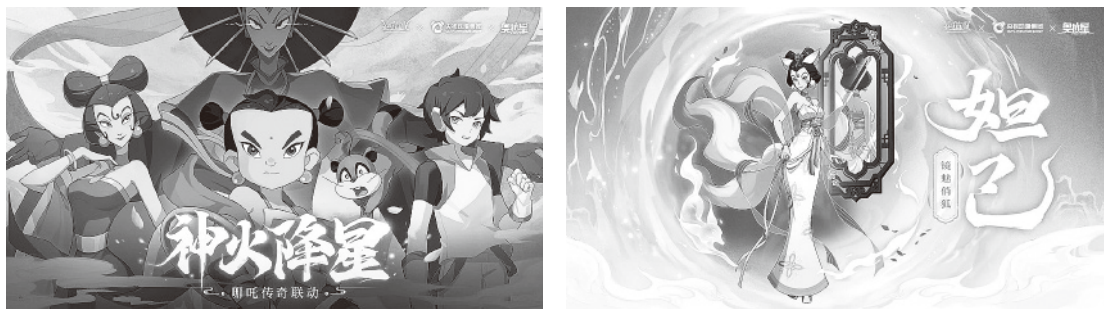
In 2025, the web and mobile game of “Aola Star” collaborated with Guangdong Arts & Crafts Association on intangible cultural heritage, and joined hands with Zhang Shaojing, a representative inheritor of the Gambiered Canton Gauze (greige silk) weaving technique, an intangible cultural heritage of Foshan City. The linkage between Gambiered Canton Gauze and the game, themed “Weaving Dreams with Gambiered Canton Gauze, Inheriting the Charm for Thousands of Years”, showcased the ancient charm of Lingnan treasures to game players, revitalized the ancient weaving technique, continued the brilliant chapter of Gambiered Canton Gauze in the digital world, and passed on the beauty of intangible cultural heritage — Gambiered Canton Gauze.



*Aola Star x Guangdong Arts & Crafts Association  
x Intangible Cultural Heritage — Gambiered Canton Gauze activity*

- **Case sharing: “Aola Star” cross-sector linkage: Aola Star x CCTV Animation Group’s “Legend of Nezha”**

In 2025, the “Divine Fire Descends Upon Stars” version of the web and mobile game collaborated with CCTV Animation Group’s “Legend of Nezha” to create a high-energy collision between classic Chinese animation IP and the interstellar universe. The game recreated various classic childhood characters such as “Nezha”, “Daji” and “Shiji”, and launched exclusive character skins, allowing players to relive their childhood memories and experience the charm of Chinese animation culture during the game.



Aola Star x CCTV Animation Group’s “Legend of Nezha” activity

## 2) Aobi Island

“Aobi Island” is a community raising game aimed at teenagers. Players will play as a happy little Aobi, become the owner of the island, experience different leisure gameplays, interact with diverse characters, together form the society and culture of Aobi Island, and enjoy the warm and cheerful community atmosphere.

- **Case sharing: “Aobi Island” cross-sector linkage: Aobi Island: Dreamland x popular creators on the platform**

In 2025, “Aobi Island” collaborated with popular creators on the platform to create in-game collaborative outfits and other activity content, building a tripartite win-win system for the game ecosystem, creator value, and user needs. This attracted the attention and participation of both game fans and creator fans, empowering creators to enhance their influence and commercial value, achieving synergy between commercial and cultural value, and maintaining the vitality and freshness of game content updates.



Aobi Island — Dreamland x popular creators on the platform linkage activity

# Environmental, Social and Governance Report

- **Case sharing: Aobi Island traditional festival activity: Lunar New Year “The Legend of White Snake” themed activity**

In 2025, “Aobi Island” launched the Lunar New Year “The Legend of White Snake” themed activity, blending the Spring Festival, the Chinese zodiac animal “snake” and Dunhuang elements to create a legendary story spanning thousands of years. The activity featured Chinese-style architectural designs, costume sets, and the “Auspicious Snake Brings Blessings” mini-event accompanied by good wishes, providing players with generous rewards and attracting them to celebrate the festival with Aobi Island and spend quality time together.



Aobi Island — Lunar New Year “The Legend of White Snake” themed activity

### 3) Legend of Aoqi

“Legend of Aoqi” is a spirit-themed strategic battle mobile game, which tells the story of spirits fighting against the invasion of the evil shadow army. Players take on the role of a spirit trainer and cooperate with the spirit partners to jointly resist the threats of the evil forces and shoulder the important task of maintaining peace in the world of Aoqi.

- **Case sharing: Legend of Aoqi: Chinese style theme skin**

In 2025, the game “The Legend of Aoqi” under the Group launched a series of themed skins that incorporated traditional Chinese elements such as the “Six Arts” of a Gentleman, Chinese blue-and-white porcelain, jade carving, Chinese ink painting and poetry. These skins combined traditional culture with modern aesthetics, showcasing the unique charm of traditional Chinese culture to players in a vivid and lively way, highlighting the endless vitality of intangible cultural heritage and injecting new vigor into cultural inheritance.



Legend of Aoqi Chinese style theme skin in 2025

- **Case sharing: Legend of Aoqi – Traditional festival activities**

In 2025, “The Legend of Aoqi” launched a series of festival celebrations and released festival greeting illustrations in conjunction with traditional Chinese festivals, integrating traditional festivals, customs, and cultural elements into festival activities to celebrate traditional festivals with players. Through a series of holiday activities, “The Legend of Aoqi” fully stimulated players’ enthusiasm for participation and enhanced their activity level.



Legend of Aoqi – Traditional festival activities in 2025

- **Case sharing: Legend of Aoqi x Nailoong “Adorable Power Unleashed: ‘Dragon’ Makes a Splash”**

In 2025, “The Legend of Aoqi” linked with Nailoong to launch the “Adorable Power Unleashed: ‘Dragon’ Makes a Splash” activity, creating a Nailoong linkage mini-drama to showcase the fun stories that happened when Nailoong came to the Aoqi world and had fun with its friends. The game also featured exciting content such as collaboration with Nailoong and Spirits, and streamer PK events with rewards, combining the product with a popular IP to revitalize the game with youthful appeal.



Legend of Aoqi x Nailoong’s “Adorable Power Unleashed: ‘Dragon’ Makes a Splash” linkage activity

## 3 Environmental, Natural, and Ecological Education

The Group believes that games can be used as a communication channel and innovative medium for the ecological and environmental protection concepts and the awareness of respect for nature. We organically combine elements such as the environment, nature and ecology with game content, and integrate them into the game ecosystem. By building ecologically harmonious natural scenarios and designing task modules related to ecological protection, we subtly lead players to participate in environmental protection efforts, guide them to transform environmental protection concepts into practical actions in daily life, and help to build and implement a social consensus on environmental protection. Through game scenarios, we translate highly technical environmental knowledge into more accessible and engaging forms, making environmental education more vivid and interesting. In addition, we can also simulate real environmental protection scenarios and challenges to allow players to experience the urgency and importance of environmental protection actions through immersive gameplay, thereby enhancing their sense of responsibility and mission for ecological protection.

“Aola Star”, one of the flagship products of the Group, tells an adventure story on the “Aola Star Planet” where advanced eco-friendly technology and green energy are used. The game has skillfully embedded environmental protection knowledge in the storyline and scenarios, including garbage sorting and resource recycling, which stimulates users’ interest and awareness of environmental protection through fun, cultivates their sense of responsibility and action for environmental protection, and achieves positive results in environmental education and promotion.

- **Case sharing: The launch of a new green and eco-friendly character in “Aola Star”**

In 2025, “Aola Star” introduced a new character with “green environmental protection and harmonious coexistence with nature” as its core design concept. It has incorporated natural phenomena such as seasonal changes and the revival of all things, into the character’s missions, and conveyed the message to players that trees, wildflowers, and grass are all equal, which has helped raise players’ awareness and spread values of caring for nature, respecting life and humans living in harmony with nature.



“Aola Star” — launch of a new green and eco-friendly character

## 4 Create a Green and Healthy Cyberspace

The Group has carefully protected the healthy growth of teenagers and strictly complied with the Law of the People's Republic of China on Protection of Minors, the Provisions on the Administration of Online Publishing Services, the Personal Information Protection Law of the People's Republic of China, Regulation on the People's Republic of China on the Protection of Minors in Cyberspace, the Notice on Further Strict Management to Effectively Prevent Minors from Indulging in Online Games, Guidelines for the Establishment of Minors' Modes for the Mobile Internet, Provisions on Governance of Cyber Violence Information and other related laws and regulations. The Group has also made continuous efforts to improve its internal systems and optimize its network management mechanism of game products. Meanwhile, the Group has guided users to surf the internet healthily through a series of measures such as anti-addiction system, parent monitoring program, information content review and monitoring in order to help create a clean, healthy, civilized and orderly online environment.

### 1) Anti-addiction system for minors

The Group actively implemented the real-name registration system for online game user accounts, connected all the games published and operated by the Group to the "Online Game Anti-Addiction Real-Name Authentication System", published "Tips for Minors' Healthy Participation in Online Games" and "Healthy Gaming Advice" on the official website, and set limits on the gaming duration and top-up amounts for minors, set age-appropriate prompts on the game download and registration and login interfaces, and turned off the guest experience mode. In the daily operation of the game, the Group strengthened the monitoring and protection of minors' activities in all aspects to ensure the effective operation of various anti-addiction measures.

The Group's anti-addiction measures for minors mainly include:

Strict implementation of the real name registration system and login requirements	Strict restriction of the time for providing online game services to minors	Regulation of providing paid online game services to minors by levels
<ul style="list-style-type: none"> <li>The Group strictly abides by the requirements under the Notice on Further Strict Management to Effectively Prevent Minors from Indulging in Online Games, deactivates the guest experience mode, implements the real name registration system and login requirements of online game user accounts;</li> <li>Set prompts for age appropriateness through distribution platform and restricts the login of non-age appropriate players.</li> </ul>	<ul style="list-style-type: none"> <li>The Group strictly limits the time for providing online game services to minors, and only provides one hour of online game services to minors from 20:00 to 21:00 on Friday, Saturdays, Sundays and statutory holidays, so as to guide minors to experience games moderately and allocate after-class time in a reasonable manner.</li> </ul>	<ul style="list-style-type: none"> <li>Users aged under 8: no game-related paid services are provided to them;</li> <li>Users aged 8 to under 16: a single payment is limited to no more than RMB50 and the cumulative payment in a month is limited to no more than RMB200;</li> <li>Users aged 16 to under 18: a single payment is limited to no more than RMB100 and the cumulative payment in a month is limited to no more than RMB400.</li> </ul>

# Environmental, Social and Governance Report

In 2025, the Group's efforts in the protection of minors in cyberspace were recognized by the government and industry associations, and the Group was awarded the title of "Pioneer Unit in the Protection of Minors in Cyberspace (未成年人網絡保護先行單位)" issued by the Guangzhou Game Industry Ecological Governance Base (廣州市遊戲行業生態治理基地).



*Certificate of Honor for "Pioneer Unit in the Protection of Minors in Cyberspace" in 2025*

## 2) Parent monitoring program

The Group has strictly implemented the relevant provisions of the "Parent Monitoring Program for Minors in Online Games". By setting up the web page of "Parent Monitoring Program" on its official website and a parental monitoring hotline, parents are provided with free online game monitoring service to help parents correctly learn and understand the internet and the products of the Group, so as to prevent minors from being addicted to online games.

### 3) Review and monitoring of contents and information

The Group believes that safe and positive information dissemination has an important impact on the stable operation of games and the building of a harmonious and warm gaming community environment and has established a sound mechanism and process for review of information content. Through various means including the filtering system of sensitive words, the introduction of NetEase Yidun, the launching of customer service review, receiving user reports, the review and monitoring of information content strictly manages user comments, protects user text and image content security, filters harmful contents related to pornography, gambling and drugs in online communities, actively prevents and resists the spread of harmful information, ensures the legal compliance of all online information, and creates a high-quality gaming community environment.

#### Sensitive word filtering system

- The Group has developed a powerful filtering system of sensitive words and regularly updates and maintains the sensitive word database.
- All information published by users shall be filtered through the sensitive word database, and the publication of highly sensitive words is strictly prohibited.

#### NetEase Yidun

- The Group adopts the industry-leading network security protection system NetEase Yidun. Relying on NetEase's years of extensive security experience and the accumulation of artificial intelligence, the Group intelligently filters the information released by users to ensure content security, business security and mobile security.
- By combining various content detection services from NetEase Yidun, the Group continues to strengthen protection in multiple areas, including identification of malicious content in user chats, image content security, risk control and anti-cheat measures, and provides a fair, green and healthy gaming environment through optimized processing measures.

#### Review by customer service

- Content that passes through the sensitive word filtering system and NetEase Yidun must still undergo strict review by the customer service team before being posted to the game community. If any violation is found, the customer service team will promptly mute or suspend the account to ensure the harmony and health of the online community.

#### User report

- The Group provides convenient channels for users to report violations, and immediately takes violating content offline once discovered. For accounts that publish violating contents, customer service will promptly mute or suspend the account based on the severity of violations.

The Group has multi-layered strengthened multi-layered protection against domestic gray and black market activities and for payment security. We strictly identify, warn, monitor, handle and ban activities by black and gray market operators, such as mass account creation, spreading harmful information and illegal top-up services, in black market, while issuing early warnings and monitoring for malicious refund behavior and promptly addressing such issues.

# Environmental, Social and Governance Report

## 4) Cyberspace ecosystem development

The Group has established a review system covering the entire product lifecycle, to ensure that products comply with the requirements of network ecosystem governance in areas from R&D to operations. Meanwhile, we cooperated with the cyberspace administration in carrying out the “Qinglang” series of special campaigns, strictly following the requirements of the special operations, investigating the Group’s products and services, and firmly fighting against illegal activities, violations and harmful information. We have also strictly implemented anti-addiction measures for minors in accordance with laws and regulations, adhered to data security management regulations, and fulfilled the platform’s principal responsibilities. Meanwhile, we have actively promoted online environment requirement training within the group. By disseminating the latest laws, regulations and network ecosystem governance requirements, along with conducting analyses on actual cases, we ensure that employees can have comprehensive and in-depth understanding of industry regulations and requirements, with a focus on cultivating risk prevention awareness.

## 5 Information Security and User Privacy Protection

The Group highly values information security construction and user privacy protection. The Group strictly follows the relevant laws and regulations including the Personal Information Protection Law of the People’s Republic of China, the Cybersecurity Law of the People’s Republic of China, the Cyber Data Security Regulation, the Labeling Method for Content Generated by Artificial Intelligence and the Measures for the Administration of Personal Information Protection Compliance Audits. The Group has formulated and implemented the internal policies and guidelines including the “Engine Room Patrol Inspection System”, the “Remote Access System”, the “Cloud Management System”, the “Customer Information Security and Privacy Protection System” and the “Management Measures for the Filing of Network Accounts”, to continuously improve the information security management system and protect information security and user privacy.

In order to strengthen information security management, the key focuses of the Group’s optimization work during the Year include but are not limited to:

- **Distribution platform of production environment:** Optimized WAF<sup>3</sup> defense system, added the interface blacklist and whitelist to more precisely identify suspicious behaviors. Enhanced anti-fraud protection at the entry point of CDN<sup>4</sup> to reduce the risk of resource leakage.
- **Routine security scanning of vulnerabilities:** Organized and synchronized the security vulnerability information with the project team to reduce the risk of security vulnerabilities being exposed in the production environment.
- **Cloud access key (雲秘鑰) audit:** Enabled cloud secret key access audit to promptly detect suspicious activities such as secret key leakage, and to block attacks to prevent information leakage.

3 WAF (Web Application Firewall) refers to Web Application Firewall. It is a security product specifically designed to protect Web applications, it monitors and analyzes traffic flow and block cyber-attacks by implementing a series of security strategy.

4 CDN refers to Content Delivery Network. It accelerated content distribution through global node cache, which significantly improved the website access speed.

# Environmental, Social and Governance Report

- **Enhanced host security inspection:** Strengthened the host security inspection of internal R&D and testing environment to provide instant alerts for password collisions and hacking attempts, and to protect resources in the intranet R&D environment from leakage.

In order to strengthen user privacy protection, the key focuses of the Group's optimization work during the Year include but are not limited to:

- **Supplementing the Privacy Agreement:** Supplemented instructions for the use of information, such as the China Advertising Association's Internet Advertising Identifier (CAID), OAID<sup>5</sup> and Zhuoxin ID (卓信ID), and added differentiated explanations and labels for third-party services used on different system platforms; Supplemented instructions for the use of third-party SDK<sup>6</sup>.
- **Added description on data usage for HarmonyOS (鸿蒙端):** Provided explanation of reasons for using SDK to obtain sensitive information, indicated whether data is used for tracking, and the data categories to be collected.
- **Optimization of account system:** Supported account cancellation functions for different games to better comply with policy and regulatory requirements and further protected players' personal assets and information.

The Group has also implemented routine information confidentiality management, including but not limited to:

- Continued to maintain strict restrictions on the upload channels of cloud storage to reduce the risk of potential data leakage;
- Implemented regular health checks on storage devices to ensure proper operation of all storage media and free from security risks;
- Effectively prohibited access by external storage devices through terminal management policies, thus preventing unauthorized devices from exchanging data with the system;
- Strengthened the monitoring of abnormal VPN traffic operations in remote office environments, prohibited two-way data copying, and further refined the management strategies and traffic control strategies to ensure compliance of network behaviors;

5 OAID (Open Anonymous Device Identifier) refers to Open Anonymous Device ID. It is a non-permanent device identifier. While protecting the privacy and security of users' personal data, it can provide users with personalized advertising, user statistics, etc.

6 SDK (Software Development Kit) refers to Software Development Kit. It is a tool collection used to help developers create, test and deploy software applications, usually provided by the manufacturers of software platforms, operating systems or programming languages.

# Environmental, Social and Governance Report

- Enhanced the follow-up on filing and handover of data from departing employees to ensure that all sensitive data is processed properly, preventing any information leakage after employee departure; and
- Implemented access rights separation and control for regular employees and outsourced employees to ensure that sensitive data is not accessed through unauthorized privilege escalation; document access permission management has been strengthened to prohibit the default access policies and prevent document leakage.

The Group's current product releases meet all the compliance requirements of all domestic distribution platforms and related channels, and through the above systems and measures, the Group avoids penalties or removal from app stores due to issues such as the collection of sensitive information. At the same time, the Group's products strive to communicate the purpose of privacy information collection and related explanations to users in a more transparent manner in order to enhance user experience, user confidence and willingness to use. In the future, we will continue to summarize our experience in information security protection, keep abreast of the latest information protection technologies, and actively apply them to our products and services.

## 6 Listen to the Voice of Users

The Group strictly follows the relevant laws and regulations including the Law of the People's Republic of China on Protection of Consumer Rights and Interests. The Group has formulated and implemented internal regulations such as the Business Process and Work Specifications of the Customer Service Center and the Measures for Performance Assessment Management of Customer Service Representatives, and continued to improve the service working mechanism. At the same time, the Group has established a sound complaint handling mechanism, listens to the voice of users through user satisfaction and demand surveys on a continuous basis to enhance user satisfaction and comprehensively protect customers' rights and interests.

## 1) User service and management

The Group attaches great importance to the quality of user services. The customer service team provides 365-day online services from 08:00 a.m. to 10:00 p.m. every day to meet customers' needs in a timely manner. In order to further improve quality of user service and enhance user experience, the Group focuses on the following key areas to define the work content and standards for the customer service team:

### Formulate assessment indicators

- Quantified assessment of customer service representatives by the customer service center is performed according to six dimensions, namely, monthly actual workload, work quality, professional skills, system operation, work attitude, and service attitude, to comprehensively and objectively assess and evaluate the overall performance of customer services representatives, and to motivate customer services representatives to continuously improve their service levels.

### Formulate FAQ standards

- Prepare an FAQ document and promptly update the contents according to business adjustments and feedback from users and the customer service representatives in actual practice to help the customer service representatives to answer users' questions in a faster and more accurate way and to enhance user service experience.

### Broaden communication channels

- Use the web games QQ Qidian online system, broadened the feedback and communication channels for the general customers of web games aiming at enhancing the customer service experience of the general users of web games.

### Service evaluation reminders

- After providing services to users, customer service representatives shall immediately obtain users' objective feedback on the service through the service evaluation prompts, for summarizing potential problems and improving service quality.

### Quality monitoring mechanism

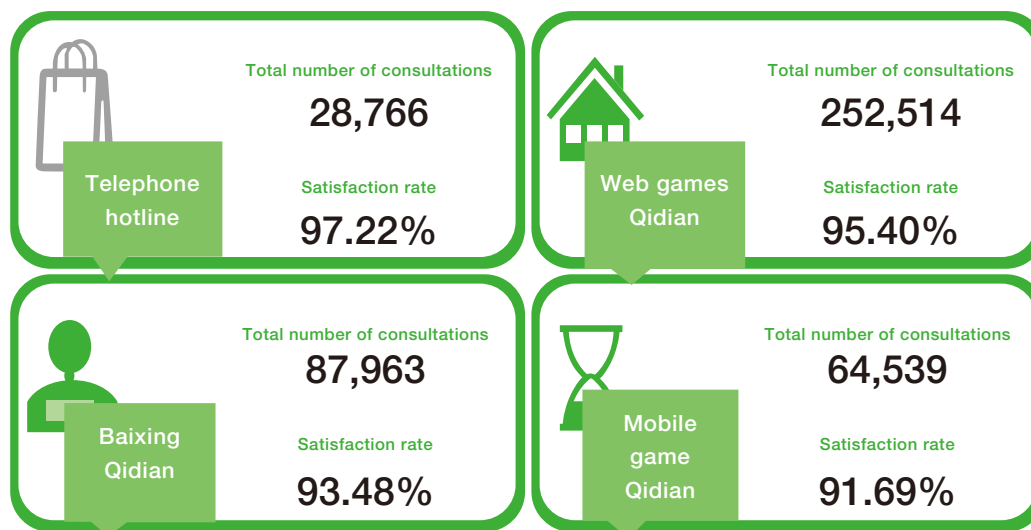
- The customer service team is equipped with professional quality inspection staff who will inspect on a random basis the telephone call recordings, online chats, users' feedback and emails of customer service representatives, and evaluate their service language, service attitude, reply skills and operation of the system, so as to ensure that the quality of services provided by customer service representatives.

Meanwhile, the Group actively optimizes customer service tools, introduces intelligent Q&A chatbots for newly launched products, equipped with game basics and high-frequency Q&A features to provide convenient self-help Q&A; conducts practicality research on AI customer service, and incorporates it into future product planning to further optimize customer service efficiency and quality, fulfill customer's needs, and enhance customer's satisfaction.

# Environmental, Social and Governance Report

## 2) User satisfaction survey

During the Year, the Group's customer service center continued to conduct user satisfaction surveys through four channels, namely, telephone hotline, web games Qidian, Baixing Qidian and mobile game Qidian. The results of the satisfaction survey continued to improve, with the details as follows:



## 3) User demand survey

In order to gain in-depth insight into user demands and enhance product satisfaction, the Group actively invites domestic and overseas users to participate in user surveys. The survey is based on the business requirements of the products, and requires preliminary preparation such as identifying key issues, formulating overall discussion plans and identifying the target users of the products, recruiting experiential users and conducting research communication, and finally collating and analyzing the information and data obtained, and then feeding back the conclusions to the relevant business departments to assist in the optimization and upgrading of the relevant products. The Group regularly uses three methods, being offline customer engagement ("CE") surveys, questionnaire surveys, and online player follow-ups, to systematically collect users' genuine needs and suggestions, which provides strong support for the continuous optimization of products.

### Offline CE Survey

- The CE survey of the Group is usually carried out around the time of a product's initial launch, in which target players are invited to participate in game experience test and in-depth interviews, and the Group can get an in-depth understanding of the views and suggestions of the target customers on the game and thus further optimize the content of the game products. During the Year, the Group accumulated over 400 hours of offline CE survey.

### Questionnaire Survey

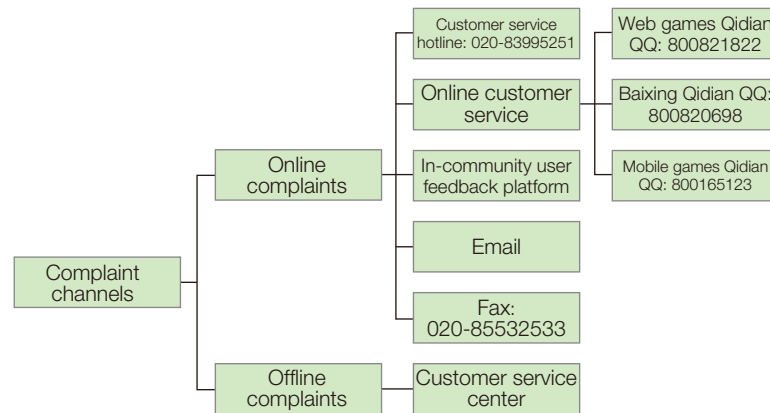
- During the development and update for each version of a game project, regular questionnaire survey is carried out, mainly in the form of online questionnaire embedded in the game or platform to understand their satisfaction with the overall product and provide support for subsequent game test and operation.

### Online Player Follow-ups

- Invite players to participate in voice or written interviews to obtain feedback which are used to evaluate the game testing results and improve the product quality. During the Year, the Group accumulated over 150 hours of online player follow-ups.

## 4) Handling of users' complaints

The Group attaches great importance to user complaint management, maintains both online and offline complaint channels, standardizes complaint handling processes to receive user feedback in a timely manner. Users can provide feedback and complaints by way of telephone hotline, online customer service, email, the in-community user feedback platform, mail, fax and visits.



*Main complaint channels for users*

The Group requires its customer service staff to actively handle user complaints, always adheres to the customer-centric service philosophy, and strictly follows the principles of timely response, active communication, and efficient problem-solving. Through the closed-loop processing mechanism of “record-handle-feedback”, the Group continues to optimize customer experience. Through the assessment of the content of the complaints, complaints are classified into Level 1, Level 2 and Level 3 (the most serious level) based on severity, and the corresponding responsible department will follow up and handle them in a timely manner in strict accordance with the process, and inform the user of the handling results within the specified time limit. The response time required by the Group for Level 1, Level 2, and Level 3 complaints shall be no later than 2 hours, 30 minutes, and 15 minutes, respectively. The time for replying with a solution or dealing with the problem shall be no later than 4 hours, 3 hours, and 3 hours respectively. In serious cases, the processing time should be within 1 hour. During the Year, the Group’s customer service center received a total of 3,826 complaints, and the customer complaint resolution rate reached 100%.

## 7 R&D and Innovation

The Group is deeply aware that R&D and innovation capabilities are the core pillar supporting the sustainable development of the Group’s business. We continue to invest funds, manpower and technology resources to ensure the steady implementation and efficient advancement of new product R&D plans, and deeply cultivate and refine our expertise in core competitive areas to provide users with high quality game products and service experience.

# Environmental, Social and Governance Report

To drive the continuous innovation and vitality among our business team, the Group has built a diversified incentive and empowerment system. The system not only provides core talent with systematic capability development training and career development paths, but also sets up practical platforms for creative incubation and results transformation through activities such as innovation and creativity competitions, thereby fully unleashing the team's innovative potential.

- **Case sharing: Technical team participated in the 4th Global Games Summit (GGs 2025)**

In 2025, we organized a technical team to participate in the 4th Global Gaming Summit (GGs 2025), and thoroughly studied the cutting-edge applications of AI technology in game development and operation, including practical cases of AI-generated content in character modeling, scene generation, art design, and solutions in game content innovation and player experience optimization.

- **Case sharing: Technical team organized Mini-Game SDK Sharing**

In 2025, we organized a mini game SDK sharing session to comprehensively introduce the basic concepts and development history of mini games, and conducted in-depth analysis and cross-platform comparison from the perspectives of mainstream platforms, relationships with mini programs, revenues and rankings. We further introduced the publishing business knowledge related to the mini game SDK and the role of the mini game SDK, and summarized how to design the mini game SDK, to give teams room to discuss, share and create, to stimulate brainstorming, and to integrate the effective results with future business.

## 8 Intellectual Property Management

The Group highly values the management and protection of intellectual property rights, strictly complies with the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations, and proactively conducts the intellectual property right registration and filing work. The Group has formulated internal systems such as the "Guidelines for Legal Affairs of BAIOO" and the "Copyright Management Measures" to clarify the intellectual property management processes, reaffirm the scope and content of intellectual property rights, and set out relevant regulations and arrangements regarding the use of the Group's intellectual property, the use of external intellectual property, and the handling of violations, in order to strengthen the protection of the Group's intellectual property and the control and management of the lawful use of external materials.

## Environmental, Social and Governance Report

The Group established important cooperation with professional rights protection platforms to proactively conduct infringement searches and fight against infringement, thereby enhancing the intensity and professional effectiveness of rights protection and saving the economic costs and labor costs of rights protection. We have formulated and issued the “Guidelines on the Operation of Patent Application Process”, which was implemented in the operation. Meanwhile, the Group’s application to the China National Patent Office for patent fee waiver was approved, which has helped the Company to secure favorable conditions for future patent applications, such as partial waiver of application fee for future patent applications. The reduction or exemption of patent application fees further encourages the business team of the Group to conduct R&D and innovation and apply for patents. In response to the questions raised by the business team of the Group regarding patent applications, the legal affairs department plans to continuously invite professional patent application agencies to conduct special training to answer the questions of employees.

The handling of intellectual property infringement of the Group is led by the legal affairs department and coordinated by the business departments. During the Year, the legal affairs department updated and released the Copyright Management Measures, which further clarified the copyright management process and the division of rights and responsibilities, emphasized the game font library usage standards, font procurement process and other contents, and specified the intellectual property processing cycle and requirements. We have purchased intellectual property management software to conduct unified electronic management and visual analysis of the Group’s trademarks to ensure timely filing of trademark objections, timely renewal of expiring trademarks, and follow-up on trademark progress. We continued to carry out external exchanges and learning on intellectual property protection. During the Year, we participated in the “Seminar on Investigation and Research in Judicial Protection of Intellectual Property Rights for New Business Forms in Games” organized by the High People’s Court of Guangdong Province and the Guangzhou Internet Court, exchanged in-depth views with court systems, university professors and outstanding enterprises in the industry on our difficulties and experiences in intellectual property protection, and continued to promote intellectual property legal education through the “BAIOO Legal Express” subscription account.

For the incidents that may infringe upon the Group’s intellectual property rights, after receiving leads on content infringement, the Group quickly ascertains the facts of infringement and collects evidence of infringement. Each department communicated and determined solutions to promptly assert rights against the infringers. With the help of various platforms, external service providers and governmental rights protection agencies, the Group effectively protected its intellectual property rights. In 2025, the Group successfully removed more than 67 infringing products and links through rights protection efforts, with a 100% takedown success rate for all complaints filed.

# Environmental, Social and Governance Report

At the same time, all online games and website pages of the Group were equipped with infringement reporting channels to encourage users and players to provide infringement clues and fully protect the legitimate rights and interests of the Group. In addition, the Group controlled the leakage of trade secrets by signing confidentiality agreements with users; developed trademark application plans in advance, applied for new game trademarks in a timely manner, and carried out trademark monitoring work to protect the Group's game trademark rights from infringement; and strengthened internal education on the lawful and effective use of trademarks and original trademark designs, so that employee's awareness of trademark protection and practical operational skills could be strengthened to provide solid support for the long-term development of the enterprise.

As of December 31, 2025, the Group had 3 invention patents, 721 copyrights for works, 133 computer software copyrights, 1,238 registered trademarks in Mainland China and 129 registered trademarks overseas. During the Year, the Group invested RMB200,000 in intellectual property applications.

## 9 Compliance in Marketing and Advertisement Placement Management

The Group highly values the compliance of publicity and marketing of products and services, strictly complies with laws and regulations such as the Advertising Law of the People's Republic of China and strictly reviews the contents of publicity of game products, advertising materials, and community posts, so as to eliminate false and exaggerated advertising. The main steps of review and management of publicity materials of the Group include:

### Implement preliminary review and rectify problems

When setting the requirements for relevant publicity materials and copywriting in the preliminary stage, the person in charge of review shall coordinate the relevant departments to jointly check whether the content contains risk issues of non-compliance. If the review fails, rectification must be carried out as required.

### Monitor after release and quickly respond to problems

After passing the review, a secondary review will be conducted by designated personnel, and content can only be released on the platform after passing the review. After the release, we will conduct public opinion monitoring on the content. In case of risk issues, we will immediately communicate with the person in charge of review and respond within 30 minutes.

### Closely monitor policy changes and make timely adjustment

The Group strictly follows the latest policies of the internet game industry, conducts ongoing tracking and self-review of published materials, and makes timely adjustment.

### Coordinate among departments for active implementation

The persons in charge of review and the release must participate in the relevant training meetings regularly organized by the Group to improve the awareness of compliance.

# Environmental, Social and Governance Report

The Group has formulated and implemented the Administrative Measures for Filing Online Accounts to uniformly register and manage all official online accounts, including websites, official accounts, online stores and TikTok accounts, and to clarify the procedures for opening accounts and changing administrators. The Group continues to strengthen the review of text, pictures and other contents, and constantly improves the content review mechanism. The legal affairs department regularly inspects the posts on each account and will immediately delete any non-compliant content once discovered.

For product and service advertisement placement, the Group has established domestic and overseas placement system, which is continuously optimized and managed by the technical team. Our placement system has achieved hourly-level analysis of placement data, through further refining the analysis and cooperation with media buyers to optimize targeting criteria, continue to strengthen material improvement analysis reports and alert management; at the same time, we actively adjust the placement modes and analysis models for different platforms, and carry out refined attribution and detailed management. In addition, during the Year, through participating in exhibition overseas marketing sessions, the technical team further gained practical experience in global market trend insights, localized operations, and mixed monetization strategies, and continues to optimize advertising placement and operational strategies.

## 10 Exchange, Cooperation and Recognition

### 1) Investor Communication and Sharing

The Group deeply understands the core characteristics of “long-term IP value + product innovation and iteration” in the game industry, and accurately conveys the Group’s core strengths in terms of classic IP operations, new product research and development reserves, and global layout, to enable investors to fully stay informed of the developments of the Group and continuously deepen the recognition of and trust in the Group’s value by the capital market. During the Year, we actively participated in the “online-offline integration + multi-location integration” strategy seminars, successively built communication scenarios in core cities including Shanghai, Beijing, Shenzhen and Hong Kong, the PRC, and simultaneously established online interactive platform to further extend communication value. In the future, we will continue to be guided by investor needs and innovate communication forms based on the characteristics of the game industry, with an emphasis on core topics including IP value upgrading, new product launch progress, and implementation of globalization strategy, and build a deeper two-way communication mechanism to help the capital market continuously discover the long-term value of the Group.



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Online communication meetings and offline roadshows in 2025

# Environmental, Social and Governance Report

## 2) Industry Exchanges and Co-creation

During the business development, the Group always adheres to the development philosophy of industrial collaboration and shared prosperity, and works with industry experts to explore various challenges and opportunities in the process of innovative development, so as to proactively promote technological innovation and business model iteration, and contribute to the sustainable and high-quality development of the industry.

In 2025, the Group was invited to attend the developer conferences organized by leading brands such as vivo, OPPO and Honor, learning about cutting-edge achievements in the industry, discussing new trends in game development with industry professionals, and actively engaging in this grand gathering where game developers communicated, learned and cooperated with each other.



2025 Brand Developers Conference on-site

In 2025, the Group participated in the vivo Game Festival, where we had in-depth exchanges with various outstanding enterprises, professional brands, potential partners and players.



2025 vivo Game Festival on-site

### 3) Industry Recognition and Incentives

The Group continued its efforts in game product development, operations and innovation, and received recognition from the industry, brands, partners and the general public. During the year, the Group was awarded the “OPPO — Mimu Mimu Ha — New Game of the Year Award”, “OPPO — Mimu Mimu Ha — Content Collaboration Game Award” and “vivo — Ladder — Emerging Partner Award”. Going forward, we will place greater emphasis on product quality assurance, technical capability reserves, cultural value leadership and the accumulation of commercial potential, building on our strong foundation to achieve breakthroughs and forge ahead with determination.



*Awards won in 2025*

## V. EMPLOYMENT MANAGEMENT

The Group adheres to the people-oriented development concept and continues to contact, communicate with and attract fully qualified professionals through multiple channels, and establishes a sound training system and assessment and promotion mechanism for all the employees to promote talent development and efficient management. At the same time, the Group strives to create a humanistic, diverse and stable working environment, actively builds a variety of friendly communication platforms, pays due attention to the physical and mental health and needs of staff, and formulates a career development plan for employees that meets their personal growth characteristics.

### 1 Construction of a Talent Team

The Group strictly follows the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Employment Promotion Laws of the People's Republic of China and other laws and regulations, upholds the principle of fair, justice and indiscriminate, and continues to optimize the staff management measures regarding recruitment, performance assessment, remuneration and benefits, etc., so as to prompt the joint development of the staff and the Group.

#### 1) Staff Recruitment Management

During the Year, the Group continued to implement internal policies including the Employee Handbook and the Administration Measures on Recruitment, to standardize the employee recruitment process and improve the talent selection mechanism. The Group adheres to the principles of open recruitment, fair competition, recruitment on merits, staffing management, so as to ensure that recruitment operations are not affected by factors such as nationality, ethnicity, marital status, age, gender and religious belief. The Group actively carries out talent introduction and cooperation, explores the construction of a diversified talent pool, and introduces outstanding talents through on-campus recruitment, social recruitment and internal recommendation.

# Environmental, Social and Governance Report



Poster of on-campus recruitment program

As of December 31, 2025, the Group had a total of 823 employees, details of which by category are set out as follows:

Type of employees		Number of employees in 2024	Number of employees in 2025
By gender	Male	372	434
	Female	316	389
By type	Full-time	644	761
	Internship	44	62
By age group	Under 30	325	395
	30–50	356	421
	Above 50	7	7
By geographical region	Mainland China	688	823
<b>Total</b>		<b>688</b>	<b>823</b>

# Environmental, Social and Governance Report

During the Year, the turnover rate of the Group was 29.04%, details of which by category are set out as follows:

Type of employees		Turnover rate in 2025
By gender	Male	21.20%
	Female	37.79%
By age group	Under 30	46.58%
	30–50	13.06%
	Above 50	0.00%
By geographical region	Mainland China	29.04%

## 2) Remuneration and Benefits and Performance Assessment

The Group has formulated and consistently implemented the “BAIOO’s Staff Remuneration Management System” and has established a multi-layer remuneration system of “fixed salary + floating wage + shares” to formulate a competitive remuneration package for the staff at different levels and the functional departments. Meanwhile, in March and September every year, the heads of the departments and the human resource department will review the remuneration of staff. Staff members meeting the standards may apply for a pay rise with their heads of the department and the human resource department and relevant heads will consider their applications, enabling the staff to obtain the ideal remuneration. In addition, the Group has established a sound staff benefits system, including five social insurances and one housing provident fund, commercial insurance, annual body check, festive activities and gift packages, paid annual leave, cash gifts for weddings and newborn babies, meal benefits and settlement for household registration system. The staff benefits system covers various aspects of basic necessities in life, including clothing, food, residence and travel, showing our concern for the vital interests of our employees.

The Group has formulated and consistently implemented the “Human Resource Management System of the BAIOO Group” and conducted periodic appraisal on work performance of employees under the principles of openness, fairness and impartiality. The appraisal is conducted quarterly and annually in terms of their work performance, capability and quality, work ethics etc. The results of the appraisal are classified into five levels, i.e. excellent, good, satisfactory, qualified and unqualified, and serve as an important basis for passing probation, salary increase and promotion of employees. Upon completion of the appraisal, the Human Resources Department and the department supervisor are required to communicate with the employee regarding the results of their performance appraisal, summarize the employee’s performance and assist in the planning of the employee’s future development plan, so as to help the employee make best use of their strengths while avoiding their shortcomings, make continuous progress, and promote the Group’s continuous advancement.

### 3) Young Teams and Orderly Management

The Group comprises of young teams and actively builds a relaxed and open workplace atmosphere. At the same time, we lead its harmonious and steady development of employees and the Group by establishing and carrying forward a corporate culture of “innovation, passion, curiosity, initiative, result-oriented and efficiency-centered”. We proactively provide guidance in building a dynamic and orderly office environment and remind our staff to pay attention to meeting duration and keeping the meeting room clean by placing creative items such as hourglass and placards in the meeting room. We have developed a comprehensive and integrated OA system, covering multiple segments such as personnel management, system announcement, staff activities, contract approval, and leave application to streamline workflow, application process and approval process for staff in each department and improve work efficiency.

- **BAIOO SPACE**

The Group has created its internal official account “BAIOO SPACE”, featuring various sections such as BAIOO School, Dynamic Community and Caring Assistant to provide employees with comprehensive information updates, including the latest information, activity highlights, introduction to surrounding facilities, dining guide and administrative guidance, thus focusing on the needs of employees and making their work and life more convenient.



## Environmental, Social and Governance Report

- **House-journal, “BAIOO@YOU” (《百奥@你》)**

“BAIOO@YOU”, which is the largest house medium of the Group. Since its publication 10 years ago, BAIOO@YOU has shouldered the dual mission of internal cultural communication and external brand building. It adheres to the original intention of being employee-oriented and speaking for employees, and conveys the developments of the Group in the most stylish and friendly way, expressing the voice of the Group and the expectations of employees. As of December 31, 2025, BAIOO@YOU has a total of 72 editions, extensively and comprehensively covering corporate culture and people of BAIOO, and deepening employees’ sense of identity and belonging to the Group’s culture, which gives strong impetus to the stable development of the Company.



*The covers of journals of “BAIOO@YOU” in 2025*

#### 4) Talent Reassessment

In order to fully explore high potential talents at all levels and focus on their training and empowerment, the Group conducts an annual talent reassessment.

From May to August 2025, the Group initiated a talent reassessment of all its employees, assessing their competence, performance and personal potential based on their current positions, and outputting a nine-grid talent map with competence + performance as the vertical axis and potential as the horizontal axis. Through the talent reassessment, the Group has comprehensively sorted out the status of talents, explored high-potential talents for sustainable cultivation, and provided the basis for staff development, team building and the Group’s strategic layout, which helps optimize the allocation of talents and resources, enhance the Group’s overall competitiveness, and safeguard the Group’s sustainable and stable development.

## 2 Promotion Blueprint and Training Mechanism

The Group deeply recognizes the significance of staff growth to the Group's sustainable and steady development and strives to build a fair and transparent promotion blueprint. Meanwhile, the Group caters to staff's needs and customizes training courses and provides quality learning opportunities that meet their needs, so as to enhance their professional expertise and teamwork, help its staff members grow and progress together so as to create a bright future together with the Group.

### 1) "Double-ladder" promotion blueprint

The Group has a clearly delineated rank system, which is divided into five categories: products, technical, arts, functional and management. Each rank of each category has specific competency standards and staff members can advance vertically through the ranks, but also move horizontally across to another category. For technical and management talents, the Group has established a "Double-ladder" talent development mechanism to promote employees to advance in the "Profession Ladder" of technical talents or the "Management Ladder" of management talents based on the employees' own conditions and career planning, while equal amounts of resources, attention and respect will be given to the staff members. In addition, the Group provides exceptional promotion qualifications to staff members who have made significant contribution, so as to maximize their potential and motivation.

From September to November 2025, based on the results of the Talent Review, the Group initiated a rank promotion project, under which some of its core staff, excellent staff with outstanding capability, performance and potential were comprehensively assessed in terms of performance, working ability and overall quality, and those who met the requirements were promoted, so as to stimulate the motivation and creativity of our staff, provide them with an upward path for career development, and rationally optimize the Group's talent structure and ensure that the promotion plan is in line with the future development strategy of the Group. Besides, the Group identified and promoted employees with outstanding abilities and potential, laying a solid foundation for the Group's sustainable development.

### 2) Diversified training system

The Group is committed to providing employees with rich learning resources and broad development space. The Group formulated and implemented the "BAIOO Training Management System", developing a comprehensive diversified training system covering management to new staff members. We conducted in-depth research on the key capabilities required for employees at various stages, developed relevant learning and training courses, and systematically promoted talent development and management.

# Environmental, Social and Governance Report

The human resources department of the Group is responsible for coordinating the preparation of monthly and annual training plans, training courses and training materials of each department, and at the same time understanding the actual implementation of training in each department. The Group encourages employees to share high-quality learning resources and enhance their personal abilities through systematic training and independent learning. The Group supports employees to explore high-quality learning resources on their own, employees can apply to the Group for financial subsidies, participate in external courses, industry forums and apply for examinations for professional qualifications related to their career development, to stimulate and ensure employees' enthusiasm for continuous learning and self-improvement.

## Training program for new staff

- It is oriented to new staff development for social recruitment and on-campus recruitment to conduct social recruitment training and on-campus recruitment training
- Social recruitment training includes courses on introduction of the Group and basic HR processes
- On-campus recruitment training is for a period of one year, which includes intensive lectures, outdoor training, tutorials and professional training
- This program facilitates the integration of new staff into the team and development of a clear direction

## Training program for management position

- It is mainly divided into training on system and workflow and management knowledge and skills
- System and workflow training is mainly carried out for newly-promoted managers, introducing functional system and office process
- Management knowledge and skills training is oriented to key management positions or reserve management positions, and is provided by external vendors
- This program empowers relevant staff members to learn and master management ability quickly

## Professional skill training program

- It is divided into two categories: in-house and external training
- Open to all staff, covering five categories of distribution, product, technology, art and function
- The in-house trainer program runs twice a week, and external trainers are regularly invited to conduct training
- This program has effectively improved the professional competence and the working efficiency of the staff

## Online learning platform

- BAI00 online learning platform "Wiki" shares valuable training materials with all staff
- Approximately 700 online courses in "Wiki" are open to all members, covering professional knowledge of different positions, management skills, case study, tips for new staff, market consultation and general workplace qualities
- Employees can post "essays", job summaries and case analyses in "Wiki", and discuss with department colleagues to fully stimulate innovative thinking and enthusiasm for learning

*Diversified training system*

# Environmental, Social and Governance Report

- **Case Sharing: New staff training program for fresh graduates in 2025**

Between July and September 2025, the Group carried out a new staff training program for fresh graduates in 2025. The training consisted of three parts: intensive training, mentorship and professional training. The intensive training courses were conducted by the Company's senior management and HR, covering topics such as an introduction to the Company, an overview of the internet game industry, corporate culture, the Company's career development paths and workplace professionalism, to help new employees understand and integrate into the Company. Through online professional courses, we helped new employees understand their job and business collaboration, enabling them to adapt to work quickly. We also arranged one-on-one mentoring for new employees and formulated tailor-made growth and training plans for them, to help them grow fast. This training program covered 25 new employees who graduated in 2025, effectively helping them quickly understand the Group and integrate into the Company, improving their capabilities in target management, resource allocation, risk management, and team collaboration, and facilitating the transition from school to the workplace.

- **Case Sharing: Training Course "AI Application Case Sharing" in 2025**

In June 2025, the Group launched a special training course entitled "AI Application Case Sharing", featuring practical cases and guidance on using AI technology in artistic design work. This course provided AI technical guidance to employees of the Group's art department, enabling them to learn cutting-edge technologies and practical cases, improve their professional competence, and further enhance work efficiency and quality of artistic design.

### 3) In-house trainer system

The Group has established an internal trainer system, which serves as an important mechanism for the exchange of experience and technology among internal employees, and also a vital platform for employees to express themselves and explore their "other aspect". The Group has formulated and implemented the Measures of Managing In-house Trainers, encouraged the staff to share internally on a regular basis to promote mutual learning and exchanging of ideas among them. The Group focuses on building a team of in-house trainers and encourages staff to apply for in-house trainer qualification on their own initiative. Employees are required to go through a series of qualification processes to become in-house trainers. Their teaching and training work will be assessed, and they are entitled to relevant rights and interests.

# Environmental, Social and Governance Report

In order to continue to give full play to the vitality and potentiality of the in-house trainer mechanism, the Group provides multi-faceted support to internal trainers and regularly provides training relevant courses and trainings for them, such as courseware development and teaching skills, to improve their teaching ability and teaching quality. Meanwhile, the Group optimized the rating criteria of instructors by assessing their competence based on the three criteria of teaching hours, course satisfaction and number of participants, and divided them into junior, intermediate and senior instructors, and enhanced the incentive level of trainers. During the Year, the number of the in-house trainer team of the Group has reached 65.

During the Year, the Group conducted 1,064.10 hours of training for a total of 761 full-time employees. Besides, the Group has invested a total of RMB125,587 in external on-the-job education and training, to broaden their horizons and enhance their professional skills and management capabilities.

	2025	Percentage of the trained employees	Average training hours per person
By gender	Male	100%	1.37
	Female	100%	1.43
By rank	Senior management	100%	1.71
	Middle management	100%	2.04
	First-line management	100%	1.33
	General staff	100%	1.37

### 3 Occupational Health and Employee Care

The Group has paid great attention to the occupational health and safety of its employees, and strictly complied with laws and regulations such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and the Production Safety Law of the People's Republic of China. It adopted a series of measures such as occupational disease prevention, care for employees and drills for workplace safety to protect the physical and mental health and safety of employees. At the same time, the Group advocated the work philosophy of "work-life balance", and actively carried out a variety of employee care and team-building activities to enhance the employees' cohesion and sense of belonging and guide employees to pursue a better life in a healthy and sustainable way. In the past three years including the Year, there were no work-related fatalities. During the Reporting Period, there were zero lost days due to work injury.

# Environmental, Social and Governance Report

## 1) Occupational Disease Prevention and Welfare Facilities

The Group attaches great importance to the health and safety of its employees. Our businesses do not involve any highly dangerous or high-risk occupational hazards, and the Group provides employees with annual physical examination and additional commercial insurance. At the same time, in order to prevent occupational diseases such as damaged cervical vertebra and painful waist and legs arising from long-term working at a desk in the office, the Group encouraged the staff to relieve fatigue by standing, walking and stretching.

We prioritize the physical and mental well-being of our employees, creating a relaxed, free, comfortable, and warm working atmosphere by providing a multifunctional and relaxing space. In the meantime, the Group provided a variety of welfare facilities, such as the purchase of multi-functional massage chairs and the setting of exclusive preferential prices, which can be used by employees after work to alleviate muscle strain. We provide free gyms and yoga rooms, and have also hired external instructors to offer various courses such as yoga, fitness training, and kickboxing at free gyms and yoga rooms on each weekday evening. We encourage employees to actively participate in physical exercise. We have also built a cat room, a library and figurine display cabinets. By providing appropriate relaxation and inspiration, we continuously stimulate employees' creative thinking.



*Fitness classes*

# Environmental, Social and Governance Report

The Group highly values employees' dining experience, creating a comfortable dining environment for employees by providing spacious, bright and pleasant restaurants. At the same time, we have taken rigorous food safety measures to ensure that employees eat safely and healthily. Allergy reminder labels are provided in the restaurants to ensure the food safety of employees. The Group adopts an "online ordering + pick-up notification" model. After placing an order online, the staff can directly go to the food counter to pick up the meal, reducing the queuing time. In order to further expand the variety of dishes, restaurants continued to introduce a total of 55 new items this year, including specialty meals and limited meals for festivals and seasons. In addition, employees can submit complaints and claims for incorrect or problematic dishes through the "restaurant suggestion box" function, the "online star evaluation of dishes" function and the online complaint channel on the enterprise's WeChat mobile terminal, which will be followed up and handled by the food service provider, thus further improving the staff's dining experience.



*Staff canteen*

## 2) Workplace Safety Maintenance

The Group believes that workplace safety is critical to the safety of lives and health of its employees and also has a direct impact on the Group's productivity and economic efficiency. The Group endeavors to reduce the probability of accidents by implementing effective safety management measures, such as providing a safe working environment for its employees and training employees to master safe operating procedures. The Group strictly complies with relevant laws and regulations including the Fire Prevention Law of the People's Republic of China and the Emergency Response Law of the People's Republic of China, and installs AED emergency equipment for cardiopulmonary resuscitation in the office to cope with emergencies. It also conducts fire safety inspections on a regular basis and organizes and participates in fire safety lectures and training to continuously enhance the awareness of its employees on fire safety and emergency response capabilities.

# Environmental, Social and Governance Report

- **Case sharing: AED first aid training**

In 2025, the Group invited AED first aid professionals to conduct first aid training, explaining in detail to employees how to determine whether the person being rescued needs CPR, including the judgment of consciousness, breathing and heartbeat, showing the operation process of CPR and the location of the Group's AED equipment, and with the help of videos, pictures and on-site practice on dummies, they explained and demonstrated the correct operation and precautions of the AED equipment in a step-by-step manner. Under the demonstration and guidance of the professionals, all the participating employees carried out the operation of the first aid process.



*AED first aid training*

### 3) Care for Females

The Group attaches great importance to the care and protection of female employees. The Group helps female employees adapt to the work environment and promotes gender equality in the workplace by providing facilities and benefits for female employees such as convenient washrooms, nursing rooms and “Channel for Mothers-to-be” in staff restaurants.

#### Convenient washrooms

- The Group renovated and relocated the original women’s washrooms in the office building to within the Group’s office area, increased access protection, provided menstrual hygiene products to female employees to ensure their safety and convenience when using the washroom.

#### Nursery

- The Group provides fully-equipped nursing rooms, including door curtains, tables and chairs, washrooms, refrigerators and other equipment, which fully shows our respect and protection for employees’ privacy, and which has been unanimously recognized and praised by many new mothers in the Group.

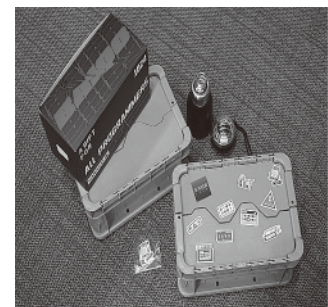
#### “Channel for Mothers-to-be” in staff restaurants

- The Group has also opened the “Channel for Mothers-to-be” in staff restaurants for our pregnant female staff to take food separately without waiting in line. This can prevent mothers-to-be from being bumped in a crowded situation while there are more people at mealtimes, thus enhancing the experience of work and life of the pregnant female employees.

# Environmental, Social and Governance Report

## 4) Staff Activities and Humanistic Care

The Group is an advocate of work-life balance. The Group has established a trade union committee and regularly holds various leisure festival activities for the employees. In 2025, the Group conducted a series of festive activities. At the start of the New Year, we distributed New Year's red envelopes to inject vitality for the new year's endeavors; on Women's Day, we held an "Everything is Lovely" themed activity, preparing goddess gift boxes and conveying care for women through activities such as collage poetry creation and lucky draws; for the Dragon Boat Festival, we prepared "Full Power" gift boxes to encourage employees to forge ahead; and for the Mid-Autumn Festival, we prepared "Meow Star Resides on the Moon" gift boxes, with "Tian Tian" (田田), "Tian Tian" (天天) and "Yuan Yuan" (缘缘), which accompany employees at work, bringing blessings and wishing all employees a fulfilling and happy life. In the meantime, the Group specially designated October 24th as Programmer's Day, using fun competitions to relieve the work pressure of technical staff and enhance team cohesion. Through a series of festive activities, we enriched the cultural life of our employees, creating a lively, positive, and healthy atmosphere, enhancing team cohesion, and increasing employees' sense of happiness and belonging.



Festive gift boxes

## 4 Labor Rights and Interests

The Group formulates and implements the internal management system of “Employee Handbook” and “Personnel Management System”, and provides employees with opportunities to speak freely by establishing diversified communication and complaint channels and ensures that employees’ voices are effectively conveyed and responded to. Meanwhile, the Group resolutely prohibits the employment of child labor and forced labor, opposes any form of discrimination and harassment, and fully protects the vital interests of employees.

### 1) Staff Satisfaction and Complaints

The Group encourages and requires all employees to maintain adequate communication, and clarifies employee communication channels and grievance procedures in the “Personnel Management System”. The Group hopes to understand employees’ opinions and feedback in a timely manner, enhance friendship, help each other, learn from each other, make progress together, and form a united, cooperative, and mutually beneficial working atmosphere of unity within the department and the entire Group.

#### Employee communication channels

- Employees are free to join any trade unions or similar organizations;
- Employees can learn about the Group’s various notices via OA bulletin board, intranet, email and other channels;
- Employees can submit suggestions and opinions on various aspects of the Group through email and follow the complaint and appeal procedure;
- Employees have the right to express personal opinions or complaints to their direct superiors, higher-level superiors, and human resources department;
- To conduct face-to-face interviews at the critical stages of work career including career entry, promotion and resignation; and
- To issue questionnaires regularly to understand the degree of satisfaction and demands of the employees.

# Environmental, Social and Governance Report

## **2) Prohibition of Child Labor and Forced Labor**

The Group strictly complies with relevant laws and regulations such as the Labor Law of the People's Republic of China, the Employment Contract Law of the People's Republic of China and the Law of the People's Republic of China on Protection of Minors, and strongly prohibits hiring child labor or forced labor. During the recruitment process, we strictly require applicants to provide materials such as their ID cards to verify their identity, age, and resume of job applicants, so as to eliminate mis-employment from the root cause. The Group strictly prohibited to employ child labor. If it is found that the management personnel intentionally assist the applicants to conceal their true identity and age and use false identity certificates to enter the Group, the Group will seriously deal with it according to the system. In the meantime, the Group eliminates forced labor, implements flexible working hours and is opposed to working overtime. The employees who need to work overtime should apply in advance and the Group will grant the employees paid leave or overtime compensation. During the Reporting Period, no child labor or forced labor has been employed by or occurred in the Group.

## **3) Diversity and anti-discrimination**

The Group has formulated and implemented the Prohibition of Discrimination and Sexual Harassment System, and strictly maintains a working environment where everyone is equal and respected. In terms of employee recruitment, wages, benefits, training, promotion, etc., the Group does not discriminate on the basis of race, social status, nationality, religious belief, age, disability, gender, marital status, pregnancy, sexual orientation, political affiliation, etc., and abuse and harassment of employees are strictly prohibited. During the Reporting Period, the Group did not receive any complaints regarding infringement of the staff's rights and interests.

## VI. COMPLIANCE OPERATIONS AND ANTI-CORRUPTION

The Group has always adhered to the concepts of compliance operations, honesty and integrity, and has formulated and implemented various internal management systems, such as Contract Review Methods and Highlights, Practical Guidelines on Anti-Corruption and Employees' Handbooks, to continue to improve the construction of the compliance system and enhance the level of operation and management as well as risk prevention capabilities. Meanwhile, the Group continues to strengthen the construction of a culture of integrity, improve employees' awareness of integrity, and create an honest and trustworthy, clean and upright business environment.

### 1 Compliance Operations

The Group strictly complies with the relevant national laws and regulations and obtained relevant official qualifications and licenses such as the Network Culture Operation License, the Online Publishing Service License, and the Publication Operation License of the People's Republic of China. At the same time, all departments of the Group adhere to operating in compliance with the laws, strictly comply with the relevant laws and regulations of the state, actively cooperate with supervision and administration, and strictly comply with relevant requirements to obtain relevant qualifications and licenses in accordance with the law. The Group pays close attention to industry developments and the publication of the latest laws and regulations, making timely comparison and adjustment, self-examination and self-correction. We voluntarily participated in industry self-discipline, maintains close and good communication with competent authorities, industry associations and other organizations, and uses industry associations to integrate resources and information sharing to jointly maintain the healthy development of the game industry.

The Group has a public affairs department that effectively strengthens close communication with government authorities, industry associations and other organizations, tracks and implements the new industrial regulations in a timely manner, and ensures that the Group operates in accordance with laws and regulations; Legal affairs department of the Group strictly implements the Guidelines for the Legal Affairs of BAIOO, and carries out legal affairs such as contract review and approval, legal document review, intellectual property protection, infringement complaints, etc. in accordance with the standard operating specifications to protect the legal rights and interests of the Group; and overseas issuance team cooperates with the legal affairs department and various business departments to identify compliance risk points in overseas regions and is committed to ensuring the compliance operations of the Group's overseas business.

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In 2025, the legal affairs department of the Group issued the Administrative Measures for Legal Affairs, which set out standardized requirements for the legal review process of the Group's contracts. In collaboration with the technology department, we designed and implemented a contract and document legal review workflow system. Through multiple rounds of internal testing and refinement, the system workflow was optimized to accommodate review needs under various scenarios, enabling automated sequencing of tasks and providing functionalities such as ledger overview and search, thereby ensuring that the contract and document legal review workflow system is put into stable and smooth use. At the same time, we prepared supporting guidelines for system operation, organized training sessions across departments to provide instructions, and offered follow-up guidance. By leveraging the contract and document legal review workflow system, we have ensured a clear and streamlined approval process, further enhancing operational efficiency.

In 2025, the Group's legal affairs department carried out special initiatives with a focus on trade secret protection and recorded training videos for trade secrets protection, and collaborated with business departments to design trade secret protection exam questions tailored to the actual situation. The Group organizes all employees to participate in time-limited video learning and exams, and systematically records their learning time, exam time, and exam scores. Employees are required to achieve full marks to pass the exams. We also require new recruits to sign non-disclosure agreements, watch training videos and pass exams. For certain projects, we require the personnel involved in the projects to sign specific non-disclosure agreements, and also require service providers and outsourcers to sign non-disclosure agreements.

• **Case sharing: “BAIOO Legal Express” subscription account article sharing**

In 2025, the Group's legal affairs department published educational articles on the first case in China involving the judicial protection of trade secrets regarding configuration tables of game design, further clarifying the key points of copyright ruling. At the same time, the Group also issued popular educational articles on content that is vulnerable to infringement, such as privacy rights and personal information, to remind our business departments to comply with relevant regulations and enhance the compliance awareness of all employees.



“BAIOO Legal Express” subscription account article sharing

## 2 Anti-corruption

The Group strictly complies with relevant laws and regulations, such as the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery, the Anti-Monopoly Law of the People's Republic of China. The Group has a policy of zero tolerance towards corruption and has formulated and enforced internal systems such as the Anti-Fraud, Anti-Corruption and Report Management System and the Practical Guide on Prevention of Corruption to clarify the specific requirements of anti-corruption, anti-bribery and anti-money laundering work in prevention, control and feedback. During the Reporting Period, the Group did not involve in any corruption litigation cases or received any related reports.

The Group has established multiple reporting channels to receive reporting information via email, reporting telephone, anonymous letters, etc., and will publicize reports received on internal and external network. For the reporting information received, the Group has formulated clear handling procedures, reward and punishment plans and remedial measures. In addition, the Group specified the protection mechanism for whistleblowers, and those who divulge the whistleblower's information, retaliate against the whistleblower, or make false or malicious accusations against the whistleblower will be considered as serious violations of the Company's rules and regulations, and will be dismissed with their employment contract terminated. If the relevant behavior violates the law, the Group will transfer the perpetrator to the judicial organization for handling in accordance with the law. Furthermore, the Group regularly organizes subject talk and training on anti-corruption for all employees and directors of the Group, emphasizing on the Group's "third rail" as well as its management practices and strengthening the awareness of integrity and work ethics of all employees.

The Group has established a comprehensive database on the work platform, which is updated annually, the content of which includes group strategy, group system rules, and guidelines specifically tailored to the needs of inter-departmental collaboration. It creates an open, transparent and efficient working environment, further strengthening our employees' understanding of the Group's internal systems, including anti-corruption systems and related content, and enhancing the Group's overall supervision and risk prevention efforts. During the Year, the average daily usage frequency of the Group's knowledge base is approximately 2.6 times.

During the Year, the Group organized anti-corruption related training with a total of 565 participant sessions involving directors and employees, totaling 565 hours. The anti-corruption training covers the Group's anti-corruption policy and risk management approach etc., ensuring that the employees are fully aware of the anti-corruption policy, the process of managing corruption risks and are familiar with their corresponding roles and responsibilities in anti-corruption and business ethics, to cultivate employees' strong anti-corruption awareness and professional integrity.

# Environmental, Social and Governance Report

During the Year, in order to consolidate the results of anti-corruption training, foster a culture of integrity and compliance, and prevent conflicts of interest and integrity risks, the Group required employees to truthfully fill out the Employee Integrity and Self-Discipline Declaration Form, covering declarations on conflicts of interest, gifts, gratuities and hospitality, conduct in office, and integrity self-inspection. When obtaining the declared information, we confirmed with the employees that they had read and understood the contents of the Employee Integrity and Self-Discipline Declaration Form, the Employee Handbook, the Practical Guide on Prevention of Corruption, and other relevant compliance regulations and policies of the Group, and that the disclosure is true, complete, accurate and without any concealment, and that our employees were aware of and consent to the Group's handling of such disclosure in accordance with its rules and regulations, confidentiality terms, and other provisions.

- **Case sharing: Anti-Corruption Training**

In 2025, the Group organized anti-corruption training for Directors, senior management and staff of the Hong Kong-listed company to help the Group's directors, senior management, and all employees clarify the boundaries of their powers and responsibilities, clearly define the red lines of integrity and compliance bottom lines, sort out the Group's anti-corruption priorities, publicize the reporting channels and accountability mechanisms, strengthen the authority of internal audit and compliance supervision, and ensure the effectiveness of the internal control system.



*Anti-Corruption Training*

## VII. RESPONSIBILITY OF THE SUPPLY CHAIN

Adhering to the concept of “win-win cooperation and sunshine procurement”, the Group strictly complies with the Bidding Law of the People’s Republic of China, Government Procurement Law of The People’s Republic of China and other relevant laws and regulations, formulates and implements internal systems such as the “Commerce Management System”, the “Supplier Selection Management System”, to standardize the selection, evaluation and management of suppliers, and incorporates the supplier’s code of conduct into the “Commerce Management System”, clarifying the requirements and assessment process of environmental management, labor rights, equality and anti-discrimination and anti-corruption of suppliers, and is committed to creating an open and transparent environment for sunshine procurement. At the same time, the Group gives priority to the selection of products and suppliers that are conducive to the sustainable development of society and the environment, and urges suppliers to jointly promote the development of green supply chain. In 2025, the Group has 235 suppliers, all of whom are subject to supplier admission, evaluation, and management practices. The number of suppliers by region is as follows:



● Shanghai, 27	● Hangzhou, 6	● Shenzhen, 19	● Beijing, 29	● Dongguan, 2	● Guangzhou, 94
● Xiamen, 3	● Guizhou Province, 1	● Changsha, 1	● Wuhan, 2	● Nanjing, 1	● America, 4
● Australia, 1	● Foshan, 5	● Hefei, 2	● Jiangsu Province, 1	● Chengdu, 20	● Leshan, 1
● Wuhu, 1	● Suzhou, 5	● Shenyang, 1	● Beihai, 2	● Fujian Province, 1	● Zhejiang Province, 1
● Shantou, 2	● Zhengzhou, 1	● Suzhou, Anhui Province, 1	● Tianjin, 1		

### 1 Supplier Acceptance

The Group divides existing suppliers into three categories: card suppliers, other procurement suppliers and major contract suppliers, and formulates the corresponding supplier entry rules for each category. The Group has set up an internal assessment team to understand and collect supplier information through multiple channels. After selecting suppliers with good reputation, the Group organizes site visits, and compares and evaluates the management of operation, manufacturing capability, technical level, quality level, delivery capability, price level, after-sales service and

# Environmental, Social and Governance Report

other indicators of suppliers by adhering to the principles of openness, impartiality and merits, and determines the final list of suppliers based on the evaluation results. When selecting catering suppliers, the Group focuses on the source of food, quality of ingredients, the distribution sites, service experience to ensure the safety of food and quality of service.

## 2 Supplier Assessment

At the end of each year, the finance department and relevant departments are responsible for conducting assessments of suppliers selected by the Group. The assessment criteria include the business scale, quality level, delivery capability, price level, technical capability, service quality, compliance with code of conduct of the supplier, and the assessment team will evaluate by weight for different indicators. The assessment results of the suppliers are divided into three levels: A being the highest level and priority will be given to those so evaluated in future procurement deals, with procurement proportion increased if necessary; for those evaluated the intermediate level of B, normal transactions and procurement proportion can be maintained; for those evaluated the lowest-level of C, our partnership will be terminated and replaced with new suppliers. The results of the assessment are recorded in the Annual Supplier Assessment Form, which is kept by the finance department. After the completion of the annual assessment, the finance department will update the List of Major Suppliers based on the results of the assessment.

## 3 Environmental and social risk management of the supply chain

The Group attaches great importance to the sustainable development of the supply chain by giving priority to suppliers which can promote social and environmental sustainable development, and formulates requirements of code of conduct for suppliers in selecting suppliers, requiring them to comply with the following codes of conduct at the lowest limit:

- **Compliance with laws and regulations:** All applicable laws and regulations must be observed in the course of operation;
- **Environment:** Appropriate systems should be adopted to assess, measure and reduce the impact of business operations on the environment;
- **Child labor and forced labor:** Workers below the legal working age shall not be employed; no forced labor, coerced labor or bonded labor in any form shall be employed;
- **Salary and working hours:** All employees should sign employment contracts in accordance with local laws; the supplier shall comply with the local applicable statutory minimum wage level and self-discipline code; overtime compensation shall be paid in accordance with the law, and the hours shall be within the legal working hours limit;
- **Labor Relations:** Appropriate communication mechanism and appeal procedures should be in place to enable employees to express their demands and appeal to the management;

# Environmental, Social and Governance Report

- **Health and safety:** Health and safety policies should be formulated, and operation procedures should be clearly listed to reduce the chance of injury or illness of employees and protect their health; Training on occupational safety and relevant codes of practice should be provided for employees to ensure safety for themselves and other employees;
- **Discrimination:** When hiring employees, the main determinant shall be whether the candidate meets the job requirements. No discrimination against employees on the basis of gender, race, nationality, age, marital status, child status, sexual orientation, religion or physical disability will be allowed;
- **Suppliers and subcontractors:** If applicable, code of conduct meeting the requirements of suppliers shall be formulated and salary should be paid to their suppliers and subcontractors on time; and
- **Bribery and corruption:** Policies, codes of conduct and operating procedures should be formulated to eliminate any form of bribery, corruption and fraud and ensure strict implementation.

At the same time, the Group actively responds to the national goal of achieving carbon peak and carbon neutrality, practices green and low carbon concept and promotes the awareness of ESG management to the suppliers, and takes full account of factors such as environmental protection, resource conservation, safety and health, recycling and low carbon and recycling promotion in procurement decisions, for example, priority is given to cloud server providers with the concept of green data center, and we actively build green supply chains. Energy-saving and eco-friendly products, such as LED lighting, split air conditioners and computers with national energy-saving certification, etc., are our first choice in decoration materials and office equipment in the office area of the Group to reduce energy consumption.

## 4 Supplier Communication and Management

The Group maintains transparent and smooth communication with suppliers on the basis of mutual trust and cooperation to ensure that the demands of both parties are timely addressed to, striving to build a mutually beneficial and win-win cooperative relationship. The finance department requires the existing suppliers to update their qualification information at the beginning of each year to ensure the completeness and accuracy of the suppliers' information. The administrative department holds suppliers' meeting every month and regularly follows up on the daily operation of the suppliers so as to maintain effective communication and solve any problems in a timely manner.

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Besides, for the catering suppliers, the Group has developed monitoring measures for daily management as follows:

Ensure food safety in restaurant	Maintain sanitation of the restaurant environment	Improve the service quality of the restaurant
<ul style="list-style-type: none"><li>• implement a quarterly sampling mechanism for on-site dishes and tableware and send to a third party for testing;</li><li>• conduct spot checks at the suppliers' "central kitchens" on an ad hoc basis every month, which includes warehouse inventory, food preservation and production process, environmental sanitation, etc., and maintain the records of the checks.</li></ul>	<ul style="list-style-type: none"><li>• regularly conduct the general cleaning every week and arrange professional disinfection companies for door-to-door quarterly treatment;</li><li>• check the sanitation of the restaurant environment every day to ensure the comfort of the restaurant environment.</li></ul>	<ul style="list-style-type: none"><li>• check the food products every day to ensure the effectiveness of the food supply;</li><li>• check the dressing of the staff, and check the health certificates regularly;</li><li>• implement the punishment mechanism for complaints received into the contract terms and clarify the compensation terms and coverage.</li></ul>

## VIII. ENVIRONMENTAL RESPONSIBILITY

The Group actively responds to the national dual carbon goal, and incorporates environmental protection concepts into its routine operations and management, strictly follows the laws and regulations including the Environmental Protection Law of the People's Republic of China and Atmospheric Pollution Prevention and Control Law of the People's Republic of China, formulates and implements the Office 5S Management Regulations, the Fixed Asset Management System and other policies on environmental protection, continuously carries out a series of measures such as energy conservation and emission reduction, water conservation and waste classification, etc. to improve the efficiency of energy and resource utilization and fulfill its environmental responsibilities. At the same time, the Group further improves its climate change response mechanism, enhances its risk identification and control capabilities, seizes the opportunities created by climate change, and achieves green transformation. The Group also organizes environmental campaigns to raise awareness of environmental protection among all sectors of the society.

### 1 Green Operation

The Group always adheres to the concept of green development, conducts daily operation and management under the principle of "green office, energy saving", identifies energy consumption and emission points of operation management, optimizes green operation measures, and reduces carbon emissions. Meanwhile, the Group implements water resource management and waste management in a planned manner, explores the green circular economy, and strives to create a green and low-carbon office environment.

#### 1) Save energy and resources and reduce carbon emissions

The Group attaches great importance to conserve energy and reduce emissions in its operations. It has formulated energy conservation and emission reduction goals, and actively takes measures to promote the realization of the goals.

**The Group's objectives:** to put into practice the operation mode of low-energy consuming and sustainable development, explore green and low-carbon office, improve energy efficiency.

By 2030	With 2023 as the base year, Scope I and Scope II greenhouse gas emissions will be reduced by 50%
In 2030	Follow the national Dual Carbon Goals to reach carbon peak in 2030
In 2060	Follow the national Dual Carbon Goals to achieve carbon neutrality in 2060

The Group's measures on the management goal include:

- Employees are encouraged to choose public transport mode, green travel and reduce personal carbon footprint;

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- The office shall be equipped with LED lamps, and the electric lamps shall be turned off during lunch break, and the energy-saving and environmental protection signs shall be posted. The electric lamps in the meeting rooms, training rooms and other public areas shall be turned on and off at the same time; Arrange personnel to patrol and turn off the power supply after work and before holidays;
- The Group promotes green supplies and encourages and advocates the selection of reusable office stationery; electronic office equipment shall be products with energy-saving certification marks, and the maintenance for failure shall adopt the mode of repair or replacement of parts to reduce the waste of resources newly purchased;
- The air conditioning temperature shall not be too low, the room temperature shall be kept at 26°C, and the temperature difference shall not exceed 1°C; fresh air systems are installed on all floors of the Group to lead the outdoor air into the room after purification and discharge the indoor air out of the room after purification;
- The Group completely decommissions the physical computer rooms, switches to lease a cloud server provider with a green data center concept and migrates all services to the cloud-based platform;
- The Group further integrates server iterations, eliminates low-performance servers, enhances the deployment and use of virtualized servers, and reduces energy consumption;
- The Group quarterly adjusts the operating parameters of environment monitoring equipment (precision air-conditioners) in the internal data center and sets up mechanisms such as intelligent rotation and switching to ensure minimal power consumption under seasonal changes;
- The Group adopts a modular construction approach in the data center, where the closed-loop refrigeration design achieves a 10%–15% reduction in energy consumption compared with traditional cabinet setups; and
- The Group continues to upgrade and optimize its servers by phasing out outdated, low-performance servers and strengthening the deployment of virtualized servers, thereby reducing energy consumption.

During the Year, the Group completed the relocation of its workplace, which led to a significant increase in electricity consumption, resulting in an overall increase in the Group's electricity consumption.

### 2) Conservation of water resources

The Group attaches importance to the efficient utilization of water resources in its operations and has formulated and implemented various water conservation measures to enhance the efficiency of water resources. The Group had no water pressure in business operation and no difficulty in sourcing suitable water.

**The Group's objectives:** Water resources should be used scientific rationally to improve the efficiency of water usage.

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The Group's measures on the management goal include:

- set up water-saving faucets in toilets, and strengthen daily maintenance and management to reduce the waste of water resources; and
- strengthen internal publicity and implementation by posting environmental protection signs and other ways to improve employees and cleaning personnel's awareness of water conservation.

During the Year, the Group completed the relocation of its workplace, which lead to a significant increase in water consumption, resulting in an overall increase in the Group's water consumption.

### 3) Waste management

In compliance with the Law on the Prevention and Control of Environmental Pollution by Solid Waste and other regulations, the Group adheres to the principles of reduction, recycling and harmlessness and strictly manages the discharge and treatment of waste. The Group's waste mainly consists of waste gas produced by the use of official vehicles, domestic waste produced in office areas and a small amount of discarded electronic equipment. The Group does not discharge waste directly into water or land.

**The Group's objectives:** Materials recycling should be improved and waste should be reduced.

The Group's measures on the management goal include:

- Garbage classification is advocated to set up special garbage bins for recyclable garbage, other garbage, kitchen waste, and harmful garbage, and the cleaning personnel will pack and transport the classified garbage to the centralized treatment point, and then the property management company will handle it uniformly;
- Garbage recycling is recommended to separate the paper, plastic, glass, metal and electrical appliances with recycling value in office garbage and to store them separately, and submit to the waste recycling agency for comprehensive utilization;
- Hazardous waste is sent to the community centralized collection site for professional treatment according to the regulations. For the waste ink cartridges, toner cartridges and instruments and equipment that cannot be reused, the Group will arrange relevant personnel to collect them uniformly and regularly submit them to the supplier for treatment;
- The "green printing" policy is strictly implemented to set the monthly limit of printing/copying paper for employees, and the administrator of the printing and copying machine regularly monitors the background data, supervises the use of office paper, advocates the reuse of printing paper, recycles daily single-sided paper documents that do not involve confidentiality as secondary paper, and sets up a special secondary environmental protection paper storage cabinet in the printing area; and

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- Promote paperless office, launch more approval processes in the OA system, and convert traditional paper approvals into online approvals, enabling electronic applications, electronic approvals, e-signatures and electronic archiving; use the Feishu Cloud document function to enable multiple people to access and edit at the same time, reducing the need to deliver documents through paper, express delivery, etc., to improve work efficiency and reduce office paper consumption.

During the Year, the total amount of hazardous waste of the Group increased significantly, mainly due to the disposal of a large number of obsolete or non-removable electronic equipment. At the same time, the Group completed the relocation of its workplace, which led to an increase in the total amount of non-hazardous waste, resulting in an overall increase in total amount of non-hazardous waste of the Group.

## 2 Responding to climate change

In line with the global trend of sustainable development, the Group continues to focus on the impacts of climate change. By clarifying governance responsibilities, enhancing strategic guidance, optimizing risk management processes, and establishing and monitoring relevant indicators and targets, the Group further strengthens its resilience and capacity to address risks and opportunities relating to climate change.

### Governance

The Group incorporates climate-related governance responsibilities into its ESG governance structure. As the highest supervisory body for ESG matters, the Board also includes climate-related matters within its scope of approval, oversight and management. The Board monitors and manages such matters through biannual ESG and climate reporting meetings and regularly reviews the progress of ESG and climate targets to ensure the close alignment of ESG and climate initiatives with the Group's business strategy. The ESG Management Committee of the Group is responsible for formulating and reviewing related policies on climate change, and includes "Response to Climate Change" in its annual materiality for continuous assessment. The Committee is also responsible for supervising whether the Group effectively manages the risks and opportunities relating to climate change in the process of operation to mitigate the impact of climate change on business, and strengthen the Group's ability to adapt to and withstand climate change. The Committee also reports regularly to the Board on climate-related performance and progress. Each functional center within the Group formulates and implements specific climate change initiatives in accordance with the guidelines of the ESG Management Committee, and reports progress to the ESG Management Committee on a regular basis.

The Group ensures that its ESG governance structure possesses the necessary experience and capabilities by inviting external experts to provide training on climate change topics, thereby equipping the ESG governance structure with the professional knowledge required to effectively discharge climate-related governance responsibilities. At the same time, the Group links its annual ESG and climate-related performance to the performance evaluations of Directors, management and employees, so as to incentivize and promote the Group's fulfilment and advancement in ESG and climate-related matters. During the Year, the Group organized one ESG and climate-related training session with eight participants.

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## Strategies

To effectively manage climate change risks, mitigate the impacts of climate change on the Company's business, and adapt to changes in the climate environment, the Group has formulated policies on climate change, the details of which are as follows:

- Establish a carbon-neutrality vision and implement relevant initiatives to reduce carbon footprint;
- Adopt effective measures in energy and carbon management to enhance energy efficiency across business operations;
- Increase the use of renewable energy through the purchase of renewable energy from external sources and other feasible means;
- Promote and encourage employees, suppliers and customers to reduce carbon emissions in their daily business activities;
- Take climate change factors into account during procurement and encourage the use of low-carbon and energy-efficient products and materials;
- Assess risks and opportunities brought by climate change to deepen understanding of their impacts on business operations, as well as related financial risks and opportunities;
- Develop appropriate measures to prevent or mitigate potential disruptions caused by climate change to the Group, respond to climate-induced events, and capture opportunities arising from climate change;
- Monitor the impacts of climate change on business and carbon management targets;
- Maintain communication with employees, suppliers, customers, other stakeholders and the community to convey information on the impacts of climate change and the Group's climate change strategy, and to help strengthen their resilience to climate change;
- Disclose climate change related risks of the Group and corresponding management measures.

In light of the relief arrangements of the Stock Exchange (including reasonable information relief, capabilities relief, and financial effects relief), this report does not disclose details on financial effects and climate-related scenario analysis for the time being, but instead focuses on qualitative description. In addition, we have not implemented our climate-related transition plans. The Group is committed to continuously enhancing its relevant capabilities and will progressively improve them in our future reports.

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The Group actively identifies and assesses climate-related risks and opportunities and monitors their potential impacts. During the Year, the identification results of our climate-related risks and opportunities are as follows:

Risk type	Risk description	Value chain		Response measures
		impacts	Time horizon <sup>7</sup>	
Transition risks	Policies, regulations and laws	Upstream	Medium-term	<ul style="list-style-type: none"> <li>Continue to pay attention to national game-related laws and regulations and system dynamics</li> <li>Continue to pay attention to the development of national laws and regulations related to climate change</li> <li>Establish a compliance management system that conducts regular identification, early warning, assessment, decision-making and supervision of categorized risks to ensure compliance across all aspects and stages of our operations</li> <li>Continue to promote energy conservation and consumption reduction measures to reduce GHG emissions</li> </ul>
		Operation	Long-term	

<sup>7</sup> Time Horizon: The Group identifies climate-related risks and opportunities across short-term (1–2 years), medium-term (3–5 years) and long-term (over 5 years) time horizons.

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Risk type	Risk description	Value chain		Response measures
		impacts	Time horizon <sup>7</sup>	
Market	Increasing market awareness of climate change may lead to shifts in customer behavior preferences, with a tendency to favor products and services that possess green and eco-friendly attributes	Operation	Medium-term	<ul style="list-style-type: none"> <li>Real-time tracking of customer behavior preferences, and timely increasing efforts to develop green eco-friendly products</li> <li>Embedding green and low-carbon practices across daily business operations, including game launch operations and merchandise designs</li> </ul>
	The value of resources such as electricity, fuel and water may fluctuate with the impact of climate change	Operation	Short-term	<ul style="list-style-type: none"> <li>Strengthen the promotion and management of energy conservation and consumption reduction</li> <li>Prioritize the use of energy-conserving equipment and reduce unnecessary energy consumption</li> </ul>
Technology	Energy-efficient equipment and technologies evolve rapidly, which may render the Group's existing technologies and equipment obsolete prematurely	Operation	Short-term	<ul style="list-style-type: none"> <li>Pay attention to technological developments and replace equipment in a timely manner to meet energy-consumption requirements and enhance efficiency. Implement new technologies such as cloud services and artificial intelligence to facilitate product upgrades and improve operational efficiency</li> </ul>

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Risk type	Risk description	Value chain		Response measures
		impacts	Time horizon <sup>7</sup>	
Reputation	Poor and negative news on environmental protection and climate change may affect the reputation of the Group	Operation Downstream	Short-term	<ul style="list-style-type: none"> <li>Strengthen brand building, and incorporate green elements into the game</li> <li>Actively undertake and disclose green environmental protection and climate change response measures and achievements</li> <li>Establish diversified communication channels to gain insights into the expectations of various stakeholders regarding the Group's business and sustainability performance</li> </ul>
Physical risks	Acute risk Daily operation is interrupted due to power outages, water shutdown, damages to server room facilities, and disruptions to employee commuting and canteen catering services, caused by natural disasters such as typhoon, flood, drought or extreme weather	Operation	Long-term	<ul style="list-style-type: none"> <li>Completely shut down physical server rooms for online services, migrate all relevant service contents to the cloud servers and conduct regular inspections</li> <li>Pay close attention to weather conditions and send early warning information to local employees ahead of extreme weather</li> <li>Formulate contingency plans for environmental risks, conduct emergency drills, and maintain reserves of emergency supplies</li> </ul>

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Risk type	Risk description	Value chain		Response measures
		impacts	Time horizon <sup>7</sup>	
Chronic risk	Regional climate change caused by rising average temperature and sea level may affect the performance of electronic equipment and shorten their lifespan	Operation Downstream	Short-term	<ul style="list-style-type: none"> <li>Regularly carry out data validation of data disaster recovery system, establish offline data backup, and ensure the availability and integrity of backup data</li> <li>Conduct monthly data recovery emergency drill and result analysis</li> <li>Proactively identify and assess chronic climate risks and incorporate them into workplace selection considerations</li> </ul>

Opportunity type	Opportunity description	Value chain		Response measures
		impacts	Time horizon <sup>7</sup>	
Market opportunities	With the growing environmental awareness among consumers, there is an increasing preference for green games. Continuously incorporating green and environmental protection concepts into games and engaging in joint public welfare initiatives can attract more environmentally conscious consumers and help maintain market competitiveness	Downstream	Long-term	<ul style="list-style-type: none"> <li>Integrate sustainability concepts throughout all stages of game design, online operations and production and design of merchandise to promote the development of environmentally friendly products</li> <li>Establish a comprehensive project management system to reinforce adherence to and the promotion of green and environmental-protection values in projects and their content</li> </ul>

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Opportunity		Value chain		
type	Opportunity description	impacts	Time horizon <sup>7</sup>	Response measures
				<ul style="list-style-type: none"> <li>Incorporate ESG topics into brand-building efforts, and convey sustainability concepts throughout collaborations and marketing activities to expand the green consumer market</li> </ul>
Technological opportunities	Implementing new technologies such as cloud services and artificial intelligence to enhance product quality and operational efficiency, improve energy efficiency, and reduce energy costs in the production process	Operation	Long-term	<ul style="list-style-type: none"> <li>Continuously invest in R&amp;D and innovation and explore the application of new technologies in online product operations and office workflow streamlining to enhance efficiency</li> </ul>
Reputation opportunities	Actively participating in social welfare initiatives helps enhance corporate reputation and strengthen market competitiveness	Operation	Long-term	<ul style="list-style-type: none"> <li>Pay attention to community needs, maintain stable operations and provide employment opportunities to become an employer of choice</li> <li>Focus on global sustainable development by carrying out public welfare initiatives, fulfilling corporate social responsibilities and building a positive corporate image</li> </ul>

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## Risk management

The Group has established a sound risk management system, adopting a “three lines of defense” model. Various executive departments form the first line of defense for risk management, the Audit Department and the Audit Committee under the Board form the second line of defense for risk management, the risk management committee comprising the Board and Shareholders’ meeting forms the third line of defense for risk management. At the same time, the Group actively adopts response measures to mitigate the identified climate-related risks, and the relevant business departments are responsible for executing and implementing feasible countermeasures.

<b>Risk identification</b>	By extensively and continuously collecting initial internal and external information related to the Group’s risk management, including historical data and future forecasts, to avoid information loss, comprehensively identify the risks faced by various dimensions of the Group’s operations, and identify climate change risks based on the characteristics of the main business, industry characteristics, and regional climate conditions.
<b>Risk assessment</b>	Based on the Group’s risk management philosophy and risk tolerance level, formulate the Group’s strategic objectives, operational objectives, compliance objectives, and financial reporting objectives, comprehensively assess the identified risks, considering various factors that may hinder the achievement of objectives, impede the creation of value, or erode existing value.
<b>Risk response</b>	Based on risk response strategies, develop risk management solutions for various types of risks or each major risk, including specific goals for risk resolution, required organizational leadership, management and business processes involved, required conditions, means and other resources, specific response measures taken before, during and after the occurrence of risk events, and risk management tools.
<b>Risk supervision and improvement</b>	Establish a risk management information communication channel that connects the entire group to ensure timely, accurate, and complete information communication, laying the foundation for risk management supervision and improvement; require relevant departments to conduct periodic risk management self-inspections and tests, promptly identify defects and make improvements; the Audit Department regularly or irregularly supervises and evaluates whether relevant departments can carry out risk management work and its effectiveness in accordance with relevant regulations.

## Indicators and targets

In order to better understand and continuously track the effectiveness of the Group’s efforts to address climate change, the Group has set relevant targets covering energy conservation and emission reduction, water conservation, and waste management, and has actively taken measures to promote the achievement of the targets, please refer to the “Green Operations” section for details. Meanwhile, the Group continues to disclose the GHG emission data of Scope I, Scope II and certain Scope III, and continues to provide manpower support, management system construction, and financial investment for GHG reduction. The Group will continue to focus on and identify applicable category of Scope III and keep implementing emission reduction measures. In 2025,

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the Group purchased photovoltaic panels with an investment of approximately RMB0.8 million, purchased kitchen energy-saving equipment with an investment of approximately RMB0.96 million and carried out greening projects with an investment of approximately RMB80,000.

In light of the relief arrangements of the Stock Exchange (including reasonable information relief, capabilities relief, and commercial sensitivity relief), this report does not disclose cross-industry metrics, industry-based metrics, etc. for the time being. In addition, we issued a negative statement regarding internal carbon prices and remuneration. The Group is committed to continuously enhancing its relevant capabilities and will progressively improve them in our future reports.

## 3 Key Environmental Performance Data

ESG Key performance indicators	Unit	Consumption/Emission	
		2024	2025
Nitrogen oxides (NOx)	Kg	1.59	<b>1.19</b>
Sulfur oxides (SOx)	Kg	0.03	<b>0.03</b>
Particulate matter (PM)	Kg	0.12	<b>0.09</b>
GHG emissions (Scope I)	Tonne	5.29	<b>4.92</b>
GHG emissions (Scope II)	Tonne	732.58	<b>830.96</b>
Total GHG emissions (Scopes I + II)	Tonne	737.87	<b>835.88</b>
GHG emissions (Scopes I + II) intensity	Tonne/person	1.07	<b>1.02</b>
GHG emissions (Scope III)			
— Business travel	Tonne	5.79	<b>11.86</b>
Total hazardous wastes	Tonne	4.24	<b>20.23</b>
Total non-hazardous wastes	Tonne	6.49	<b>6.68</b>
Gasoline consumption	'000 kWh	19.19	<b>17.86</b>
Electricity consumption	'000 kWh	1,693.44	<b>2,147.74</b>
Direct energy consumption	'000 kWh	19.19	<b>17.86</b>
Indirect energy consumption	'000 kWh	1,693.44	<b>2,147.74</b>
Total energy consumption	'000 kWh	1,712.63	<b>2,165.61</b>
Energy consumption intensity	'000 kWh/person	2.49	<b>2.63</b>
Office paper consumption	Tonne	0.45	<b>0.47</b>
Water consumption	m <sup>3</sup>	634.00	<b>6,639.50</b>
Water consumption intensity	m <sup>3</sup> /person	0.92	<b>8.07</b>

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## Notes of the environmental data for 2025:

- The collection time of environmental data in 2025 covers from January 1, 2025 to December 31, 2025; the scope of collection includes the Group's office building in Guangzhou, official vehicles and server room used by administrative office.
- Air emissions in 2025 are generated from the gasoline consumption of the Group's official vehicles.
- The main source of GHG emissions (Scope I) is the above-mentioned consumption of gasoline; GHG emissions (Scope II) are generated from the purchased electricity. GHG emissions (Scope III) mainly include business travel by air. The relevant emission factors are referenced from the Reporting Guidance on Environmental KPIs of the Stock Exchange, the GHG emission coefficient of purchased electricity refers to the Ministry of Ecology and Environment's latest Average Emission Factor of National Power Grid. For GHG emissions from business travel by air, it refers to the ICAO Carbon Emissions Calculator (ICEC).
- The types of energy consumed by the Group in 2025 included purchased electricity and gasoline used by official vehicles; the relevant energy coefficients are referenced from the Reporting Guidance on Environmental KPIs of the Hong Kong Stock Exchange and the national GBT2589-2020 General Principles for Calculation of the Comprehensive Energy Consumption.
- Total hazardous waste included the volume of the waste electronic products, waste batteries and waste ink cartridges/toner cartridges; with waste electronic products are recycled by professional electronic product recyclers, and waste ink cartridges/toner cartridges are recycled by suppliers so as to reduce the Group's own environmental impact.
- Non-hazardous waste refers to the office garbage generated from office areas.
- Direct energy consumption refers to the use of gasoline.
- Indirect energy consumption refers to the use of the purchased electricity.
- Relevant intensity values are calculated based on the total number of employees.

## IX. GIVING BACK TO THE SOCIETY

The Group gives back to the society, builds an ecological community, fulfills its social responsibility, practices sustainable development, and works together with society to create a better future by carrying out public welfare activities such as education assistance and poverty alleviation, as well as green promotion activities such as tree planting. The Group's "BAIOO Public Welfare", which has been in operation for several consecutive years, organized 4 social welfare activities during the Year, with a total of 34 volunteer participations, benefitting 489 people, and donations amounting to RMB87,498.64.

### 1 Education assistance

- **Case sharing: Continuing Care, Building Dreams – “BAIOO Encouragement Grants” Funding Program**

In 2025, “BAIOO Public Welfare” continued to work with the Guangdong Education Foundation, deepened the promotion of “BAIOO Encouragement Grants” public welfare program, providing targeted financial assistance to students from economically disadvantaged families in eastern, western, and northern Guangdong. This project continued its previous funding model, subsidizing 10 outstanding students from Meizhou and Maoming with a scholarship of RMB3,600 per student per academic year, totaling RMB36,000 in donations to support them with concrete actions to focus on studies and achieve comprehensive development, helping them grow into pillars of society in the future. “BAIOO Public Welfare” has always firmly believed that education is a key force in changing individual destinies and driving social progress. In the future, we will continue to uphold our original commitment to public welfare, actively fulfill our corporate social responsibility, and continue to focus on rural education, contributing to the revitalization of Chinese education.



*Continuing Care, Building Dreams — “BAIOO Encouragement Grants” funding program*

- **Case sharing: Supporting Education, Nurturing Dreams — BAIOO Educational Assistance Program**

In 2025, “BAIOO Public Welfare” joined hands with the Guangdong Education Foundation to visit Liucheng Town Central Primary School, Shangba Primary School, and Xiaba Primary School in Dongyuan County, Heyuan City. They successfully held the “Supporting Education, Nurturing Dreams” — BAIOO Education Grants Presentation Ceremony and the 2025 Educational Assistance Program. A scholarship of RMB1,000 was distributed to each of the 20 outstanding primary school students from three schools who came from relatively disadvantaged families, and care packages were also prepared for them; stationery sets were also given to a total of 409 students from

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the three schools as school-opening gifts. Meanwhile, “BAIOO Public Welfare” collected the small wishes of all 48 students from Shangba and Xiaba Primary Schools, and the gifts that the children had made wishes for were handed over to them during this student assistance activity. To further understand the living conditions of the benefited students and convey deeper care, home visits were organized in this activity. Representatives of BAIOO volunteers visited the homes of four assisted students, engaging in friendly conversations with their parents and children, learning about the difficulties they encountered in their daily lives or studies, and presented home-visit gifts. A total of RMB20,000 in scholarships was donated and gifts worth approximately RMB9,682 were purchased during this student assistance activity.



*Supporting Education, Nurturing Dreams — BAIOO Educational Assistance Program*

## 2 Caring for the underprivileged

- **Case sharing: Mid-Autumn Festival Visitation and Care Activity**

In 2025, as the National Day and Mid-Autumn Festival approached, “BAIOO Public Welfare” delivered holiday gifts to a total of 70 families in need in Guangdan Community, Tiankun Community, and Huiya Community on Chebei Street. We carefully selected practical and diverse daily necessities, such as cooking oil, rice, dried noodles, laundry detergent, box-packed tissue paper, etc., and specially prepared BAIOO 2025 Mid-Autumn Festival Gift Boxes to provide them with modest help while conveying deep care and affection. A volunteer team from “BAIOO Public Welfare” visited Huiya Community to conduct visits and offered assistance. The volunteers worked in groups, focusing on visiting 10 families in need. At each household, the volunteers engaged in

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warm conversations with the residents, gaining a deeper understanding of their living conditions and practical difficulties, and delivered heartfelt gifts. The total expenditure for this activity was approximately RMB13,723, providing material assistance and emotional support to families in need. Through such activities, “BAIOO Public Welfare” reached into the community, allowing more people in need to truly feel the warmth and care from all sectors of society, while further strengthening employees’ awareness of social responsibility and fulfilling their social responsibilities.



*Mid-Autumn Festival Visitation and Care Activity*

### 3 Green promotion

The Group advocates a green and low-carbon lifestyle, actively carries out environmental awareness promotion activities and calls on all employees and the public to participate in ecological and environmental protection actions.

- **Case sharing: Endless Vitality, Building Green for the Future — BAIOO Charitable Tree-Planting Activity**

In 2025, “BAIOO Public Welfare” launched the charitable tree-planting activity of “Eternal Life, Building Green for the Future” as scheduled, over 20 employee volunteers acted as “Green Ambassadors”, sowing new greenery

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at the estuary of the Pearl River, and contributing to the construction of a green and beautiful Guangzhou. The volunteers at the tree planting site were enthusiastic, they worked together with each other, wielding shovels to dig soil, supporting seedlings and filling holes, and watering, and 20 kapok tree saplings “found their new home” in Nansha Wetland Park, planting vitality in the early spring of Nansha Wetland Park. Meanwhile, “BAIOO Public Welfare” and volunteers searched the park for the four batches of “BAIOO loving forests (百奥愛心林)” planted in previous years. Over the past six years, BAIOO Group has planted a total of 100 saplings in Nansha Wetland Park. The “BAIOO loving forest” is thriving under the nourishment of sunshine and rain, showcasing the vitality of nature and conveying the energy of continuous life. The total expenditure for this tree planting activity was approximately RMB8,092. In the future, BAIOO Group will continue to practice the concept of green development, earnestly fulfill its social responsibility, continuously carry out charitable tree-planting activities, actively participate in ecological civilization construction, and jointly build a beautiful Guangzhou.



*“Planting tree together in spring breeze” charitable tree-planting activity*

## X. INDUSTRY ASSOCIATIONS IN WHICH THE GROUP PARTICIPATED

As of December 31, 2025, the industry associations in which the Group had participated and its memberships are as follows:

No.	Name of Association	Membership Level
1	China Audio-Video and Digital Publishing Association	Director of the Working Committee on Game Publishing
3	Internet Society of China	Member
4	Guangdong Digital Publishing Association	Head Unit of the Professional Committee of Online Games Animation
6	Guangdong Entertainment & Game Industry Association	Director
7	Game Culture Industry Alliance of Tianhe Intelligent City in Guangzhou	Director
8	Guangzhou Industry Alliance of Cultural Listed Companies	Member
9	Guangdong New Social Stratum Association	Member
10	Software and Information Industry Association of Tianhe District of Guangzhou	Vice President
11	Guangzhou Game Industry Association	Vice President
12	Guangzhou Internet Culture Association	Member
13	Guangdong Provincial Internet Federation	Member
14	Guangzhou Internet Society	Member
15	BUPT Alumni Entrepreneurs Association	Director

## APPENDIX I: THE CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE STOCK EXCHANGE

ESG Indicators		Disclosure	Corresponding Section
Aspect A1: Emissions			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	VIII. Environmental Responsibility
KPI A1.1	The types of emissions and respective emissions data.	Disclosed	VIII. Environmental Responsibility
KPI A1.2	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	VIII. Environmental Responsibility
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	VIII. Environmental Responsibility
KPI A1.4	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	VIII. Environmental Responsibility
KPI A1.5	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	VIII. Environmental Responsibility

## Environmental, Social and Governance Report

ESG Indicators		Disclosure	Corresponding Section
Aspect A2: Use of Resources			
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	VIII. Environmental Responsibility
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	VIII. Environmental Responsibility
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	VIII. Environmental Responsibility
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	VIII. Environmental Responsibility
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	VIII. Environmental Responsibility
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable	The Group is a non-production enterprise, which does not use packaging material
Aspect A3: The Environment and Natural Resources			
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Disclosed	VIII. Environmental Responsibility
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	VIII. Environmental Responsibility
Aspect B1: Employment			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	V. Employment Management
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	V. Employment Management
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	V. Employment Management

## Environmental, Social and Governance Report

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

## Environmental, Social and Governance Report

ESG Indicators		Disclosure	Corresponding Section
Aspect B5: Supply Chain Management			
General disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	VII. Supply Chain Responsibility
KPI B5.1	Number of suppliers by geographical region.	Disclosed	VII. Supply Chain Responsibility
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	VII. Supply Chain Responsibility
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	VII. Supply Chain Responsibility
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	VII. Supply Chain Responsibility
Aspect B6: Product Responsibility			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	IV. Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable	The Group's business operations do not involve product recycling
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	IV. Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	IV. Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Disclosed	IV. Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	IV. Product Responsibility

## Environmental, Social and Governance Report

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

# Environmental, Social and Governance Report

Climate-related Disclosure		Disclosure	Corresponding Section
Governance	The governance body(s) responsible for oversight of climate-related risks and opportunities.	Disclosed	II. The Environmental, Social and Governance Strategy and Objective of the Group
Governance	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate related risks and opportunities.	Disclosed	
Strategy	Climate-related Risks and Opportunities	Disclosed	VIII. Environmental Responsibility
Strategy	Business Model and Value Chain	Disclosed	VIII. Environmental Responsibility

# Environmental, Social and Governance Report

Climate-related Disclosure		Disclosure	Corresponding Section
Strategy	Strategy and decision-making	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.  Information about how the issuer is resourcing, and plans to resource, the activities in accordance with how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making.	Disclosed  VIII. Environmental Responsibility
Strategy	Financial Position, Financial Performance and Cash Flows — Current Financial Effects	How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period.  Information regarding how climate-related risks and opportunities have affected its financial position, financial performance and cash flows identification for the reporting period 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.	Disclosed qualitative financial effects  VIII. Environmental Responsibility
Strategy	Financial Position, Financial Performance and Cash Flows — Anticipated Financial Effects	How the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration the following.  How the issuer expects its financial performance and cash flow to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Disclosed qualitative financial effects  VIII. Environmental Responsibility

## Environmental, Social and Governance Report

Climate-related Disclosure		Disclosure	Corresponding Section
Strategy	Climate Resilience	The issuer's assessment of its climate resilience as at the reporting date. How and when the climate-related scenario analysis was carried out.	Not yet disclosed The Group will conduct assessments and analyses in the future
Risk Management		The processes and related policies the issuer uses to identify, assess, prioritise and monitor climate-related risks and opportunities.	Disclosed VIII. Environmental Responsibility
Risk Management		The processes the issuer uses to identify, assess, prioritise and monitor climate related risks and opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities).	Disclosed VIII. Environmental Responsibility
Risk Management		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.	Disclosed VIII. Environmental Responsibility
Metrics and Targets	Greenhouse Gas Emissions	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO <sub>2</sub> equivalent, classified as: Scope 1 greenhouse gas emissions; Scope 2 greenhouse gas emissions; Scope 3 greenhouse gas emission.	Disclosed VIII. Environmental Responsibility
Metrics and Targets	Climate-related Transition Risks	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Not yet disclosed The Group's business operations do not involve assets or business activities that are subject to climate-related transition risks
Metrics and Targets	Climate-related Physical Risks	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Not yet disclosed The Group's business operations do not involve assets or business activities that are subject to climate-related physical risks

## Environmental, Social and Governance Report

		Climate-related Disclosure	Disclosure	Corresponding Section
Metrics and Targets	Climate-related opportunities	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Not yet disclosed	The Group's business operations do not involve assets or business activities related to climate-related opportunities
Metrics and Targets	Capital Deployment	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Disclosed	VIII. Environmental Responsibility
Metrics and Targets	Internal Carbon Prices	Whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis).  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.	Issued a negative statement	The Group has not set a carbon price yet
Metrics and Targets	Remuneration	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	Issued a negative statement	The Group has not yet incorporated climate-related considerations into its remuneration policy
Metrics and Targets	Industry-based Metrics	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 characterize participation in an industry.	Not yet disclosed	The Group has not yet identified or disclosed industry-based metrics
Metrics and Targets	Climate-related Targets	An issuer shall disclose the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.	Disclosed	VIII. Environmental Responsibility

# Independent Auditor's Report



To the Shareholders of BAIOO Family Interactive Limited  
(incorporated in the Cayman Islands with limited liability)

## Opinion

### What we have audited

The consolidated financial statements of BAIOO Family Interactive Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 178 to 258, comprise:

- the consolidated balance sheet as at 31 December 2025;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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# Independent Auditor's Report

## Independence

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.

## Key Audit Matters

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

The key audit matter identified in our audit is related to revenue recognition — assessment of Player Relationship Period in relation to revenue recognition of sales of durable virtual items.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p data-bbox="151 1129 794 1237"><b>Revenue recognition — Assessment of Player Relationship Period in relation to revenue recognition of sales of durable virtual items</b></p> <p data-bbox="151 1291 794 1356">Refer to Notes 4.1(a) and 5 to the consolidated financial statements.</p> <ul data-bbox="151 1410 794 1679" style="list-style-type: none"><li data-bbox="151 1410 794 1679">• Revenue from online virtual worlds of online entertainment business for the year ended 31 December 2025 amounted to RMB607,058,000, representing 99.46% of the Group's total revenue. Out of the total revenue from online virtual worlds, an amount of RMB208,077,000 is related to the sales of durable virtual items.</li></ul>	<p data-bbox="799 1129 1439 1237">Our procedures, carried out on a sample basis, in relation to management's revenue recognition of sales of durable virtual items included:</p> <ul data-bbox="799 1410 1439 1720" style="list-style-type: none"><li data-bbox="799 1410 1439 1560">• Understood, evaluated and validated the internal controls of revenue cycle, including the key controls with respect to the assessment of consumption timing of consumable and durable virtual items;</li><li data-bbox="799 1614 1439 1720">• Tested the classification of consumable and durable virtual items by comparing to the features of the corresponding virtual items in revenue recognition;</li></ul>

## Independent Auditor’s Report

Key Audit Matter	How our audit addressed the Key Audit Matter
<ul style="list-style-type: none"> <li>• Durable virtual items represent items that are accessible and available to a player over an extended period of time, and the relating revenue is deferred and recognized in contract liabilities and amortized over the life of the durable items.</li> <li>• The Group has used paying players’ relationship with the Group on an individual online virtual world basis (“Player Relationship Period”), as the best estimate, to approximate the period during which paying players use, and thus the life of, durable virtual items. Revenue from durable virtual items of a specific virtual world is recognized on a time-proportion basis over the Player Relationship Period of that virtual world.</li> </ul> <p>The determination of Player Relationship Period for relevant online virtual worlds is subject to high degree of judgements and estimates. It is made taking into account all known and relevant information available to the Group at the time of assessment and the inherent risk in relation to the assessment is considered relatively higher due to significant judgements and assumptions used. Given the significance of transactions of revenue from sales of durable virtual items and the involvement of critical accounting estimates, the assessment of Player Relationship Period is considered a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Evaluated and challenged the considerations made by management in determining the underlying assumptions for expected Player Relationship Period by comparing to historical patterns and market practice; and assessed the inherent risk of material misstatement by considering the degree of estimation judgement and other inherent risk factors;</li> <li>• Tested the integrity of the data with the involvement of our information technology specialist and recalculated the Player Relationship Period based on those data; and</li> <li>• Recalculated the revenue recognition of sales of durable virtual items based on the respective Player Relationship Period.</li> </ul> <p>Based on the above, we found that the judgement and estimates applied by management were supportable by the evidence we obtained and procedures performed.</p>

## Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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.

## Independent Auditor's Report

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.

### Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## Independent Auditor's Report

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Tsz Fai.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 26 March 2026

# Consolidated Income Statement

	Note	Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
Revenue	5	610,367	545,294
Cost of revenue	6	(309,851)	(293,232)
<b>Gross profit</b>		<b>300,516</b>	252,062
Selling and marketing expenses	6	(77,496)	(57,508)
Administrative expenses	6	(59,076)	(57,762)
Research and development expenses	6	(192,006)	(177,042)
Net impairment losses on financial assets	3.1(b)	(16,375)	(3,804)
Other income	7	—	1,106
Other (losses)/gains — net	8	(2,097)	103
<b>Operating loss</b>		<b>(46,534)</b>	(42,845)
Finance income	10	18,821	25,530
Finance costs	10	(3,754)	(1,077)
Finance income — net	10	15,067	24,453
Impairment loss on investment in an associate	15	(26,527)	—
Share of loss of an associate	15	(9,374)	(7,797)
<b>Loss before income tax</b>		<b>(67,368)</b>	(26,189)
Income tax expense	11	(7,747)	(1,767)
<b>Loss for the year</b>		<b>(75,115)</b>	(27,956)
<b>Attributable to:</b>			
— Shareholders of the Company		(75,054)	(28,030)
— Non-controlling interests		(61)	74
		(75,115)	(27,956)
<b>Loss per share for loss attributable to shareholders of the Company (expressed in RMB cents per share)</b>	12		
Basic loss per share		(2.74)	(1.03)
Diluted loss per share		(2.74)	(1.03)

The notes on pages 187 to 260 are integral parts of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Loss for the year</b>	<b>(75,115)</b>	(27,956)
Other comprehensive income	—	—
<b>Total comprehensive loss for the year</b>	<b>(75,115)</b>	(27,956)
<b>Total comprehensive loss for the year attributable to:</b>		
— Shareholders of the Company	<b>(75,054)</b>	(28,030)
— Non-controlling interests	<b>(61)</b>	74
	<b>(75,115)</b>	(27,956)

The notes on pages 187 to 260 are integral parts of these consolidated financial statements.

# Consolidated Balance Sheet

	Note	As at 31 December	
		2025	2024
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	16	263,963	257,118
Right-of-use assets	17	235,669	238,354
Intangible assets	18	6,902	2,878
Prepayments and other receivables	21	21,150	22,469
Long-term bank deposits	23	60,000	245,000
Deferred tax assets	31	5,891	13,186
Investment in an associate	15	—	35,901
Financial assets at fair value through profit or loss	22	3,861	5,000
		<b>597,436</b>	819,906
<b>Current assets</b>			
Inventories		538	113
Contract costs	28	54,159	44,834
Trade receivables	20	39,339	30,979
Prepayments and other receivables	21	25,729	34,544
Term bank deposits	23	551,000	449,000
Cash and cash equivalents	23	490,301	495,675
		<b>1,161,066</b>	1,055,145
<b>Total assets</b>		<b>1,758,502</b>	1,875,051
<b>EQUITY</b>			
Share capital	24	8	8
Share premium	24	1,094,462	1,110,449
Reserves	25	12,269	25,201
Retained earnings	27	380,784	456,087
<b>Equity attributable to Shareholders of the Company</b>		<b>1,487,523</b>	1,591,745
Non-controlling interests		7,279	7,340
<b>Total equity</b>		<b>1,494,802</b>	1,599,085

## Consolidated Balance Sheet (Continued)

	Note	As at 31 December	
		2025	2024
		RMB'000	RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Contract liabilities	28	18,353	11,330
		<b>18,353</b>	11,330
<b>Current liabilities</b>			
Trade payables	29	18,521	6,471
Other payables and accruals	30	74,082	100,413
Advances from distributors	33	15,777	16,581
Contract liabilities	28	136,931	123,224
Income tax liabilities		36	18
Lease liabilities	17	—	17,929
		<b>245,347</b>	264,636
<b>Total liabilities</b>		<b>263,700</b>	275,966
<b>Total equity and liabilities</b>		<b>1,758,502</b>	1,875,051

The notes on pages 187 to 260 are integral parts of these consolidated financial statements.

These consolidated financial statements on pages 180 to 260 were approved by the Board of Directors of the Company (the "Board") on 26 March 2026 and were signed on its behalf.

.....  
Li Chong

.....  
Wu Lili

# Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company						Non-controlling interests	Total equity
	Note	Share capital	Share premium	Reserves	Retained earnings	Subtotal		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>Balance at 1 January 2024</b>		8	1,108,922	50,526	484,313	1,643,769	7,266	1,651,035
<b>Comprehensive loss</b>								
Loss for the year		—	—	—	(28,030)	(28,030)	74	(27,956)
<b>Total comprehensive loss</b>		—	—	—	(28,030)	(28,030)	74	(27,956)
<b>Transactions with owners, recognized directly in equity</b>								
RSU Scheme:								
— Value of employee services	25	—	—	6,854	—	6,854	—	6,854
— Vesting of RSUs	25	—	32,375	(32,375)	—	—	—	—
Special final dividend of 2023	24	—	(29,775)	—	—	(29,775)	—	(29,775)
Cancellation of ordinary shares		—	(1,073)	—	—	(1,073)	—	(1,073)
Profit appropriations to statutory reserves	25	—	—	196	(196)	—	—	—
<b>Total transactions with owners, recognized directly in equity</b>		—	1,527	(25,325)	(196)	(23,994)	—	(23,994)
<b>Balance at 31 December 2024</b>		8	1,110,449	25,201	456,087	1,591,745	7,340	1,599,085

## Consolidated Statement of Changes in Equity (Continued)

	Attributable to shareholders of the Company							
	Note	Share	Share	Reserves	Retained	Subtotal	Non-	Total equity
		RMB'000	premium		RMB'000		earnings	
Balance at 1 January 2025		8	1,110,449	25,201	456,087	1,591,745	7,340	1,599,085
<b>Comprehensive loss</b>								
Loss for the year		–	–	–	(75,054)	(75,054)	(61)	(75,115)
<b>Total comprehensive loss</b>		–	–	–	(75,054)	(75,054)	(61)	(75,115)
<b>Transactions with owners, recognized directly in equity</b>								
RSU Scheme:								
– Value of employee services	25	–	–	805	–	805	–	805
– Vesting of RSUs	25	–	13,986	(13,986)	–	–	–	–
Special final dividend of 2024	24	–	(29,973)	–	–	(29,973)	–	(29,973)
Profit appropriations to statutory reserves	25	–	–	249	(249)	–	–	–
<b>Total transactions with owners, recognized directly in equity</b>		–	(15,987)	(12,932)	(249)	(29,168)	–	(29,168)
<b>Balance at 31 December 2025</b>		8	1,094,462	12,269	380,784	1,487,523	7,279	1,494,802

The notes on pages 187 to 260 are integral parts of these consolidated financial statements.

# Consolidated Statement of Cash Flows

	Note	Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	34	3,160	(32,232)
Interest received from cash and cash equivalents		4,475	10,192
Income tax refunded — net		525	2,399
<b>Net cash generated/(used in) from operating activities</b>		<b>8,160</b>	<b>(19,641)</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment and intangible assets		(71,996)	(86,599)
Proceeds from disposals of property and equipment		188	65
Interest received from term bank deposits		13,889	6,345
Payments for investment in an associate		—	(27,000)
Investment in term bank deposits		(456,000)	(599,000)
Maturity of term bank deposits		539,000	301,788
Refund of investment in financial assets		1,139	—
<b>Net cash generated/(used in) investing activities</b>		<b>26,220</b>	<b>(404,401)</b>
<b>Cash flows from financing activities</b>			
Principal elements of lease payments		(6,027)	(16,333)
Interest elements of lease payments		(189)	(1,077)
Repurchase of ordinary shares		—	(1,073)
Dividend paid to the Company's shareholders		(29,973)	(29,775)
<b>Net cash used in financing activities</b>		<b>(36,189)</b>	<b>(48,258)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,809)</b>	<b>(472,300)</b>
Cash and cash equivalents at beginning of the year		495,675	966,042
Foreign exchange (losses)/gains on cash and cash equivalents		(3,565)	1,933
<b>Cash and cash equivalents at end of the year</b>	23	<b>490,301</b>	<b>495,675</b>

The notes on pages 187 to 260 are integral parts of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 1 General information

BAIOO Family Interactive Limited (the “Company” or “Baioo”) was incorporated in the Cayman Islands on 25 September 2009 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Hutchins Drive, Cricket Square, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies.

The Company and its subsidiaries (collectively the “Group”) are principally engaged in the development and operation of online virtual world business in the People’s Republic of China (the “PRC”), as well as some other off-line businesses.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 10 April 2014.

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated, and have been approved for issue by the Board of the Company on 26 March 2026.

## 2 Basis of preparation and changes in accounting policies

### 2.1 Basis of preparation

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of BAIOO Family Interactive Limited and its subsidiaries.

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 below.

# Notes to the Consolidated Financial Statements

## 2 Basis of preparation and changes in accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### (a) Amended standards adopted by the Group

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

Amendments to IAS 21	Lack of Exchangeability
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The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards.

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

#### (b) New and amended standards not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group. These amendments are not expected to have significant impact on the entity in the current or future reporting periods and on foreseeable future transactions:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature dependent Electricity	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

# Notes to the Consolidated Financial Statements

## 2 Basis of preparation and changes in accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### (b) New and amended standards not yet adopted (continued)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS18. Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

## 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group approved by the Board.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong Dollar (HK\$) and US Dollar (US\$). Foreign exchange risk arises when future commercial transactions, recognized assets and liabilities and net investment in foreign operations. The finance department of the Group is responsible for monitoring and managing the net position in each foreign currency. The Group currently does not hedge transactions undertaken in foreign currencies but manages its exposure through constant monitoring to limit as much as possible the amount of its foreign currencies exposures.

The Group's foreign exchange risk primarily arose from the cash and cash equivalents, term bank deposits, receivables and payables denominated in HK\$ and US\$. If RMB had strengthened/weakened by 100 basis points against HK\$ and US\$ with all other variables held constant, the post-tax loss for the year ended 31 December 2025 would have been approximately higher/lower by RMB1,813,000 (2024: approximately higher/lower by RMB1,672,000).

The Group does not hedge against any fluctuation in foreign currency.

# Notes to the Consolidated Financial Statements

## 3 Financial risk management (continued)

### 3.1 Financial risk factors (continued)

#### (a) Market risk (continued)

##### (ii) *Interest rate risk*

For the years ended 31 December 2025 and 2024, management of the Group is of the opinion that interest rate risk (such as interest rate risk on bank deposits) was not material to the Group.

#### (b) Credit risk

The carrying amounts of deposits placed with cash and bank balances, term bank deposits, trade receivables and other receivables included in the financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem.

##### (i) *Impairment on cash and bank balances and term bank deposits*

As at 31 December 2025, substantially all the Group's bank deposits included in cash and bank balances were deposited with major reputable financial institutions incorporated in the PRC. There has been no recent history of default in relation to these financial institutions. The loss allowance is measured at 12-month expected credit loss and the directors consider that the amount is minimal.

##### (ii) *Impairment on trade receivables*

The Group applies the IFRS 9 simplified approach to measure the expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables.

In view of the history of cooperation with the platforms and payment channels and the collection history, trade receivables have been grouped based on shared credit risk characteristics and the days past due to measure ECL. Management collectively assessed the expected credit losses taking into account the ageing analysis and the history of bad debt losses in respect of those groups of platforms and payment channels. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the platforms and payment channels to settle the receivables.

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

- For individual trade receivables which were determined that there was objective evidence that an impairment had been incurred, the expected credit losses were separately reviewed for impairment.

# Notes to the Consolidated Financial Statements

## 3 Financial risk management (continued)

### 3.1 Financial risk factors (continued)

#### (b) Credit risk (continued)

##### (ii) Impairment on trade receivables (continued)

- For trade receivables due from customers with specific credit risks or external credit ratings. The Group applies the individual identification method based on the characteristics of credit risk of each individual balance.
  
- The remaining trade receivables due from customers are grouped based on similar credit risk, the Group calculates the expected credit loss by referring to the historical credit loss experience for each aging bucket, combining with the current situation and the forecast of future economic conditions.

The balance of each category of trade receivables as at 31 December 2025 and 2024 was as follows:

	Trade receivables	Loss allowance	Net carrying amount
<b>31 December 2025</b>			
Customers with high credit risk	1,123	(1,123)	—
Customers with specific credit risks or credit ratings	27,115	(83)	27,032
Customers grouped based on similar credit risk	12,863	(556)	12,307
	<b>41,101</b>	<b>(1,762)</b>	<b>39,339</b>

	Trade receivables	Loss allowance	Net carrying amount
<b>31 December 2024</b>			
Customers with specific credit risks or credit ratings	23,473	(127)	23,346
Customers grouped based on similar credit risk	8,616	(983)	7,633
	<b>32,089</b>	<b>(1,110)</b>	<b>30,979</b>

# Notes to the Consolidated Financial Statements

## 3 Financial risk management (continued)

### 3.1 Financial risk factors (continued)

#### (b) Credit risk (continued)

##### (ii) Impairment on trade receivables (continued)

For trade receivables based on individual assessments, the Group assesses the credit quality of the customers, taking into account of their financial positions, past experience and other factors. The expected credit loss considers the customers' external credit ratings.

For trade receivables based on similar credit risk assessments, the loss allowance as at 31 December 2025 and 2024 was determined as follows for trade receivables from customers which have been grouped based on similar credit risk characteristics:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
<b>31 December 2025</b>						
Expected loss rate	1.43%	2.38%	3.18%	12.76%	100.00%	
Gross carrying amount						
— trade receivables	7,494	2,482	1,633	1,050	204	12,863
<b>Loss allowance</b>	<b>107</b>	<b>59</b>	<b>52</b>	<b>134</b>	<b>204</b>	<b>556</b>

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
<b>31 December 2024</b>						
Expected loss rate	2.03%	3.54%	5.50%	19.77%	100.00%	
Gross carrying amount						
— trade receivables	6,558	931	109	258	760	8,616
<b>Loss allowance</b>	<b>133</b>	<b>33</b>	<b>6</b>	<b>51</b>	<b>760</b>	<b>983</b>

# Notes to the Consolidated Financial Statements

## 3 Financial risk management (continued)

### 3.1 Financial risk factors (continued)

#### (b) Credit risk (continued)

##### (ii) Impairment on trade receivables (continued)

The loss allowances for trade receivables as at 31 December 2025 and 2024 reconcile to the opening loss allowances as follows:

	2025 RMB'000	2024 RMB'000
Opening loss allowance at 1 January	(1,110)	(354)
Increase in loss allowance recognized in profit or loss during the year	(652)	(756)
<b>Closing loss allowance at 31 December</b>	<b>(1,762)</b>	<b>(1,110)</b>

Trade receivables are written off where there is no reasonable expectation of recovery indicator that the failure of a debtor to engage in a repayment plan with the Group.

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

##### (iii) Impairment on other receivables

For other receivables, the Group assessed the credit quality of the counterparties by taking into account their financial position, credit history and other factors. Management also makes periodic collective assessments as well as individual assessment on the recoverability of these receivables and follows up the disputes or amounts overdue, if any. Management assesses the loss allowance for other receivables on an individual basis were recognized and the expected loss for others on collective assessments was immaterial.

# Notes to the Consolidated Financial Statements

## 3 Financial risk management (continued)

### 3.1 Financial risk factors (continued)

#### (b) Credit risk (continued)

##### (iii) Impairment on other receivables (continued)

The loss allowances for other receivables as at 31 December 2025 and 2024 reconcile to the opening loss allowances as follows:

	2025 RMB'000	2024 RMB'000
Opening loss allowance at 1 January	(12,322)	(9,274)
Increase in loss allowance recognized in profit or loss during the year	(15,723)	(3,048)
<b>Closing loss allowance at 31 December</b>	<b>(28,045)</b>	<b>(12,322)</b>

As at 31 December 2025, the gross carrying amount and loss allowance provision of other receivables subject to individual assessment were RMB21,655,000 and RMB21,655,000, respectively. (2024: RMB3,211,000 and RMB3,211,000).

##### (iv) Net impairment losses on financial assets recognized in profit or loss

During the year, the following losses were recognized in profit or loss in relation to impaired financial assets:

	2025 RMB'000	2024 RMB'000
Increase in loss allowance on trade receivables	(652)	(756)
Increase in loss allowance of other receivables	(15,723)	(3,048)
<b>Net impairment losses on financial assets</b>	<b>(16,375)</b>	<b>(3,804)</b>

# Notes to the Consolidated Financial Statements

## 3 Financial risk management (continued)

### 3.1 Financial risk factors (continued)

#### (c) Liquidity risk

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

The table below analyzes the Group's financial liabilities into the relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
<b>At 31 December 2025</b>						
Trade payables	18,521	—	—	—	18,521	18,521
Other payables and accruals (excluding other tax liabilities and staff costs and welfare accruals)	19,674	—	—	—	19,674	19,674
	<b>38,195</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>38,195</b>	<b>38,195</b>
<b>At 31 December 2024</b>						
Trade payables	6,471	—	—	—	6,471	6,471
Other payables and accruals (excluding other tax liabilities and staff costs and welfare accruals)	54,829	—	—	—	54,829	54,829
Lease liabilities	18,279	—	—	—	18,279	17,929
	<b>79,579</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>79,579</b>	<b>79,229</b>

# Notes to the Consolidated Financial Statements

## 3 Financial risk management (continued)

### 3.2 Capital management

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

The Group monitors capital by regularly reviewing the capital structure and gearing ratio. This ratio is calculated as total liabilities divided by total assets. As part of this review, the directors of the Company consider the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. Besides, the Group's strategy, which was unchanged from 2018, was to maintain the gearing ratio within 40%.

The gearing ratios were as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Total liabilities	<b>263,700</b>	275,966
Total assets	<b>1,758,502</b>	1,875,051
Gearing ratio	<b>15%</b>	15%

### 3.3 Fair value estimation

(a) Financial instruments are carried at fair value within a fair value hierarchy that categorizes, into three levels, inputs to valuation techniques used to measure the fair value. The three different levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## 3 Financial risk management (continued)

### 3.3 Fair value estimation (continued)

- (a) Financial instruments are carried at fair value within a fair value hierarchy that categorizes, into three levels, inputs to valuation techniques used to measure the fair value. The three different levels are as follows (continued):

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. The quoted market price incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to environmental, social and governance (ESG) risk. These instruments are included in level 1.

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate
- The latest round financing, i.e. the prior transaction price or the third-party pricing information
- A combination of observable inputs and unobservable inputs, including discount rate, risk-free interest rate, expected volatility and market multiples

There were no changes in valuation techniques.

- (b) Fair value of financial assets at fair value through profit or loss (Note 22)

Investment in a private equity fund ("the Fund")

The Group invested in the Fund which was valued based on the net asset value and included in level 3.

As at 31 December 2025 and 2024, there were no transfers between levels in hierarchy for recurring fair value measurements.

- (c) The carrying amounts of financial assets including cash and cash equivalents, term bank deposits, trade and other receivables and financial liabilities including trade payables and other payables and accruals, approximated their respective fair value due to their short maturities.

# Notes to the Consolidated Financial Statements

## 4 Critical accounting estimates and judgements

### 4.1 Critical accounting estimates and assumptions

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

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

#### (a) Estimates of Player Relationship Period for online business

The Group recognizes revenue from durable virtual items in online virtual worlds of online entertainment business on a time-proportion basis over Player Relationship Period. The determination of Player Relationship Period for the relevant online virtual worlds is made based on the Group's best estimate that takes into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on a semi-annual basis. Any adjustments arising from changes in Player Relationship Period as a result of new information will be accounted for as a change in accounting estimates.

#### (b) Current income tax and deferred income tax

Significant judgement is required in determining the provision for income tax, including the amount of the provision for taxations, the timing of payments of the related taxations, and the tax rates that would be applicable when related tax losses and temporary differences that give rise to deferred income tax are recycled for those group entities currently entitling preferential tax rates. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognized as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized (see Note 11(a)). Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

Deferred income tax is provided on temporary differences arising on distributions of retained earnings by subsidiaries, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Specifically, for the potential timing differences arising from the distribution of retained earnings of the Company's subsidiaries in the mainland China to the Company, management has assessed the availability of distributable reserves (see Note 11(e)) and funds held by the Company and concluded that those subsidiaries are unlikely to be required to distribute their retained earnings in the foreseeable future. As a result, no deferred tax liability on PRC withholding tax ("WHT") has been provided as at 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

## 4 Critical accounting estimates and judgments (continued)

### 4.1 Critical accounting estimates and assumptions (continued)

#### (c) Impairment assessment of investment in an associate

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to “impairment loss on investment in an associate” in the consolidated income statement (Note 15).

#### (d) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses estimation in making these assumptions and selecting the inputs to the impairment calculation, based on the group’s past history existing market conditions as well as forward-looking estimates at the end of each reporting period (Note 3.1(b)).

### 4.2 Critical judgements in applying the Group’s accounting policies

#### (a) Principal versus agent considerations

Pursuant to game publishing and operation arrangements signed between the Group and the third party game developers or distribution channels, the Group’s responsibilities in publishing and operating the licensed games vary for each game. The determination of whether to record these revenues using gross or net basis is based on an assessment of various factors, including but not limited to whether the Group (i) is the primary obligor to the game developers and game players in the arrangements; (ii) has latitude in establishing the selling price of virtual items; (iii) changes the products or performs part of the services; (iv) has involvement in the determination of product and service specifications; and (v) has the rights to determine distribution channels and payment channels (Note 5(b)).

#### (b) Subsidiaries arising from contractual arrangements

The Company’s wholly owned subsidiary, Baidu (Guangzhou) Information Technology Limited (“Guangzhou WFOE”), has entered into a series of contractual arrangements (the “Contractual Arrangements”) with Guangzhou Baitian Information Technology Limited (“Guangzhou Baitian”) and its equity holders.

The Contractual Arrangements are irrevocable and enable Guangzhou WFOE, and ultimately the Group, to:

- exercise effective financial and operational control over Guangzhou Baitian;
- exercise equity holders’ voting rights over Guangzhou Baitian;
- receive substantially all of the economic interest and returns generated by Guangzhou Baitian in consideration for the business support, technical and consulting services provided by Guangzhou WFOE, at Guangzhou WFOE’s discretion;
- obtain an irrevocable and exclusive right to purchase the entire equity interest in Guangzhou Baitian from the equity holders;
- obtain a pledge over the entire equity interest in Guangzhou Baitian from its equity holders as collateral security for all of Guangzhou Baitian’s payments due to Guangzhou WFOE and to secure performance of Guangzhou Baitian’s obligations under the Contractual Arrangements, respectively.

# Notes to the Consolidated Financial Statements

## 4 Critical accounting estimates and judgments (continued)

### 4.2 Critical judgements in applying the Group's accounting policies (continued)

#### (b) Subsidiaries arising from contractual arrangements (continued)

The Company does not hold equity shares directly or indirectly in Guangzhou Baitian. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with Guangzhou Baitian and the ability to affect those returns through its power over Guangzhou Baitian and is considered to have control over Guangzhou Baitian. Consequently, the Company regards Guangzhou Baitian as an indirect subsidiary under IFRS Accounting Standards. The Group has included the financial position and results of Guangzhou Baitian in the consolidated financial statements.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Guangzhou Baitian and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights to the results, assets and liabilities of Guangzhou Baitian. The Group believes that the Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

## 5 Segment information

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company that make strategic decisions.

The Group determined that it has operating segments as follows:

- Online entertainment business
- Other businesses

The Group's online entertainment business involves development, operation and exclusive distribution of online virtual world business through its own web-based platform and mobile platforms. Other businesses mainly include sales of peripheral products and other services.

The CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and marketing expenses, administrative expenses, research and development expenses, net impairment losses on financial assets, other income, other gains/(losses) — net, finance income — net, impairment loss on investment in an associate, share of loss of an associate and income tax expense are not included in the measure of the segments' performance.

# Notes to the Consolidated Financial Statements

## 5 Segment information (continued)

There were no material inter-segment sales during years ended 31 December 2025 and 2024, respectively. The revenues from external customers reported to CODM are measured as segment revenue.

Other information, together with the segment information provided to the CODM, is measured in a manner consistent with that applied in these financial statements. There was no separate segment assets and segment liabilities information provided to the CODM.

### (a) Segment results

The segment information provided to the Group's CODM for the reportable segments for the years ended 31 December 2025 and 2024 are as follows:

	Year ended 31 December 2025		
	Online	Other	Total
	entertainment	businesses	
	business		
	RMB'000	RMB'000	RMB'000
Segment revenue	607,058	3,309	610,367
Timing of revenue recognition			
At a point in time	289,504	3,309	292,813
Over time	317,554	—	317,554
Gross profit	297,993	2,523	300,516

	Year ended 31 December 2024		
	Online	Other	Total
	entertainment	businesses	
	business		
	RMB'000	RMB'000	RMB'000
Segment revenue	545,130	164	545,294
Timing of revenue recognition			
At a point in time	173,095	164	173,259
Over time	372,035	—	372,035
Gross profit	251,985	77	252,062

## Notes to the Consolidated Financial Statements

### 5 Segment information (continued)

#### (a) Segment results (continued)

Out of revenue from online entertainment business, RMB208,077,000 and RMB289,504,000 are related to the sales of durable virtual items and sales of consumable virtual items for the year ended 31 December 2025.

Other profit and loss disclosures:

	Year ended 31 December 2025			
	Online	Other	Unallocated	Total
	entertainment	businesses	Item	
	business			
RMB'000	RMB'000	RMB'000		
Depreciation	15,853	86	956	16,895
Amortization	3,923	21	—	3,944

	Year ended 31 December 2024			
	Online	Other	Unallocated	Total
	entertainment	businesses	Item	
	business			
RMB'000	RMB'000	RMB'000		
Depreciation	15,870	5	2,482	18,357
Amortization	2,360	1	—	2,361

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the Mainland China and Outside Mainland China. For the years ended 31 December 2025 and 2024, the geographical information on the total revenue is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Revenue</b>		
— Mainland China	571,783	509,892
— Outside Mainland China	38,584	35,402
<b>Total</b>	<b>610,367</b>	<b>545,294</b>

# Notes to the Consolidated Financial Statements

## 5 Segment information (continued)

### (a) Segment results (continued)

Revenue of the Group is mainly derived from online virtual worlds of online entertainment business operations and the Group depends on the success of a limited number of online virtual worlds to generate revenue. As summarized in the table below, the online virtual worlds contributing more than 10.0% of the Group's total revenue account for 77.2% and 71.5% of the total revenue for the years ended 31 December 2025 and 2024, respectively.

The percentage of revenue contributed by the following online virtual worlds is presented for the years when such amount is more than 10% of the Group's total revenue in a particular period.

	Year ended 31 December	
	2025	2024
Aobi Island Mobile	<b>26.2%</b>	27.9%
Legend of Aoqi Mobile	<b>20.8%</b>	19.0%
Legend of Aoqi	<b>19.2%</b>	24.6%
Aola Star	<b>11.0%</b>	N/A

The Group has a large number of game players, no individual game players generated revenue which exceeded 10% or more of the Group's revenue for the year ended 31 December 2025 (2024: same).

The games were distributed to individual game players through own web-based platform and Third Party Platforms mainly including Company A. The revenue generated through Company A accounted for 26.2% (2024: 27.9%) of the Group's revenue for the year ended 31 December 2025. Besides those, no revenue through a single company or group exceeded 10% or more of the Group's revenue for the reporting period.

As at 31 December 2025, the total non-current assets, other than financial assets and deferred tax assets, all located in Mainland China were RMB506,536,000 (31 December 2024: RMB534,983,000).

# Notes to the Consolidated Financial Statements

## 5 Segment information (continued)

### (b) Accounting policies of revenue recognition

#### **Online entertainment business**

The Group earns revenue primarily through development, operation and exclusive distribution of online virtual worlds through its own web-based platform and mobile platforms. Mobile platforms are collectively referred to the “Third Party Platforms” thereafter. For online virtual worlds, the Group is responsible for hosting them, providing on-going updates of additional online virtual worlds, activity and storyline, sales of virtual items and services, technical support for the operations of the online virtual worlds, etc. Third Party Platforms are responsible for distribution, marketing, payer authentication and payment collections related to the online virtual worlds. For online virtual worlds exclusively licensed by the third party game developers, the Group is responsible for distribution, marketing and operations.

#### (i) *Revenue from operation of online virtual worlds of online entertainment business*

The Group’s online virtual worlds of online entertainment business are free-to-play and players can pay for virtual items for better in-game experience, through its own web-based platform and Third Party Platforms. Players purchase the Group’s virtual currency (namely, Aocoin) and online virtual world tokens (“Paying Players”) through various payment channels or Third Party Platform’s own charging system, and use them to exchange for virtual items. The Group hosts online virtual worlds which sell virtual items. Paying Players usually exchange their online virtual world tokens for the virtual items shortly after purchases. The monetary value of the virtual items sold is shared between the Group and Third Party Platforms for those online virtual worlds operated in Third Party Platforms, which is pre-determined in individual revenue sharing arrangements (“Revenue Sharing Arrangements”). Third Party Platforms collect the payments made by Paying Players and remit the cash to the Group according to the Revenue Sharing Arrangements.

The Group provides such services to players via its own platforms and Third Party Platforms pursuant to time-based revenue model and item-based revenue model.

For online services using the time-based model, Paying Players pay a membership subscription fee for a certain number of calendar days (“Subscription Period”) and enjoy a certain range of privileges during the Subscription Period. Subscription fee income is recognized over the Subscription Period on a straight-line basis.

# Notes to the Consolidated Financial Statements

## 5 Segment information (continued)

### (b) Accounting policies of revenue recognition (continued)

#### Online entertainment business (continued)

##### (i) Revenue from operation of online virtual worlds of online entertainment business (continued)

Revenue earned from the sale of virtual items is recognized by applying the item-based model, based on the different features of virtual items. Under the item-based model, revenue is recognized over the estimated lives of the virtual items purchased or consumed. Upon the sales of virtual items, the Group typically has an implied obligation to provide the service which enables the virtual items to be displayed and used in the respective online virtual worlds. As a result, the proceeds from the sales of virtual items are initially recorded in contract liabilities and are recognized as revenue subsequently only when the services have been rendered. For the purpose of determining when services have been rendered to the respective Paying Players, the Group has determined the following:

- Consumable virtual items represent items that will be extinguished shortly after consumption by a specific player action. Paying Players will not continue to benefit from the virtual items thereafter. Revenue is recognized upon consumption.
- Durable virtual items represent virtual items that are accessible to a player over an extended period of time. The life of a durable virtual item approximately equals the period during which Paying Players use it. For the revenue derived from durable items, the Group has adopted a policy of using the period of Paying Players' relationship with the Group on an individual virtual world basis ("Player Relationship Period") to approximate the period during which Paying Players use durable virtual items. Revenue from sales of durable virtual items of a specific online virtual world is recognized ratably over the Player Relationship Period of that online virtual worlds.

Pursuant to game publishing and operation arrangements signed between the Group and the third party game developers or distribution channels, the Group's responsibilities in publishing and operating the licensed games vary for each game. The determination of whether to record these revenues using gross or net basis is based on an assessment of various factors, including but not limited to whether the Group (i) is the primary obligor to the game developers and game players in the arrangements; (ii) has latitude in establishing the selling price of virtual items; (iii) changes the products or performs part of the services; (iv) has involvement in the determination of product and service specifications; and (v) has the rights to determine distribution channels and payment channels. For the games the Group recognizes gross revenue, the distribution cost incurred to distribution channels and payment channels are recorded as cost of revenue.

# Notes to the Consolidated Financial Statements

## 5 Segment information (continued)

### (b) Accounting policies of revenue recognition (continued)

#### Online entertainment business (continued)

##### (ii) *Other key accounting policies in relation to revenue from online entertainment business*

In determining the Player Relationship Period related to the recognition of revenue from sales of durable virtual items of the Group's online virtual worlds, the Group tracks the Paying Players' data, such as log-in data and purchase records. The Group re-assesses such periods semi-annually based on data gathered from paying users up to the date of reassessment and applies the most updated estimated user relationship period for each virtual world for revenue recognition prospectively.

When the Group launches a new virtual world on its platform, it estimates the Player Relationship Period based on other similar types of virtual worlds of the Group or third party developers, taking into account the virtual world profile, target audience and its appeal to Paying Players of different demographic groups, until the new virtual worlds establish their own history, which is normally up to 6 months after launch.

Prepaid cards expire on the expiration date pre-printed thereon, which is generally three years after the date of card production. The Group will estimate the expired rate of prepaid cards and recognize the revenue from expired prepaid cards together with the sales of virtual items.

The Group allows Paying Players to make payments either by way of purchasing prepaid cards sold through a number of distributors or through online payment channels for those virtual worlds. The Group has evaluated the roles and responsibilities for delivering game experience to the Paying Players and concluded that the Group takes the primary responsibilities in the sales of prepaid cards and collection of payments from Paying Players.

#### **Other businesses**

Revenues from the Group's other businesses are mainly income from sales of peripheral products.

Revenues generated under sales of peripheral products are calculated and recognized based on the volume of the merchandise products determined in the agreement (such as sales volume). The sales of the products are derived from the sales reports provided by the merchandisers and the e-commerce platform, the evidence of which is readily available for verification by the Group.

#### **Contract costs and contract liabilities**

Contract liabilities primarily consists of the unamortized revenue from sales of virtual items of online virtual worlds, where there is still an implied obligation to be fulfilled by the Group over time.

Contract costs are mainly related to the distribution costs charged by Third Party Platforms.

## Notes to the Consolidated Financial Statements

### 6 Expenses by nature

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Employee benefit expenses (Note 9)	280,133	281,039
Distribution costs and payment handling fees	212,507	193,672
Promotion and advertising expenses	49,421	35,079
Content expenses	34,085	18,309
Depreciation of right-of-use assets (Note 17)	9,073	11,867
Bandwidth and server custody fees	10,201	10,565
Depreciation of property and equipment and amortization of intangible assets (Notes 16 and 18)	11,766	8,851
Professional fees	6,857	6,850
Utilities and office expenses	8,706	5,747
Auditor's remuneration	3,921	3,772
— Audit services	3,774	3,635
— Non-audit services	147	137
Travelling and entertainment expenses	3,483	3,828
Others	8,276	5,965
<b>Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses</b>	<b>638,429</b>	<b>585,544</b>

### 7 Other income

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Government grants	—	1,106

## Notes to the Consolidated Financial Statements

### 8 Other (losses)/gains – net

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
(Losses)/gains on disposals of property and equipment	(2,249)	65
Gains on lease termination	903	—
Foreign exchange losses (Note 13)	(840)	(158)
Donation	(95)	(80)
Others	184	276
	<b>(2,097)</b>	103

### 9 Employee benefit expenses

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Wages, salaries and discretionary bonuses	217,507	207,672
Pension costs – defined contribution plans (Note (a))	24,096	21,729
Other social security costs, housing benefits and other employee benefits	37,725	44,784
Share-based compensation expenses	805	6,854
	<b>280,133</b>	281,039

#### (a) Pension costs – defined contribution plans

Employees of the Group companies in the Mainland China are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. For the year ended 31 December 2025, the Group contributes funds which are calculated on a fixed percentage of 16% (2024: 14%) of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

In the case of defined contribution schemes, forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) by the Group to these plans may not be used by the Group to reduce the existing level of contributions.

## Notes to the Consolidated Financial Statements

### 9 Employee benefit expenses (continued)

#### (b) Five highest paid individuals

The five individuals whose emoluments were highest in the Group for the year include two (2024: two) directors whose emoluments are reflected in the analysis shown in Note 39. The emoluments paid and payable to the remaining three (2024: three) individuals during the year are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Wages and salaries	3,483	3,580
Discretionary bonuses	850	1,145
Pension costs — defined contribution plans	80	94
Other social security costs, housing benefits and other employee benefits	159	126
Share-based compensation expenses	718	3,364
	<b>5,290</b>	<b>8,309</b>

The emoluments fell within the following band:

	Year ended 31 December	
	2025	2024
	No. of individuals	
HK\$4,000,000 to HK\$4,500,000	—	1
HK\$3,000,001 to HK\$3,500,000	—	—
HK\$2,500,001 to HK\$3,000,000	1	—
HK\$2,000,000 to HK\$2,500,000	1	1
HK\$1,500,000 to HK\$2,000,000	1	1

# Notes to the Consolidated Financial Statements

## 10 Finance income – net

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Finance income:</b>		
– Interest income from term bank deposits	14,343	13,405
– Interest income from cash and cash equivalents	4,478	10,192
– Net foreign exchange gain (Note 13)	–	1,933
	<b>18,821</b>	<b>25,530</b>
<b>Finance costs:</b>		
– Net foreign exchange loss (Note 13)	(3,565)	–
– Interest charge for lease liabilities (Note 17)	(189)	(1,077)
	<b>(3,754)</b>	<b>(1,077)</b>
<b>Finance income – net</b>	<b>15,067</b>	<b>24,453</b>

## 11 Income tax expense

The income tax expense of the Group for the years ended 31 December 2025 and 2024 is analyzed as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax expense	(452)	(130)
Deferred income tax expense	(7,295)	(1,637)
	<b>(7,747)</b>	<b>(1,767)</b>

# Notes to the Consolidated Financial Statements

## 11 Income tax expense (continued)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Loss before income tax	<b>(67,368)</b>	(26,189)
Tax calculated at income tax rates applicable to profits of the consolidated entities in their respective jurisdictions	<b>9,992</b>	3,246
Tax effects of:		
Tax losses and temporary differences for which no deferred tax asset was recognized (Note (a))	<b>(23,878)</b>	(22,081)
Super deduction for research and development expenses (Note (b))	<b>12,113</b>	18,489
Expense not deductible for income tax purposes	<b>(5,972)</b>	(2,037)
Others	<b>(2)</b>	616
<b>Income tax expense</b>	<b>(7,747)</b>	(1,767)

### (a) Tax losses and temporary differences for which no deferred tax asset was recognized

Deferred tax assets relating to certain tax losses and temporary differences are recognized as management considers it is probable that future taxable profit will be available against which the tax losses or temporary difference can be utilized (Note 4.1(b)).

As at 31 December 2025, the tax losses for which no deferred tax asset was recognized amounted to RMB410,052,000, and temporary differences for which no deferred tax asset was recognized amounted to RMB95,107,000.

As at 31 December 2025, the balance of unused tax losses is RMB449,322,000. The tax losses under the PRC enterprise income tax law will expire at various dates up to and including 2035, while the others have no expiry date.

# Notes to the Consolidated Financial Statements

## 11 Income tax expense (continued)

### (b) PRC corporate income tax

#### Guangzhou Baitian

Guangzhou Baitian was qualified as “High and New Technology Enterprise” in 2022 and was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the year ended 31 December 2025 (2024: same).

#### Guangzhou Tianti

Guangzhou Tianti was qualified as “High and New Technology Enterprise” and was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the year ended 31 December 2024, and is subject to corporate income tax at the rate of 25% for the year ended 31 December 2025.

#### Guangzhou WFOE, Juyu (Guangzhou) Internet Technology Limited (“Juyu”) and Guangzhou Xiaoyunxiong Information Technology Limited (“Xiaoyunxiong”)

Guangzhou WFOE, Xiaoyunxiong and Juyu were qualified as “Small Low-Profit Enterprise” in 2025 and 2024, and the provision for income tax was calculated in accordance with the two-tiered tax rates regime.

Under the two-tiered tax rates regime, the first RMB3 million of profits of qualifying corporations were taxed at 5% and profits above RMB3 million were taxed at 20% for the year ended 31 December 2025 (2024: same).

#### Other Subsidiaries

Except for subsidiaries of the Group mentioned above, the Group’s subsidiaries in mainland China are subject to corporate income tax at the rate of 25%.

#### Super Deduction

According to a policy promulgated by the State Tax Bureau of the PRC that was effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% of their research and development (“R&D”) expenses incurred as tax deductible expenses in determining tax assessable profits (“Super Deduction”). Certain qualified subsidiaries of the Group have claimed such Super Deduction in ascertaining its tax assessable losses for the years ended 31 December 2025 and 2024.

Based on Public Notice [2023] No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises eligible for 100% deduction of eligible R&D expenses since 1 January 2023. Certain qualified subsidiaries of the Group have claimed such additional super deduction in 2025 and 2024.

# Notes to the Consolidated Financial Statements

## 11 Income tax expense (continued)

### (c) Cayman Islands income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

### (d) Hong Kong profits tax

The provision for Hong Kong profits tax for the year ended 31 December 2025 are calculated in accordance with the two-tiered profits tax rates regime (2024: same). Under the two-tiered profits tax rates regime, the first HK\$2 million of profit of a qualifying corporation is taxed at 8.25%, and profit above HK\$2 million is taxed at 16.5%.

### (e) PRC withholding tax (“WHT”)

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between Mainland China and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

As at 31 December 2025, no deferred tax liability had been provided for in respect of the PRC withholding tax that would be payable on the unremitted earnings of approximately RMB1,258,087,000 (2024: RMB1,224,512,000). Such earnings are expected to be retained by the subsidiaries in Mainland China and not to be remitted to a foreign investor in the foreseeable future based on management’s estimation of overseas funding requirements.

## 12 Loss per share

### (a) Basic

#### Basic loss per share for loss attributable to shareholders of the Company

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue less shares held for Share Option Scheme and Restricted Share Unit (“RSU”) Scheme during the year.

	Year ended 31 December	
	2025	2024
Loss attributable to shareholders of the Company (RMB'000)	(75,054)	(28,030)
Weighted average number of ordinary shares in issue less shares held for RSU Scheme	2,738,283,729	2,720,543,062
Basic loss per share (in RMB cents/share)	(2.74)	(1.03)

# Notes to the Consolidated Financial Statements

## 12 Loss per share (continued)

### (b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares.

For the year ended 31 December 2025, the Company had potential ordinary shares, the RSUs which had to be considered for calculating diluted loss per share. No adjustment was made to basic loss per share to derive the diluted losses per share for the year ended 31 December 2025 as potential ordinary shares was anti-dilutive (2024: same).

## 13 Net foreign exchange (losses)/gains

The exchange differences credited to the consolidated income statement are included as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Finance (costs)/income — net (Note 10)	(3,565)	1,933
Other losses — net (Note 8)	(840)	(158)
	(4,405)	1,775

# Notes to the Consolidated Financial Statements

## 14 Subsidiaries

The following is a list of the principal subsidiaries as at 31 December 2025:

Name of the company	Place of incorporation and kind of legal entity	Issued and fully paid share capital/ registered capital	Proportion of equity interest held by the Group (%)		Proportion of equity interest held by the non-controlling interests (%)		Principal activities and place of operation
			2025	2024	2025	2024	
<b>Directly held by the Company</b>							
Baitian Technology Limited ("Baitian Hong Kong")	Hong Kong, Limited liability company	HK\$10,000	100%	100%	—	—	Online interactive entertainment, Hong Kong
Baiao Technology Limited ("Baitian BVI")	British Virgin Islands, Limited liability company	US\$50,000	100%	100%	—	—	Investment holding, British Virgin Islands
Bababaobei Commerce Limited ("BCL")	British Virgin Islands, Limited liability company	US\$50,000	92.5%	92.5%	7.5%	7.5%	Investment holding, British Virgin Islands
Madfun Game Limited	Hong Kong, Limited liability company	HK\$10,000	100%	100%	—	—	Online interactive entertainment, Hong Kong
<b>Indirectly held by the Company</b>							
廣州百田信息科技有限公司 ("Guangzhou Baitian")	The PRC, Limited liability company	RMB10,010,000	100%	100%	—	—	Online interactive entertainment, the PRC
百多(廣州)信息科技有限公司 ("Guangzhou WFOE")	The PRC, Limited liability company	US\$500,000	100%	100%	—	—	Research and development of computer software, the PRC
廣州天梯網絡科技有限公司 ("Guangzhou Tianti") (Note(c))	The PRC, Limited liability company	RMB2,000,000	100%	100%	—	—	Software and information technology services, the PRC
聚娛(廣州)網絡科技有限公司 ("Juyu") (Note(c))	The PRC, Limited liability company	RMB1,000,000	100%	100%	—	—	Online interactive entertainment, the PRC
廣州百田文化發展有限公司 ("Baitian Culture") (Note(c))	The PRC, Limited liability company	RMB450,000,000	100%	100%	—	—	Culture and art service, the PRC

# Notes to the Consolidated Financial Statements

## 14 Subsidiaries (continued)

- (a) The directors of the Company considered that the non-controlling interests of any non-wholly owned subsidiaries are not significant to the Group. Therefore, no summarized financial information of the relevant subsidiaries is presented separately.
- (b) **Significant restrictions**  
Cash and cash equivalents and term bank deposits as at 31 December 2025 amounting to RMB890,865,000 (2024: RMB968,365,000) are held in Mainland China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.
- (c) These are subsidiaries held directly or indirectly by Guangzhou Baitian (Note 4.2).

## 15 Investment in an associate

Movement of the investment in an associate is analyzed as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	35,901	16,698
Addition	—	27,000
Share of loss	(9,374)	(7,797)
Impairment loss	(26,527)	—
At the end of the year	—	35,901

# Notes to the Consolidated Financial Statements

## 15 Investment in an associate (continued)

Set out below are the details of an associate of the Group.

Name of entity	Place of business/country of incorporation	% of ownership interest 2025	Nature of relationship	Measurement method
上海趣糖網絡科技有限公司 ("Shanghai Qutang")	The PRC	30%	Associate	Equity method

- (i) The Group has designated a member in the board of directors which enables the Group to exercise significant influence in Shanghai Qutang through the participation in operational, investing and financing actions. Consequently, Shanghai Qutang has been accounted for as an associate of the Group.
- (ii) Shanghai Qutang is a private company engaged in game operations. The core product did not meet expectations. This resulted in Shanghai Qutang encountering operational difficulties which eventually led to a cessation of operations. The Group calculated the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes impairment loss of RMB26,527,000. The recoverable amount of the investment in an associate was determined based on value in use.
- (iii) There were no contingent liabilities relating to the Group's interest in the associate.

The accounting policy of investment in associate:

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

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

The Group's share of post-acquisition profit or loss is recognized in the consolidated income statement, and its share of post-acquisition movements in OCI is recognized in OCI with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

## Notes to the Consolidated Financial Statements

### 15 Investment in an associate (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to “impairment losses on investment in associate” in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of an associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in an associate are recognized in the consolidated income statement.

# Notes to the Consolidated Financial Statements

## 16 Property and equipment

	Servers	Office equipment	Motor vehicles	Buildings And improvement	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2024</b>							
Cost	12,356	13,148	3,948	—	28,080	137,656	195,188
Accumulated depreciation	(11,975)	(10,535)	(1,723)	—	(21,071)	—	(45,304)
Net book amount	381	2,613	2,225	—	7,009	137,656	149,884
<b>Year ended 31 December 2024</b>							
Opening net book amount	381	2,613	2,225	—	7,009	137,656	149,884
Additions	230	339	—	—	—	113,155	113,724
Depreciation charge	(223)	(1,967)	(788)	—	(3,512)	—	(6,490)
Closing net book amount	388	985	1,437	—	3,497	250,811	257,118
<b>At 31 December 2024</b>							
Cost	12,586	7,972	3,948	—	28,080	250,811	303,397
Accumulated depreciation	(12,198)	(6,987)	(2,511)	—	(24,583)	—	(46,279)
Net book amount	388	985	1,437	—	3,497	250,811	257,118
<b>Year ended 31 December 2025</b>							
Opening net book amount	388	985	1,437	—	3,497	250,811	257,118
Additions	702	3,053	—	1,864	—	25,897	31,516
Transfers	—	—	—	258,167	—	(272,580)	(14,413)
Depreciation charge	(254)	(1,173)	(669)	(4,665)	(1,061)	—	(7,822)
Disposal	—	—	—	—	(2,436)	—	(2,436)
Closing net book amount	836	2,865	768	255,366	—	4,128	263,963
<b>At 31 December 2025</b>							
Cost	13,287	9,315	3,948	260,031	—	4,128	290,709
Accumulated depreciation	(12,452)	(6,449)	(3,180)	(4,665)	—	—	(26,746)
Net book amount	835	2,866	768	255,366	—	4,128	263,963

# Notes to the Consolidated Financial Statements

## 16 Property and equipment (continued)

- (a) Depreciation charge was included in the following categories in the consolidated income statement:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Cost of revenue	2,547	1,377
Administrative expenses	1,508	1,090
Research and development expenses	3,300	3,688
Selling and marketing expenses	467	335
	<b>7,822</b>	6,490

- (b) Revaluation, depreciation methods and useful lives:

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Servers	3 years
Office equipment	3 years
Motor vehicles	4 years
Buildings and improvements	5–50 years
Leasehold improvements	Shorter of remaining term of the lease and the estimated useful lives of the assets

The depreciation method, residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period. See Note 40.5 for the other accounting policies relevant to property and equipment.

# Notes to the Consolidated Financial Statements

## 17 Leases

### (a) Amounts recognized in the consolidated balance sheet

Right-of-use assets	Land RMB'000	Office RMB'000	Total RMB'000
<b>At 1 January 2024</b>			
Cost	247,076	48,233	295,309
Accumulated depreciation	(15,648)	(24,498)	(40,146)
Net book amount	231,428	23,735	255,163
<b>Year ended 31 December 2024</b>			
Opening net book amount	231,428	23,735	255,163
Depreciation charge	(4,942)	(11,867)	(16,809)
Closing net book amount	226,486	11,868	238,354
<b>At 31 December 2024</b>			
Cost	247,076	48,233	295,309
Accumulated depreciation	(20,590)	(36,365)	(56,955)
Net book amount	226,486	11,868	238,354
<b>Year ended 31 December 2025</b>			
Opening net book amount	226,486	11,868	238,354
Land use right transferred	14,413	—	14,413
Depreciation charge	(5,230)	(4,255)	(9,485)
Disposal	—	(7,613)	(7,613)
Closing net book amount	235,669	—	235,669
<b>At 31 December 2025</b>			
Cost	261,489	40,620	302,109
Accumulated depreciation	(25,820)	(40,620)	(66,440)
Net book amount	235,669	—	235,669

# Notes to the Consolidated Financial Statements

## 17 Leases (continued)

### (a) Amounts recognized in the consolidated balance sheet (continued)

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Lease liabilities</b>		
Current	—	17,929
Non-current	—	—
	—	17,929

### (b) Amounts recognized in the consolidated income statement

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Depreciation charge of right-of-use assets</b>		
Land use right	(5,230)	(4,942)
Office	(4,255)	(11,867)
	(9,485)	(16,809)
Interest expense (included in finance cost)	(189)	(1,077)
Expense relating to short-term leases (included in cost of revenue and administrative expenses)	—	—

The total cash outflow for leases in 2025 was approximately RMB6,216,000 (2024: RMB17,410,000).

During the year ended 31 December 2025, the depreciation of RMB412,000 from land use right was capitalized into construction in progress. (Year ended 31 December 2024: RMB4,942,000).

## 17 Leases (continued)

### (c) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 6 months to 10 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

See Note 40.17 for the other accounting policies relevant to leases.

# Notes to the Consolidated Financial Statements

## 18 Intangible assets

	Software RMB'000
<b>At 1 January 2024</b>	
Cost	10,302
Accumulated amortization	(6,188)
Net book amount	4,114
<b>Year ended 31 December 2024</b>	
Opening net book amount	4,114
Additions	1,125
Amortization charge	(2,361)
Closing net book amount	2,878
<b>At 31 December 2024</b>	
Cost	11,427
Accumulated amortization	(8,549)
Net book amount	2,878
<b>Year ended 31 December 2025</b>	
Opening net book amount	2,878
Additions	7,968
Amortization charge	(3,944)
Closing net book amount	6,902
<b>At 31 December 2025</b>	
Cost	19,395
Accumulated amortization	(12,493)
Net book amount	6,902

# Notes to the Consolidated Financial Statements

## 18 Intangible assets (continued)

Amortization charge was included in the following categories in the consolidated income statement:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Cost of revenue	297	121
Administrative expenses	1,077	1,012
Research and development expenses	2,392	837
Selling and marketing expenses	178	391
	<b>3,944</b>	2,361

### (a) Accounting policies of intangible assets

#### – Software

Software is initially recognized and measured at cost and amortised over their estimated useful lives using the straight-line method, which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

# Notes to the Consolidated Financial Statements

## 19 Financial instruments by category

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Assets as per consolidated balance sheet</b>		
Financial assets at amortized cost:		
– Trade receivables (Note 20)	39,339	30,979
– Other receivables (excluding prepayments and tax recoverable) (Note 21)	22,536	23,578
– Short-term bank deposits (Note 23)	406,000	449,000
– Long-term bank deposits (Note 23)	205,000	245,000
– Cash and cash equivalents (Note 23)	490,301	495,675
	<b>1,163,176</b>	1,244,232
Assets at fair value through the profit or loss:		
– Financial assets at fair value through profit or loss (Note 22)	3,861	5,000
	<b>1,167,037</b>	1,249,232
<b>Liabilities as per consolidated balance sheet</b>		
Financial liabilities at amortized cost:		
– Trade payables (Note 29)	18,521	6,471
– Other payables and accruals (excluding other tax liabilities and staff costs and welfare accruals) (Note 30)	19,674	54,829
– Lease liabilities (Note 17(a))	–	17,929
	<b>38,195</b>	79,229

## Notes to the Consolidated Financial Statements

### 20 Trade receivables

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Receivables from third parties	41,101	32,089
Less: allowance for impairment	(1,762)	(1,110)
	<b>39,339</b>	30,979

- (a) The credit period for trade receivables was generally 30 days from the date of billing. Ageing analysis based on recognition date of the gross trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
0–30 days	27,746	22,843
31–60 days	8,706	6,533
Over 60 days	4,649	2,713
	<b>41,101</b>	32,089

- (b) The Group applies the simplified approach to provide for ECL prescribed by IFRS 9. For the year ended 31 December 2025, increase in impairment RMB652,000 was made for the gross amounts of trade receivables (2024: increase in impairment RMB756,000) (Note 3.1(b)).
- (c) As at 31 December 2025, trade receivables were mainly denominated in RMB and their fair value approximated their carrying amounts (2024: same).
- (d) The maximum exposure to credit risk is the carrying amount of the trade receivable balance. The Group does not hold any collateral as security.
- (e) The concentration risk with respect to trade receivables comes from Company A accounted for 49.9% (2024: 41.2%) of the Group's trade receivables as at 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

## 20 Trade receivables (continued)

(f) Classification as trade receivables:

Trade receivables are amounts due from online payment channels and platforms for services performed to customers in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

## 21 Prepayments and other receivables

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Included in non-current assets</b>		
Input value added tax to be deducted	19,839	19,474
Interests receivable	1,309	2,263
Prepayments for construction in progress	2	732
	<b>21,150</b>	22,469
Less: allowance for impairment of other receivables	—	—
	<b>21,150</b>	22,469
<b>Included in current assets</b>		
Prepayments	3,091	12,172
Advance to an associate	18,444	—
Interests receivable	9,219	8,765
Input value added tax to be deducted	2,521	1,204
Rental and other deposits	415	3,810
Others	21,323	22,154
	<b>55,013</b>	48,105
Less: allowance for impairment of other receivables	(28,045)	(12,322)
Less: allowance for impairment of prepayments	(1,239)	(1,239)
	<b>25,729</b>	34,544
	<b>46,879</b>	57,013

As at 31 December 2025, other receivables were mainly denominated in RMB (2024: the same).

The maximum exposure to credit risk at each of the reporting dates is the carrying amount of each class of other receivables mentioned above.

## Notes to the Consolidated Financial Statements

### 22 Financial assets at fair value through profit or loss

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
At 1 January	5,000	5,000
Cash refund of investment	(1,139)	—
At 31 December	3,861	5,000

As at 31 December 2025, the balance comprised the Group's investment in the Fund carrying at fair value within a fair value hierarchy level 3 (2024: same) (Note 3.3).

As at 31 December 2025, the Group keeps the Fund at level 3, because the Fund has made investments in unlisted equities, whose valuation was not based on observable inputs, but the net asset value evaluated by the Fund's administrator.

### 23 Cash and cash equivalents and term bank deposits

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Included in current assets		
— Short-term deposits (Note (a))	406,000	449,000
— Current portion of long-term deposits (Note (a))	145,000	—
Included in non-current assets		
— Long-term bank deposits (Note (a))	60,000	245,000
Cash and cash equivalents		
— Cash at banks and on hand	490,301	495,675
	1,101,301	1,189,675
Maximum exposure to credit risk (Note (c))	1,101,262	1,189,600

(a) Term deposits represent the Group's deposits placed in banks with an initial maturity of over three months. For those long-term bank deposits, they represented banks deposits with initial maturity of over one year but less than three years.

## Notes to the Consolidated Financial Statements

### 23 Cash and cash equivalents and term bank deposits (continued)

- (b) The effective interest rate per annum for all bank balances and term deposits as at 31 December 2025 was approximately 1.64% (2024: 1.88%).
- (c) As at 31 December 2025, substantially all the Group's bank deposits included in cash and bank balances were deposited with major reputable financial institutions incorporated in the PRC. There has been no recent history of default in relation to these financial institutions.

Cash and cash equivalents and term bank deposits are denominated in the following currencies:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
RMB	922,349	1,035,547
US\$	108,088	80,999
HK\$	70,755	73,053
Others	109	76
	<b>1,101,301</b>	1,189,675

## Notes to the Consolidated Financial Statements

### 24 Share capital and share premium

As at 31 December 2025 and 2024, the authorised share capital of the Company comprises 100,000,000,000 ordinary shares with par value of US\$0.0000005 per share. As at 31 December 2025, the total number of ordinary shares of the Company was 2,867,174,000 (2024: 2,867,174,000) shares which included 124,434,037 (2024: 139,652,011) shares held under the RSU Scheme.

	Number of shares	Nominal value of shares US\$'000	Share Capital RMB'000	Share Premium RMB'000	Total RMB'000
Issued and fully paid:					
<b>As at 1 January 2024</b>	2,872,844,000	2	8	1,108,922	1,108,930
RSU Scheme:					
– Vesting of RSUs	–	–	–	32,375	32,375
2023 special final dividend payable to shareholders of the Company (Note 32)	–	–	–	(29,775)	(29,775)
Cancellation of ordinary shares	(5,670,000)	–	–	(1,073)	(1,073)
<b>As at 31 December 2024</b>	2,867,174,000	2	8	1,110,449	1,110,457
<b>As at 1 January 2025</b>	2,867,174,000	2	8	1,110,449	1,110,457
RSU Scheme:					
– Vesting of RSUs	–	–	–	13,986	13,986
2024 special final dividend payable to shareholders of the Company (Note 32)	–	–	–	(29,973)	(29,973)
<b>As at 31 December 2025</b>	2,867,174,000	2	8	1,094,462	1,094,470

# Notes to the Consolidated Financial Statements

## 25 Reserves

	Other reserves RMB'000 (Note (a))	Statutory reserves RMB'000 (Note (b))	Share-based compensation reserve RMB'000 (Note 26)	Total RMB'000
<b>As at 1 January 2024</b>	2,069	6,863	41,594	50,526
RSU Scheme:				
– Value of employee services	–	–	6,854	6,854
– Vesting of RSUs	–	–	(32,375)	(32,375)
Profit appropriations to statutory reserves	–	196	–	196
<b>As at 31 December 2024</b>	2,069	7,059	16,073	25,201
<b>As at 1 January 2025</b>	2,069	7,059	16,073	25,201
RSU Scheme:				
– Value of employee services	–	–	805	805
– Vesting of RSUs	–	–	(13,986)	(13,986)
Profit appropriations to statutory reserves	–	249	–	249
<b>As at 31 December 2025</b>	2,069	7,308	2,892	12,269

- (a) The reserves represent capital contribution injected by Guangzhou Baitian's shareholders into Guangzhou Baitian upon its establishment.
- (b) In accordance with the relevant laws and regulations in the PRC and the Articles of Association of subsidiaries with limited liabilities incorporated in the PRC now comprising the Group, it is required to appropriate 10% of the annual net profits of the companies incorporated in the PRC now comprising the Group, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing any net profit. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital of the companies, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be capitalized as capital, provided that the remaining balance of the statutory surplus reserve fund after such issue is no less than 25% of registered capital.

In addition, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions of the articles of association of wholly owned foreign subsidiaries in the PRC, appropriation from net profits (after offsetting accumulated losses brought forward from prior years) should be made by these companies to their respective reserve funds. The percentage of net profit to be appropriated to the reserve fund is not less than 10% of the net profit. When the balance of the reserve fund reaches 50% of the registered capital, such transfer need not be made.

# Notes to the Consolidated Financial Statements

## 26 Share-based payments

### (a) RSU Schemes

On 18 March 2014, the Board of the Company resolved and conditionally adopted the Post-IPO RSU Scheme, which took effect on 10 April 2014, pursuant to which, the total number of shares underlying the RSUs that may be granted under the Post-IPO RSU Scheme was 2% of the total number of shares in issue on the listing date of 10 April 2014 which is subject to annual refreshment by shareholder approval.

The Post-IPO RSU Scheme is the share-based incentive scheme that the Company has in place to motivate its employees after its listing.

On 19 June 2015, at the annual general meeting of the Company, the shareholders approved an amendment to the Post-IPO RSU Scheme to increase the limit from 2% of the number of shares of the Company in issue on 10 April 2014 to 4% of the Company's issued share capital as of the approval date.

On 10 July 2015, the Company granted RSUs representing an aggregate of 95,780,000 shares to certain grantees pursuant to the Post-IPO RSU Scheme. Each RSU is conditional on the grantee completing one to four years' service and can be converted into one ordinary share upon vesting.

On 10 November 2017, the Company granted RSUs representing an aggregate of 6,100,000 shares to 6 grantees, pursuant to the Post-IPO RSU Scheme. Each RSU is conditional on the grantee completing one to four years' service and can be converted into one ordinary share upon vesting.

On 2 April 2020, the Company granted RSUs representing an aggregate of 55,700,000 shares to 38 grantees pursuant to the Post-IPO RSU Scheme. Each RSU is conditional on the grantee completing one to four years' service and can be converted into one ordinary share upon vesting.

On 11 September 2020, the Company granted RSUs representing an aggregate of 35,650,000 shares to 12 grantees pursuant to the Post-IPO RSU Scheme. Each RSU is conditional on the grantee completing one to four years' service and can be converted into one ordinary share upon vesting.

On 11 June 2021, the Company granted RSUs representing an aggregate of 19,000,000 shares to 42 grantees pursuant to the Post-IPO RSU Scheme. Each RSU is conditional on the grantee completing one to four years' service and can be converted into one ordinary share upon vesting.

On 25 June 2021, it was approved by shareholders at the annual general meeting that the Company granted RSUs representing an aggregate of 25,000,000 shares to 2 grantees pursuant to the Post-IPO RSU Scheme. Each RSU is conditional on the grantee completing one to four years' service and can be converted into one ordinary share upon vesting.

# Notes to the Consolidated Financial Statements

## 26 Share-based payments (continued)

### (a) RSU Schemes (continued)

On 3 September 2021, the Company granted RSUs representing an aggregate of 14,000,000 shares to 30 grantees pursuant to the Post-IPO RSU Scheme. Each RSU is conditional on the grantee completing one to four years' service and can be converted into one ordinary share upon vesting.

On 12 May 2022, the Company granted RSUs representing an aggregate of 15,300,000 shares to 18 grantees pursuant to the Post-IPO RSU Scheme. Each RSU is conditional on the grantee completing one to four years' service and can be converted into one ordinary share upon vesting.

On 6 June 2022, it was approved by shareholders at the annual general meeting that the Company granted RSUs representing an aggregate of 15,000,000 shares to 2 grantees pursuant to the Post-IPO RSU Scheme. Each RSU is conditional on the grantee completing one to four years' service and can be converted into one ordinary share upon vesting.

On 9 December 2022, the Company granted RSUs representing an aggregate of 1,610,000 shares to 4 grantees pursuant to the Post-IPO RSU Scheme. Each RSU is conditional on the grantee completing one to four years' service and can be converted into one ordinary share upon vesting.

Movements in the number of RSUs outstanding are as follows:

	Number of RSUs
<b>As at 1 January 2024</b>	57,511,250
Forfeited	(2,562,500)
Vested	(34,308,750)
<b>As at 31 December 2024</b>	20,640,000
<b>As at 1 January 2025</b>	20,640,000
Forfeited	(930,000)
Vested	(15,450,000)
<b>As at 31 December 2025</b>	4,260,000

# Notes to the Consolidated Financial Statements

## 26 Share-based payments (continued)

### (a) RSU Schemes (continued)

The fair value of the RSUs was calculated based on the market price of the Company's shares at the respective grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these RSUs.

There was no RSUs granted arrangement during the year ended 31 December 2025 and 2024.

The fair value is recognized as an expense over the relevant service period, which is the year to which the bonus relates and the vesting period of the shares.

## 27 Retained earnings

	Retained earnings RMB'000
<b>As at 1 January 2024</b>	484,313
Loss for the year	(28,030)
Profit appropriations to statutory reserves	(196)
<b>As at 31 December 2024</b>	456,087
<b>As at 1 January 2025</b>	<b>456,087</b>
Loss for the year	<b>(75,054)</b>
Profit appropriations to statutory reserves	<b>(249)</b>
<b>As at 31 December 2025</b>	<b>380,784</b>

## Notes to the Consolidated Financial Statements

### 28 Contract costs and contract liabilities

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current contract costs relating to online virtual worlds	54,159	44,834
<b>Non-current contract liabilities</b>		
– Memberships	622	729
– Online virtual worlds (Note (a))	17,731	10,601
<b>Total non-current contract liabilities</b>	<b>18,353</b>	11,330
<b>Current contract liabilities</b>		
– Advances from customers	11,156	10,734
– Memberships	8,806	9,786
– Online virtual worlds (Note (a))	116,969	102,704
<b>Total current contract liabilities</b>	<b>136,931</b>	123,224

- (a) Contract liabilities of virtual worlds primarily consist of the durable virtual items, and online virtual world tokens held by Paying Players which have not yet been used to purchase virtual items. Contract liabilities will be recognized as revenue when all of the revenue recognition criteria are met.

## Notes to the Consolidated Financial Statements

### 28 Contract costs and contract liabilities (continued)

- (b) The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Revenue recognized that was included in the contract liability balance at the beginning of the year</b>		
— Advances from customers	10,734	11,281
— Memberships	9,786	11,373
— Online virtual worlds	102,704	98,595
	<b>123,224</b>	121,249

### 29 Trade payables

Trade payables primarily relate to the purchase of services for server custody, distribution costs and the revenue sharing collected by the Group which is payable to cooperated game developers according to the respective cooperation agreements.

The credit period for trade payables was generally 30 days from the date of billing. The ageing analysis of trade payables based on recognition date is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
0–30 days	11,867	6,280
Over 30 days	6,654	191
	<b>18,521</b>	6,471

As at 31 December 2025 and 2024, the fair value of trade payables approximated their carrying amounts.

## Notes to the Consolidated Financial Statements

### 30 Other payables and accruals

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Staff costs and welfare accruals	49,971	42,838
Construction cost payable	13,960	46,823
Other tax liabilities (Note (a))	4,437	2,746
Professional service fees payable	3,945	3,899
Purchase of intangible assets	—	791
Others	1,769	3,316
	<b>74,082</b>	100,413

(a) The balances represent liabilities relating to value-added tax and other related taxes in the PRC.

(b) As at 31 December 2025 and 2024, the fair value of other payables and accruals approximated their carrying amounts.

### 31 Deferred income tax

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Deferred income tax assets:</b>	<b>13,917</b>	21,213
Offsetting	(8,026)	(8,027)
	<b>5,891</b>	13,186

## Notes to the Consolidated Financial Statements

### 31 Deferred income tax (continued)

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Deferred income tax liabilities:</b>	<b>(8,026)</b>	(8,027)
Offsetting	8,026	8,027
	—	—

#### (i) Movement of deferred tax assets/liabilities

The movement in deferred tax assets/liabilities during the year is as follows:

Movements of deferred tax assets	Tax losses	Contract liabilities	Lease liabilities	Provisions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2024</b>	14,547	6,565	3,153	266	24,531
Charged to profit or loss	(1,898)	(70)	(1,615)	265	(3,318)
<b>As at 31 December 2024</b>	12,649	6,495	1,538	531	21,213
<b>As at 1 January 2025</b>	12,649	6,495	1,538	531	21,213
Charged to profit or loss	(6,758)	1,531	(1,538)	(531)	(7,296)
<b>As at 31 December 2025</b>	5,891	8,026	—	—	13,917

Movements of deferred tax liabilities	Contract costs	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2024</b>	(6,565)	(3,143)	(9,708)
Credited to profit or loss	70	1,611	1,681
<b>As at 31 December 2024</b>	(6,495)	(1,532)	(8,027)
<b>As at 1 January 2025</b>	(6,495)	(1,532)	(8,027)
Credited to profit or loss	(1,531)	1,532	1
<b>As at 31 December 2025</b>	(8,026)	—	(8,026)

## Notes to the Consolidated Financial Statements

### 32 Dividend

The dividends paid in 2025 and 2024 amounted RMB29,973,000 and RMB29,775,000, respectively. The Board of Directors of the Company proposed on 26 March 2026 a special dividend of HK\$0.012 (equivalent to approximately RMB0.011) per ordinary share, which will be debited to the share premium account, totaling approximately RMB30,170,000. Such dividend is to be approved by the shareholders at the forthcoming annual general meeting to be held on 26 June 2026. These financial statements do not reflect this dividend payable as a liability as at 31 December 2025.

#### (a) Dividend paid to ordinary shares

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Special final dividend of 2025 — HK\$0.012 (2024: same), equivalent to approximately RMB0.011 (2024: same), per ordinary share	<b>31,396</b>	31,461
Less: dividend for shares held for the RSU Schemes	<b>(1,423)</b>	(1,686)
	<b>29,973</b>	29,775

#### (b) Dividend not recognized as at 31 December 2025

	RMB'000
Proposed special dividend of HK\$0.012, equivalent to approximately RMB0.011 per ordinary share	<b>31,539</b>
Less: dividend for shares held for the RSU Schemes	<b>(1,369)</b>
	<b>30,170</b>

### 33 Advance from distributors

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Advance for licensing fee	<b>10,287</b>	12,243
Advance for royalty fee	<b>1,336</b>	583
Others	<b>4,154</b>	3,755
	<b>15,777</b>	16,581

The Group licenses online games to distributors and receives licensing fees and royalty fees from distributors as sharing of proceeds earned from game players. The balance represented the licensing fee and royalty fee prepaid by distributors to the Group before games' launch.

# Notes to the Consolidated Financial Statements

## 34 Cash flow information

### (a) Cash used in operations

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Loss after income tax</b>	<b>(75,115)</b>	(27,956)
Adjustments for:		
– Income tax expense (Note 11)	7,747	1,767
– Depreciation of property and equipment (Note 16)	7,822	6,490
– Depreciation of right-of-use assets (Note 17)	9,073	11,867
– Amortization of intangible assets (Note 18)	3,944	2,361
– Losses/(gains) on disposals of property and equipment (Note 8)	2,249	(65)
– Gains on disposal of right-of-use assets (Note 8)	(903)	–
– Share-based compensation expenses (Note 9)	805	6,854
– Finance income — net (Note 10)	(15,067)	(24,453)
– Share of loss of an associate (Note 15)	9,374	7,797
– Net impairment losses on financial assets (Note 3.1(b))	16,375	3,804
– Impairment loss on investment in associate (Note 15)	26,527	–
– Foreign exchange losses on operating activities (Note 8)	840	158
<b>Changes in working capital (excluding the currency translation differences on consolidation):</b>		
– Trade receivables	(9,219)	(2,357)
– Prepayments and other receivables	(10,825)	(21,355)
– Inventories	(425)	1
– Trade payables	12,019	1,642
– Other payables and accruals	7,338	(1,901)
– Advances from distributors	(804)	(1,308)
– Contract costs	(9,325)	2,986
– Contract liabilities	20,730	1,436
<b>Cash generated from/(used in) operations</b>	<b>3,160</b>	(32,232)

## Notes to the Consolidated Financial Statements

### 34 Cash flow information (continued)

#### (b) Net cash reconciliation

This section sets out an analysis of net cash and the movements in net cash for each of the periods presented.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash and cash equivalents	490,301	495,675
Term bank deposits	611,000	694,000
Lease liabilities	—	(17,929)
<b>Net cash</b>	<b>1,101,301</b>	<b>1,171,746</b>
Cash and term bank deposits	1,101,301	1,189,675
Gross debt — fixed interest rates	—	(17,929)
<b>Net cash</b>	<b>1,101,301</b>	<b>1,171,746</b>

	Other assets		Liabilities from financing activities	
	Cash	Term bank deposits	Leases	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Net cash as at 1 January 2024</b>	966,042	396,788	(34,262)	1,328,568
Cash flows	(472,300)	297,212	17,410	(157,678)
Accrued interest expense	—	—	(1,077)	(1,077)
Foreign exchange adjustments	1,933	—	—	1,933
<b>Net cash as at 31 December 2024</b>	495,675	694,000	(17,929)	1,171,746
Cash flows	(1,809)	(83,000)	6,216	(78,593)
Accrued interest expense	—	—	(189)	(189)
Disposal of lease liabilities	—	—	11,902	11,902
Foreign exchange adjustments	(3,565)	—	—	(3,565)
<b>Net cash as at 31 December 2025</b>	490,301	611,000	—	1,101,301

# Notes to the Consolidated Financial Statements

## 35 Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Construction in progress	551	20,513

## 36 Related party transactions

The ultimate parent and the ultimate controlling party of the Group is TMF (Cayman) Ltd. (incorporated in the Cayman Islands). Interest in subsidiaries and associate are set out in Note 14 and Note 15, respectively.

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with related parties:

### (a) Key management personnel compensations paid or payable for employee services

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Wages, salaries and bonuses	6,380	6,525
Pension costs — defined contribution plans	175	210
Other social security costs, housing benefits and other employee benefits	343	278
Share-based compensation expenses	755	4,905
	7,653	11,918

### (b) Balances with related parties

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Other receivable from an associate	18,444	—
Prepayments to the associate	—	8,745
Less: allowance for impairment	(18,444)	—
	—	8,745

## 37 Contingencies

The Group did not have any material contingent liabilities as at 31 December 2025 and 2024.

## Notes to the Consolidated Financial Statements

### 38 Balance sheet and reserve movement of the Company

Balance sheet of the Company	Note	As at 31 December	
		2025	2024
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Interests in subsidiaries		401,432	400,627
		401,432	400,627
<b>Current assets</b>			
Prepayments and other receivables		10,929	8,048
Amounts due from subsidiaries		25,610	25,331
Cash and cash equivalents		65,589	72,132
		102,128	105,511
<b>Total assets</b>		<b>503,560</b>	<b>506,138</b>
<b>EQUITY</b>			
Share capital		8	8
Share premium		1,094,463	1,110,449
Reserves	(a)	946	14,127
Accumulated losses	(a)	(694,127)	(689,965)
<b>Total equity</b>		<b>401,290</b>	<b>434,619</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables and accruals		2,359	2,381
Amounts due to subsidiaries		99,911	69,138
		102,270	71,519
<b>Total liabilities</b>		<b>102,270</b>	<b>71,519</b>
<b>Total equity and liabilities</b>		<b>503,560</b>	<b>506,138</b>

The balance sheet of the Company was approved by the Board of Directors on 26 March 2026 and was signed on its behalf:

.....  
Li Chong

.....  
Wu Lili

## Notes to the Consolidated Financial Statements

### 38 Balance sheet and reserve movement of the Company (continued)

(a) Reserve movement of the Company

	Reserves RMB'000	Accumulated losses RMB'000
<b>At 1 January 2024</b>	39,648	(683,722)
Loss for the year	—	(6,243)
RSU Scheme:		
— Value of employee services	6,854	—
— Vesting of RSUs	(32,375)	—
<b>At 31 December 2024</b>	14,127	(689,965)
<b>At 1 January 2025</b>	<b>14,127</b>	<b>(689,965)</b>
Loss for the year	—	(4,162)
RSU Scheme:		
— Value of employee services	805	—
— Vesting of RSUs	(13,986)	—
<b>At 31 December 2025</b>	<b>946</b>	<b>(694,127)</b>

## Notes to the Consolidated Financial Statements

### 39 Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules)

#### (a) Directors' and chief executives' emoluments

The remunerations of the directors and the chief executive for each of the years ended 31 December 2025 and 2024 are set out below:

Year ended 31 December 2025:

Name	Fees RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
<b>Executive Directors</b>							
Mr. Dai Jian ("CEO")	—	1,080	90	36	90	—	1,296
Mr. Wu Lili	—	960	80	59	94	—	1,193
Mr. Li Chong	—	960	80	40	78	387	1,545
<b>Independent Non-Executive Directors</b>							
Ms. Liu Qianli	427	—	—	—	—	—	427
Dr. Wang Qing	427	—	—	—	—	—	427
Mr. Ma Xiaofeng	427	—	—	—	—	—	427
Mr. Wei Cheng	427	—	—	—	—	—	427

Year ended 31 December 2024:

Name	Fees RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
<b>Executive Directors</b>							
Mr. Dai Jian ("CEO")	—	1,080	90	44	80	—	1,294
Mr. Wu Lili	—	960	130	73	72	—	1,235
Mr. Li Chong	—	960	80	47	63	1,809	2,959
<b>Independent Non-Executive Directors</b>							
Ms. Liu Qianli	428	—	—	—	—	—	428
Dr. Wang Qing	428	—	—	—	—	—	428
Mr. Ma Xiaofeng	428	—	—	—	—	—	428
Mr. Wei Cheng (Note (f))	428	—	—	—	—	—	428

## Notes to the Consolidated Financial Statements

### 39 Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules) (continued)

**(b) Directors' termination benefits**

No director's termination benefit subsisted at the end of the year or at any time during the year.

**(c) Consideration provided to third parties for making available directors' services**

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

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

No loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the year.

**(e) Directors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### 40 Summary of other material accounting policies

#### 40.1 Subsidiaries

##### 40.1.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

**(a) Business combinations**

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

# Notes to the Consolidated Financial Statements

## 40 Summary of other material accounting policies (continued)

### 40.1 Subsidiaries (continued)

#### 40.1.1 Consolidation (continued)

##### (a) *Business combinations (continued)*

The Group recognizes any non-controlling interests in the acquiree on an acquisition-by-acquisition basis. The non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

All other components of the non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS Accounting Standards.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in the consolidated income statement.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognized in accordance with IAS 39 in the consolidated income statement. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, the non-controlling interests recognized and previously held interest measured is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated income statement.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

# Notes to the Consolidated Financial Statements

## 40 Summary of other material accounting policies (continued)

### 40.1 Subsidiaries (continued)

#### 40.1.1 Consolidation (continued)

##### (b) *Changes in ownership interests in subsidiaries*

Transactions with the non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to the non-controlling interests are also recorded in equity.

##### (c) *Disposal of subsidiaries*

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income (“OCI”) in relation to that entity are accounted for on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. This means if a gain or loss previously recognized in OCI would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss and if a revaluation surplus previously recognized in OCI would be transferred directly to retained earnings on the disposal of the asset, the Group transfers the revaluation surplus directly to retained earnings.

#### 40.1.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee’s net assets including goodwill.

### 40.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to CODM.

# Notes to the Consolidated Financial Statements

## 40 Summary of other material accounting policies (continued)

### 40.3 Foreign currency translation

**(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

**(b) Transactions and balances**

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income" or "finance costs". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gains/(losses) — net".

**(c) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii. income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- iii. all resulting currency translation differences are recognized in OCI.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in OCI.

# Notes to the Consolidated Financial Statements

## 40 Summary of other material accounting policies (continued)

### 40.4 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Construction in progress represents buildings under construction, which is stated at actual construction costs less any impairment loss. Construction in progress is transferred to property, plant and equipment when completed and ready for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 40.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other gains/(losses) — net" in the consolidated income statement.

### 40.5 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested at least annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

# Notes to the Consolidated Financial Statements

## 40 Summary of other material accounting policies (continued)

### 40.6 Investments and other financial assets

#### 40.6.1 Classification

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

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortized cost.

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

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

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

#### 40.6.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### 40.6.3 Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

# Notes to the Consolidated Financial Statements

## 40 Summary of other material accounting policies (continued)

### 40.6 Investments and other financial assets (continued)

#### 40.6.3 Measurement (continued)

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the consolidated income statement and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated income statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the consolidated income statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the consolidated income statement.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in the consolidated income statement and presented net within other gains/(losses) in the period in which it arises.

##### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in the consolidated income statement as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

# Notes to the Consolidated Financial Statements

## 40 Summary of other material accounting policies (continued)

### 40.6 Investments and other financial assets (continued)

#### 40.6.4 Impairment of financial assets

The Group assesses on a forward looking basis ECL associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Impairment on other receivables is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of trade receivables.

### 40.7 Trade and other receivables

Trade and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

### 40.8 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and short-term highly liquid investments with original maturity of three months or less, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown in current liabilities.

### 40.9 Share capital

Ordinary shares are classified as equity.

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

Where any group company purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the shareholders of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs) is included in equity attributable to the shareholders of the Company.

# Notes to the Consolidated Financial Statements

## 40 Summary of other material accounting policies (continued)

### 40.10 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### 40.11 Current and deferred income tax

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

#### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws, enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (b) Deferred income tax

##### *Inside basis differences*

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

# Notes to the Consolidated Financial Statements

## 40 Summary of other material accounting policies (continued)

### 40.11 Current and deferred income tax (continued)

#### (b) Deferred income tax (continued)

##### *Outside basis differences*

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and the associate, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and the associate only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

#### (c) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 40.12 Employee benefits

#### (a) Defined contribution plan

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organized by the relevant governmental authorities. The Group's liability in respect of these plans is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

#### (b) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

# Notes to the Consolidated Financial Statements

## 40 Summary of other material accounting policies (continued)

### 40.13 Share-based payments

#### (a) Equity-settled share-based payments transactions

The Group operates various equity-settled share-based compensation plans, including the RSU Scheme, under which the Group receives services from employees as consideration for equity instruments (options or RSUs) of the Company. The fair value of the services received in exchange for the grant of the equity instruments is recognized as expense.

For share options and RSUs awarded to employees, the total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the quantum of share options and RSUs that are expected to vest. The total expense is recognized over the vesting period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of shares under the share options and the number of RSUs that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

#### (b) Share-based payments transactions among Group entities

The grant by the Company of share options and/or RSUs to the employees or other service providers of the subsidiaries is treated as a capital contribution. The fair value of services received by the subsidiaries, measured by reference to the grant date fair value of the equity instruments issued, is recognized over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the separate financial statements of the Company.

# Notes to the Consolidated Financial Statements

## 40 Summary of other material accounting policies (continued)

### 40.14 Cost of revenue

Amounts recorded as cost of revenue relate to direct expenses incurred in order to generate revenue from online business and other businesses. Such costs are recorded as incurred. Cost of revenues consists primarily of (i) distribution costs and payment handling fees, (ii) employee benefit expenses, (iii) depreciation and amortization of property and equipment, intangible assets and right-of-use assets, (iv) bandwidth and server custody fees; etc.

### 40.15 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains on these assets.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

### 40.16 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,

## 40 Summary of other material accounting policies (continued)

### 40.16 Leases (continued)

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

# Notes to the Consolidated Financial Statements

## 40 Summary of other material accounting policies (continued)

### 40.16 Leases (continued)

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise electronic equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term (Note 17). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

### 40.17 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

### 40.18 Government grants

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

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