

2025 ANNUAL REPORT 年度報告



XD Inc. 心动有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 2400

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01

CORPORATE
INFORMATION



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Yimeng (*Chairman and Chief Executive Officer*)
Mr. Dai Yunjie
Mr. Fan Shuyang

Non-executive Director

Mr. Wu Meng

Independent Non-executive Directors

Mr. Pei Dapeng
Mr. Xin Quandong
Ms. Liu Qianli

AUDIT COMMITTEE

Mr. Xin Quandong (*Chairman*)
Mr. Pei Dapeng
Ms. Liu Qianli

REMUNERATION AND APPRAISAL COMMITTEE

Ms. Liu Qianli (*Chairwoman*)
Mr. Dai Yunjie
Mr. Xin Quandong

NOMINATION COMMITTEE

Mr. Pei Dapeng (*Chairman*)
Mr. Huang Yimeng
Ms. Liu Qianli

STRATEGY AND DEVELOPMENT COMMITTEE

Mr. Huang Yimeng (*Chairman*)
Mr. Dai Yunjie
Mr. Wu Meng
Mr. Pei Dapeng

JOINT COMPANY SECRETARIES

Mr. Fan Shuyang
Mr. Chung Ming Fai

AUTHORISED REPRESENTATIVES

Mr. Fan Shuyang
Mr. Chung Ming Fai

AUDITOR

PricewaterhouseCoopers
(*Registered Public Interest Entity Auditors*)
22/F, Prince's Building
Central
Hong Kong

REGISTERED OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House, Cricket Square
Grand Cayman KY1-9010
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit A2, No. 700
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Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F., Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR

Campbells Corporate Services Limited
Floor 4, Willow House, Cricket Square
Grand Cayman KY1-9010
Cayman Islands

HONG KONG SHARE REGISTRAR

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

HONG KONG LEGAL ADVISER

Linklaters
11th Floor, Alexandra House
Chater Road Central, Hong Kong

PRINCIPAL BANKS

China Merchants Bank (Shanghai Branch, Daning Sub-branch)
China Citic Bank (Shanghai Branch, Daning Sub-branch)

WEBSITE

2400.hk

STOCK CODE

2400

02

CHAIRMAN'S LETTER



CHAIRMAN'S LETTER

Dear fellow investors and all friends of XD,

In 2025, we delivered pleasing operating results. The Company's annual revenue reached RMB5.764 billion, up 15% year-on-year; net profit was RMB1.657 billion, up 86% year-on-year; and gross margin improved to 73.8%. The Company owned RMB3.77 billion in cash reserves, with operating cash flow of RMB1.71 billion. On shareholders' returns, we launched an automatic share repurchase programme totalling HK\$400 million, with all repurchased shares cancelled. Going forward, we plan to replace traditional cash dividends with ongoing share repurchases and cancellations — a more tax-efficient approach for all shareholders.

But frankly, what satisfies me even more than these financial figures is the state of the Company today.

Over the past few years, we made missteps, undertook difficult adjustments, and reorganised and optimised the team. Today, I feel the team is in a very healthy state — operating with greater ease and capacity than in recent years, with more time and energy to explore new things. We have become more pragmatic, but we have not lost our dreams, nor have we become afraid to take risks. I am genuinely satisfied with where I, the team, and the Company stand as a whole.

It is precisely in this state — with bandwidth and confidence — that our businesses have achieved more substantive progress.

In game development and publishing, our content portfolio no longer relied on single breakout hits, but rather built a more complete and resilient structure.

After extensive preparation and continuous refinement, Heartopia (心動小鎮) was officially launched globally in January 2026. We incorporated the enormous volume of player feedback gathered since its launch in Chinese Mainland over a year earlier, and combined it with sustained content updates, to reorganise and refine the game to provide a better experience for global players. This allowed the game to achieve outstanding results at its global launch, affirming the value of the Company's and the team's long-term commitment.

Torchlight: Infinite (火炬之光: 無限) performed exceptionally well over the past year, with each new season reaching new highs and its global influence continuing to grow. On this basis, we made the decisive move to acquire the complete Torchlight IP through a transaction structure beneficial to all parties involved. This acquisition is of great significance: eliminating royalty payments will generate very substantial financial returns going forward, and transforming Torchlight into XD's own IP will give us greater conviction and confidence to make larger investments in its long-term development. We believe there is still tremendous room for growth for this product in the future.

The relaunch of Ragnarok M: Classic (仙境傳說RO: 守護永恆的愛初心版) in Southeast Asia, Hong Kong, Macau, Taiwan and other regions represented an extremely important reaffirmation of the immense value of this classic IP in a critically important way. Seizing this opportunity, we officially named our new game as Ragnarok M: Eternal Love 2 (RO仙境傳說: 守護永恆的愛 2). The reason for such a "sequel" title reflects our aspiration for Eternal Love to evolve into XD's own RO sub-IP, with an independent reputation and ecosystem, thereby supporting us in making more substantive and larger-scale development investments on our own RO platform.

In addition, Etheria: Restart (伊瑟) has completed its global launch, while Sword of Convallaria (鈴蘭之劍), GoGo Muffin (出發吧麥芬) and others continue to operate steadily. Our capability to develop our proprietary game continues to be strengthened.

We also made significant strides in the TapTap platform business.

Last year, the average App MAUs of TapTap PRC grew steadily, and platform revenue increased by a substantial 24.7% year-on-year. This was driven by marked improvements in advertising algorithm efficiency and the increasing maturity of our data transmission system, making developer return on ad spend clear and measurable. Our AI recommendation technology also achieved an important breakthrough in off-platform promotion.

At the same time, we began progressively rolling out TapTap's PC version last year. The PC version carries forward TapTap's longstanding zero revenue share business model and has gained the support of a growing number of developers. It is maintaining steady growth and gradually establishing its influence in the PC gaming sector.

In 2026, TapTap celebrates its tenth anniversary since launch. Looking back over the past decade, we have played a meaningful role in transforming and advancing the domestic game distribution ecosystem, allowing more great games to be recognized and discovered by players. However, after ten years of growth, TapTap's penetration among domestic gamers has reached a relatively high level. If we want to pursue further growth, we must seek a more significant breakthrough.

For the past ten years, TapTap has been answering one question: "How are great games discovered?" This year, we began tackling the next, more upstream question: "How can more great games be created?"

In January 2026, we officially launched TapTap Maker, an AI game creation agent. Creators are not required to write code or create art — they can simply describe their ideas in natural language and start making a game. What it genuinely lowers is not just the technical threshold of game production, but the cost of trying. In the past, realizing a game idea meant either joining a company — needing to convince a team and bearing steep failure costs — or going independent, mastering programming, art, music, operations, and every other discipline yourself. Now, with TapTap Maker, an individual can begin creating games with minimal friction.

Behind this product lies the full utilisation of our years of accumulation in technology in the Sparkle Editor and its proprietary engine, as well as the extensive infrastructure of TapTap Developer Services (TDS). AI helps creators seamlessly access these underlying capabilities, allowing them to focus entirely on the art of creation.

Our embrace of AI extends well beyond TapTap Maker. AI-assisted game creation by developers and players will inevitably become an industry norm. Accordingly, TapTap's entire development, publishing and operations workflow is being deeply optimised for AI Agents. Yet, we also firmly believe that regardless of how much AI plays a role in the production process, what ultimately moves people in a game is still the creator's aesthetic sensibility and taste.

For TapTap, the explosion of new game products driven by AI is highly beneficial to the platform ecosystem. Our core strategy has always been to gather the world's best creators and bring them into the TapTap ecosystem. This philosophy has been consistent since our founding: from insisting on zero revenue share from developers, to providing TDS developer services, and to offering TapTap Maker as a free AI creation tool nowadays — our ultimate goal has always been one and the same: to build the most thriving creator ecosystem.

Finally, I would like to talk about the changes and impacts that the advent of AI era will have on our Company's future.

2026 is destined to be a year of AI Agent proliferation. AI will redefine the scope of work across every role — this is a very realistic situation we need to confront and embrace.

XD's approach is to embrace this as proactively as possible, opening up and integrating AI into every aspect of our work. Our internal infrastructure is already fully in place: in addition to providing all team members with monthly subscriptions to major AI models, we also provide substantial Token credits per person per day specifically for production and learning. The purpose of these initiatives is to enable our colleagues to better understand and experiment with how to coexist with AI in the future, and to become proficient at managing and directing AI.

For many years, we aspired to run the Company with extremely high talent density — with everyone operating as "a fully empowered professional," with full autonomy and accountability. In practice, however, day-to-day work inevitably involves a large volume of unavoidable low-value tasks. It is unrealistic to expect high-value talent to perform these low-value tasks, making it difficult to fully realize our past aspirations.

However, AI changes all of this. In the future, AI may replace the vast majority of low-value work within the Company, enabling our best talent to focus entirely on solving the most valuable problems. This will tangibly help us raise talent density and give the Company the ability to pursue higher goals, greater ambitions, and more significant value creations.

We are deeply excited about and look forward to such a future. This is the “state” I mentioned at the beginning of this letter — today at XD, everyone is doing more than just a job. They are genuinely enjoying themselves, truly embracing the process of exploration, and looking forward to bring greater change to this industry, to developers, and to players.

Thank you to all shareholders for your continued understanding, trust and support.

Huang Yimeng
Chairman of the Board
XD Inc.

03

MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

In 2025, we achieved continued year-on-year growth in both revenue and profit. Meanwhile, by further integrating AI technology and acquiring the IP rights of Torchlight series games, we have laid a solid foundation for the long-term growth of our business.

In our game segment, the strong performance of Ragnarok M: Classic (仙境傳說M:初心服), Heartopia (心動小鎮), and Torchlight: Infinite (火炬之光：無限) drove a 10.5% year-on-year increase in our gaming revenue, both Heartopia (心動小鎮) and Torchlight: Infinite (火炬之光：無限) have the potential to become evergreen games. We plan to continuously invest in R&D and support them to nurture an increasingly broad player base. In our platform segment, improvements to advertising algorithms and enhancements in user engagement led to a 24.7% year-on-year growth in the revenue of TapTap. We launched the PC version of TapTap, creating synergies with the mobile app to provide more convenient services for both players and developers. Furthermore, in early 2026, we initiated the invitation test for TapTap Maker, with the vision of creating a zero-barrier AI game-creation agent for game enthusiasts.

Below is an overview of our core products and services:

Our Games

As of December 31, 2025, our portfolio consisted of 22 online games and 45 premium games.

Online Games

During 2025, the average MAUs of our online games decreased by 20.4% year-on-year, while the average MPUs decreased by 20.2% year-on-year. This decrease was primarily attributable to the declines in number of users of Heartopia (心動小鎮) and Sausage Man (香腸派對) as compared with 2024. For the year ended December 31, 2025, Heartopia (心動小鎮), GoGo Muffin (出發吧麥芬), Torchlight: Infinite (火炬之光：無限), Ragnarok M (仙境傳說M), and Etheria: Restart (伊瑟) were our top five games in terms of their revenue contribution. An overview of our major games at present is as follows:

- **Heartopia (心動小鎮):** This self-developed life simulation game was launched in July 2024 in Chinese Mainland and was enthusiastically received by players, topping the App Store's game download rankings multiple times. In 2025, while the number of users for the game experienced a moderation compared to its initial launch period, we strategically expanded the development team, enhanced our production capacity, and released several well-received content updates, enabling the game to achieve sustained success. In January 2026, we successfully launched the game in multiple countries and regions globally.
- **GoGo Muffin (出發吧麥芬):** This self-developed idle role-playing game was launched in Hong Kong, Macau and Taiwan in January 2024, and subsequently launched in Chinese Mainland and various overseas markets. In 2025, the user base and revenue of this game experienced significant year-on-year declines compared to 2024.
- **Torchlight: Infinite (火炬之光：無限):** This self-developed loot-based ARPG was launched in overseas markets outside China in October 2022 and launched in domestic market in Chinese Mainland in May 2023. Through several successful seasonal updates, the game has gained continuous recognition among players, and expanded the player community. At the end of 2025, we acquired the IP rights of Torchlight series games and related intangible assets. In the future, we hope the game will continue to attract more gamers through more attractive seasonal updates.
- **Ragnarok M (仙境傳說M):** This co-developed MMORPG was launched in domestic market in Chinese Mainland in January 2017, and was subsequently released in various countries and regions worldwide. The game is currently at its maturity stage. Ragnarok M: Classic, a special version of Ragnarok M, was released and launched in domestic market in Chinese Mainland in April 2024, launched in the Southeast Asia market in February 2025, launched in Hong Kong, Macau and Taiwan markets in April 2025, and launched in several other overseas markets in August 2025. Since its launch, this special version of the game has performed well and gained popularity among gamers.

- **Etheria: Restart (伊瑟):** This self-developed turn-based role-playing game was initially launched in multiple overseas countries and regions in June 2025, and launched in the domestic market in China and East Asia markets in September 2025. Currently the game has completed its launch in major global markets and is overall at the maturity stage of its lifecycle.

Games in Development

We regard our self-developed games as one of the cornerstones of our growth, and we have made large scale investments in research and development of games. As at December 31, 2025, we had 788 employees engaged in game development, representing an increase of 64 employees from December 31, 2024. Since 2024, our game research and development business experienced stable growth upon the release and the success of some self-developed games as well as the establishment of new projects. As of December 31, 2025, we had two online games in development. Furthermore, we have several new games in the pre-development stage, which may advance in the future depending on project progress.

Premium Games

Premium games constitute our special business component that meets the demand of mobile game users for high quality, pay-to-play games and adds diversity to the TapTap platform ecosystem. In 2025, our premium game revenue increased by 15.6% compared to 2024. Titles such as Volcano Princess (火山的女兒) and the mobile version of Totally Accurate Battle Simulator (全面憨憨戰爭模擬器) were successively launched, bringing certain revenue contributions to the business and increasing platform discussions. We continuously advanced our cross-platform publishing strategy for premium games on PC and mobile, relying on accumulated experience in pay-to-play publishing to gradually enrich the TapTap PC product ecosystem. Subsequent titles such as the mobile version of Dave the Diver (潛水員戴夫) have also gained high attention on social media. In 2026, we will continue to introduce more high-quality games on PC and mobile to further expand our premium game product line.

TapTap

TapTap is our key competitiveness and one of the cornerstones of our growth. We rely on game development and publishing to provide TapTap with high-quality exclusive content, which drives TapTap's user growth. In the meantime, TapTap's own product and operation advantages will help retain users and generate revenue, which will then feed the content creation of both first-party and third-party developers through TapTap and in turn generate more quality content and continue to drive the further growth of TapTap.

TapTap PRC

For the year ended December 31, 2025, the average App MAUs of TapTap PRC was 45.0 million, representing an increase of 2.1% on a year-on-year basis. While the MAU remained broadly stable, user engagement improved as compared to the corresponding period last year. Meanwhile, we have improved the effectiveness of advertising on the platform by upgrading the basic model of our advertising system, driving continued growth in the revenue of TapTap.

In 2025, we promoted more games to integrate TapSDK and ecosystem services, enabling accounts-game-data linkage and circulation. Currently, we have added AI assistant modules in both the TapTap user interface and the developer center interface, dedicating ourselves to providing the best service for gamers and game developers with frontier technology. In April 2025, we officially released the PC version of TapTap, where PC games can be downloaded and launched. We aim to align with the current industry trend of cross-platform compatibility for large-scale games, leveraging the coordination between the mobile and PC versions of TapTap to better serve both players and developers. In July 2025, we also officially released TapTap mini-games. In January 2026, we started the invitation test for TapTap Maker, with the vision of creating a zero-barrier AI game-creation agent for game enthusiasts.

In the second and third quarters of 2025, we hosted the Annual TapTap Presents, the TapTap Developers Workshops (TDW 2025), and a series of "Spotlight Game Jam" game development competitions. In January 2026, we hosted the 2025 TapTap Game Awards. Those events received positive feedback from both players and developers.

TapTap International

For the year ended December 31, 2025, the average App MAUs of TapTap International was 4.3 million, representing a decrease of 14.1% on a year-on-year basis. We have not yet monetized TapTap International and our international team is currently exploring opportunities for long-term growth with limited resource allocation.

FINANCIAL REVIEW

Revenue

Our revenue is mainly derived from (i) games, the principal operating business where we generate revenue primarily from sales of in-game virtual items in online games and sales of premium games through third-party and our proprietary distribution platforms; and (ii) TapTap platform, where we generate revenue primarily from providing online marketing services on TapTap. The following table sets forth our revenue by line of business for the years ended December 31, 2024 and 2025.

	For the year ended December 31,			
	2025		2024	
	Amount	% of revenue	Amount	% of revenue
(RMB in thousands, except for percentages)				
Games	3,796,067	65.9	3,434,061	68.5
Game operating	3,724,419	64.6	3,427,520	68.4
Online games	3,596,400	62.4	3,316,789	66.2
Premium games	128,019	2.2	110,731	2.2
Others	71,648	1.3	6,541	0.1
TapTap platform	1,967,672	34.1	1,578,046	31.5
Total revenue	5,763,739	100.0	5,012,107	100.0

Games

Our revenue from game business increased by 10.5% to RMB3,796.1 million for the year ended December 31, 2025 on a year-on-year basis. In particular,

- Our revenue from online games increased by 8.4% to RMB3,596.4 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the increases in revenue from our self-developed games Ragnarok M: Classic (仙境傳說M: 初心版), Heartopia (心動小鎮) and Torchlight: Infinite (火炬之光: 無限), coupled with the new launch of Etheria: Restart (伊瑟) in June 2025. This increase was partially offset by the decrease in revenue from certain of our existing games.
- Our revenue from premium games increased by 15.6% to RMB128.0 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the increases in revenue from Hero's Adventure (大俠立志傳), Volcano Princess (火山的女兒) and other newly launched premium games. This increase was partially offset by the decrease in revenue from certain of our existing premium games.

The following table sets forth a breakdown of our game operating revenue by revenue recognition method for the years ended December 31, 2024 and 2025.

	For the year ended December 31,			
	2025		2024	
	Amount	%	Amount	%
	(RMB in thousands, except for percentages)			
Revenue recognized on a gross basis	3,219,762	86.5	3,280,128	95.7
Revenue recognized on a net basis	504,657	13.5	147,392	4.3
Total game operating revenue	3,724,419	100.0	3,427,520	100.0

Our game operating revenue recognized on a gross basis slightly decreased by 1.8% to RMB3,219.8 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the decrease in revenue from certain existing games, such as GoGo Muffin (出發吧麥芬) and Sword of Convallaria (鈴蘭之劍). This decrease was partially offset by the increases in revenue from Heartopia (心動小鎮), Torchlight: Infinite (火炬之光：無限) and Etheria: Restart (伊瑟). Our game operating revenue recognized on a net basis increased by 242.4% to RMB504.7 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the robust performance of Ragnarok M: Classic (仙境傳說M：初心服) in overseas markets.

TapTap Platform

Our revenue from TapTap platform business increased by 24.7% to RMB1,967.7 million for the year ended December 31, 2025 on a year-on-year basis. This increase in revenue is mainly attributable to the refinement of our advertising algorithms and uplift in user engagement.

We have not yet monetized TapTap International.

Cost of Revenues

Our cost of revenues slightly decreased by 1.6% to RMB1,509.2 million for the year ended December 31, 2025 on a year-on-year basis. The following table sets forth our cost of revenues by line of business for the years ended December 31, 2024 and 2025.

	For the year ended December 31,			
	2025		2024	
	Amount	% of segment revenue	Amount	% of segment revenue
	(RMB in thousands, except for percentages)			
Games	1,237,147	32.6	1,285,876	37.4
TapTap platform	272,037	13.8	247,701	15.7
Total	1,509,184	26.2	1,533,577	30.6

Our cost of revenues for game business primarily consists of commissions charged by distribution platforms and payment channels where we act as a principal, sharing of proceeds to game developers, cloud service, bandwidth and server custody fee and employee benefits expenses. Our cost of revenues for TapTap platform business primarily consists of cloud service, bandwidth and server custody fee and employee benefits expenses.

Our cost of revenues for game business slightly decreased by 3.8% to RMB1,237.1 million for the year ended December 31, 2025 on a year-on-year basis, primarily attributable to (i) lower distribution platform and payment channel commissions from the overseas operations of GoGo Muffin (出發吧麥芬) and Sword of Convallaria (鈴蘭之劍); and (ii) reduced revenue-sharing costs associated with Sausage Man (香腸派對), Ulala (不休的烏拉拉) and other licensed games. Those decreases were partially offset by (i) the higher distribution platform and payment channel commissions from the domestic operations of Heartopia (心動小鎮), Torchlight: Infinite (火炬之光：無限) and Etheria: Restart (伊瑟); and (ii) the increases in cloud service, bandwidth and server custody fee and professional and technical service fee.

Our cost of revenues for TapTap platform business increased by 9.8% to RMB272.0 million for the year ended December 31, 2025 on a year-on-year basis, primarily attributable to the increase in cloud service, bandwidth and server custody fee related to our advertising algorithms system.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 22.3% to RMB4,254.6 million for the year ended December 31, 2025 on a year-on-year basis. Overall gross margin improved to 73.8%, up from 69.4% in 2024. This increase was primarily due to (i) an improvement in the gross margin of game segment from 62.6% in 2024 to 67.4% in 2025, mainly fueled by the robust overseas performance of Ragnarok M: Classic (仙境傳說M：初心服), which increased the proportion of game operating revenue recognized on a net basis (from 4.3% in 2024 to 13.5% in 2025); (ii) an improvement in gross margin of TapTap platform segment from 84.3% in 2024 to 86.2% in 2025; and (iii) a favorable shift in revenue mix, with the higher-margin TapTap platform segment contributing 34.1% of total revenue in 2025, compared to 31.5% in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) promotion and advertising expenses paid to external advertising agencies and professional information dissemination companies; and (ii) employee benefit expenses relating to our selling and marketing personnel.

Our selling and marketing expenses increased by 2.8% to RMB1,435.9 million for the year ended December 31, 2025 on a year-on-year basis. This was primarily attributable to (i) higher performance-based compensation for our selling and marketing personnel, in line with our profit growth; and (ii) an increase in professional and technical services fees. This increase was partially offset by the decrease in promotion and advertising expenses.

Research and Development Expenses

Our research and development (R&D) expenses primarily consist of (i) employee benefits expenses relating to our R&D employees; and (ii) professional and technical services fees including art design and technical support for our games.

Our R&D expenses increased by 6.7% to RMB981.4 million for the year ended December 31, 2025 on a year-on-year basis. This was primarily due to (i) higher performance-based compensation for our research and development staff, in line with our profit growth; and (ii) an increase in game production outsourcing expenses. The number of our R&D personnel increased from 993 as at December 31, 2024 to 1,106 as at December 31, 2025.

General and Administrative Expenses

Our general and administrative (G&A) expenses primarily consist of (i) employee benefits expenses relating to our administrative employees; (ii) professional and technical services fees, such as fees paid to auditors and law firms; (iii) office expenses incurred in the ordinary course of business; and (iv) depreciation of property, plant and equipment and right-of-use assets in connection with our office space in Shanghai.

Our G&A expenses decreased by 20.3% to RMB212.6 million for the year ended December 31, 2025 on a year-on-year basis. This was primarily due to lower employee compensations and share-based payments related to certain members of our management.

Other Gains/(Losses), Net

Our other gains/(losses), net primarily consist of net foreign exchange gains/(losses) and net gain on repurchase of convertible bonds.

We recorded other gains, net, of RMB12.6 million for the year ended December 31, 2025, compared to other losses, net, of RMB9.8 million for the corresponding period in 2024. Our net foreign exchange gains were RMB15.6 million for the year ended December 31, 2025, compared to foreign exchange net losses of RMB19.7 million for the year ended December 31, 2024. We did not record any gain on repurchase of convertible bonds for the year ended December 31, 2025, compared to a net gain on repurchase of convertible bonds of RMB5.0 million for the corresponding period of 2024.

Income Tax Expenses

We recorded income tax expenses of RMB62.4 million for the year ended December 31, 2025, compared to income tax expenses of RMB44.9 million for the corresponding period in 2024. Among which, we recorded a current income tax expense of RMB64.1 million and a deferred income tax credit of RMB1.7 million in relation to the movement of deferred tax liability we recognized in previous years.

Profit for the Year

Our net profit for the year was RMB1,656.5 million for the year ended December 31, 2025, compared with a net profit of RMB890.5 million for the year ended December 31, 2024.

Profit for the Year Attributable to Equity Holders of the Company

Our net profit for the year attributable to equity holders of the Company was RMB1,535.3 million for the year ended December 31, 2025, compared to RMB811.5 million for the corresponding period of 2024.

Our net profit for the year attributable to non-controlling interests was primarily derived from the non-controlling interests in those entities operating our TapTap platform and AI-driven marketing platform.

Other Financial Information

The following table reconciles our operating profit to our EBITDA and adjusted EBITDA for the periods presented:

	For the year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Operating profit	1,679,908	914,789
Adjustments:		
Other income	(49,722)	(28,574)
Other (gains)/losses, net	(12,615)	9,774
Depreciation of property, plant and equipment	15,359	21,768
Depreciation of right-of-use assets	38,211	39,558
Amortization of intangible assets	24,252	39,893
EBITDA	1,695,393	997,208
Share-based compensation expenses	92,483	59,235
Adjusted EBITDA	1,787,876	1,056,443

Non-IFRS Accounting Standards Measures

To supplement our consolidated financial information which is presented in accordance with IFRS Accounting Standards, we set forth below our adjusted profit for the year and adjusted profit attributable to equity holders of the Company as an additional financial measure which is not presented in accordance with IFRS Accounting Standards. We believe these non-IFRS Accounting Standards financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain items, namely (i) fair value changes on long-term investments measured at fair value through profit or loss; and (ii) share-based compensation expenses. The following table reconciles our adjusted profit for the year and adjusted profit attributable to equity holders of the Company indicated to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards:

	For the year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Profit for the year	1,656,509	890,491
Add:		
Fair value changes on long-term investments measured at fair value through profit or loss	7,933	7,963
Share-based compensation expenses	92,483	59,235
Less:		
Income tax effects	—	(1,004)
Adjusted profit for the year	1,756,925	956,685

	For the year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Profit attributable to equity holders of the Company	1,535,274	811,530
Add:		
Fair value changes on long-term investments measured at fair value through profit or loss	7,933	7,310
Share-based compensation expenses	85,356	58,847
Less:		
Income tax effects	—	(841)
Adjusted profit attributable to equity holders of the Company	1,628,563	876,846

These unaudited non-IFRS Accounting Standards financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with IFRS Accounting Standards. In addition, these non-IFRS Accounting Standards financial measures may be defined differently from similar terms used by other companies.

Liquidity and Capital Resources

Our cash positions and short-term investments as at December 31, 2025 and December 31, 2024 are as follows:

	As at December 31, 2025	As at December 31, 2024
	RMB'000	RMB'000
Cash and cash equivalents	3,689,375	2,781,173
Short-term investments		
— Term deposits with initial terms over three months	—	50,000
— Wealth management products	81,033	78,984
	3,770,408	2,910,157

As at December 31, 2025, our short-term investments consisted of wealth management products issued by large reputable commercial banks. These wealth management products invest principally in low-risk and liquid fixed-income instruments that are quoted on the interbank market or exchanges in China. The returns of such wealth management products are not guaranteed or protected by the issuing banks.

The increase of our cash positions was primarily due to the net cash flows generated from operating activities of RMB1,712.6 million for the year ended December 31, 2025, and partially offset by cash payments for (i) purchase of the IP rights of Torchlight series games and other intangible assets of RMB311.9 million; (ii) dividend for the year ended December 31, 2024 paid to shareholders of RMB179.4 million; (iii) acquisition of additional non-controlling interests in subsidiaries of RMB143.3 million; (iv) repurchase of shares for the purpose of the 2024 RSU Scheme at the aggregate consideration of RMB105.1 million and (v) long-term investments of RMB104.4 million.

As of December 31, 2025, we did not have any borrowings or unutilized banking facilities.

Gearing Ratio

Our gearing ratio was 22.5% as at December 31, 2025, compared to a gearing ratio of 30.8% as at December 31, 2024. This ratio was calculated as total liabilities divided by total assets.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Reference is made to the announcements of the Company dated November 26, 2025, December 29, 2025 and January 16, 2026 (collectively, the "Announcements").

On November 26, 2025, the Group entered into a facilities agreement (the "Facilities Agreement") with Project Golden Arc, Inc. (the "Golden Arc"), pursuant to which the Group agreed to provide and has provided term loan facilities of USD40,000,000 in aggregate to Golden Arc. On December 29, 2025, the Group entered into an asset transfer agreement with Runic Games Inc. and Arc Games, Inc. (together the "Sellers") and Golden Arc (the parent company of the Sellers), pursuant to which the Group acquired from the Sellers all right, title and interest in and to the assigned assets, including the Torchlight series games, technology, documentation, IP and etc. with total consideration USD37,180,000. The consideration was satisfied in full by way of credit and set-off against the Group's rights as lender under the Facilities Agreement in respect of the corresponding amount (i.e. USD37,180,000) of outstanding loan and accrued but unpaid interest thereunder. Please refer to the Announcements for further details.

Save for the acquisition mentioned above, for the year ended December 31, 2025, the Company had no material acquisition and disposal of subsidiaries, associated companies and joint ventures.

Reference is also made to the announcement and circular (the "Circular") of the Company dated April 9, 2024 and June 3, 2024, respectively in relation to, among others, the acquisition of 35% shareholding in X.D. Global (HK) Limited ("XD Global HK"). Based on the audited results of XD Global HK for the two years ended December 31, 2025, the Board is pleased to announce that the Pre-Tax Profit for the Earn Out Period (as defined in the Circular) is not less than the Reference Pre-Tax Profit (as defined in the Circular) and no Earn Out Adjustment (as defined in the Circular) shall be payable by any of the Vendors to the Purchaser and the Company.

Connected Transaction

Purchase of Series B1 Preferred Shares in the Target Company

On August 4, 2025, XD (HK) Limited (an indirect wholly-owned subsidiary of the Company), among other parties, entered into the Share Purchase Agreement with the Target Company, pursuant to which the Purchaser has conditionally agreed to subscribe for and purchase, and the Target Company has conditionally agreed to allot and issue, 7,086,420 Series B1 Preferred Shares, which represents approximately 5.30% of the issued share capital in the Target Company immediately after the Closing, on a fully-diluted and as-converted basis, for a consideration of US\$14,000,000. Upon the completion of the Purchase, the Purchaser would hold 5.30% equity interest in the Target Company and the Target Company would not become a subsidiary of the Company. As of December 31, 2025, the Purchase was completed.

As of the date of announcement of the Company dated August 4, 2025, the Target Company is owned as to 45.66% by Mr. Wu Meng, a non-executive Director. Accordingly, the Target Company is a connected person of the Company for the purpose of the Listing Rules, and the transactions contemplated under the Share Purchase Agreement constituted connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Purchase is more than 0.1% but less than 5%, the Purchase is subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated August 4, 2025.

Pledge of Assets

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

Future Plans for Material Investments or Capital Assets

As of December 31, 2025, we did not have any future plans for material investments or capital assets.

Foreign Exchange Risk Management

We generate revenue from overseas markets in relation to our international business, and therefore, we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars and Hong Kong dollars. We also pay licensing fees for foreign game developers and intellectual property providers, which are primarily in US dollars. We currently do not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

Contingent Liabilities

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

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BIOGRAPHIES
OF DIRECTORS
AND SENIOR
MANAGEMENT



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Huang Yimeng (黃一孟), aged 44, is an executive Director, the Chairman of the Board and the Chief Executive Officer of our Company. Mr. Huang has over 19 years of experience in games, telecommunications, technology and internet industries and is primarily responsible for the overall operations and management of our Group. Mr. Huang has been the chairman of the board of directors of X.D. Network since July 2011. Mr. Huang currently also holds directorships in various of our subsidiaries, our PRC Consolidated Affiliated Entities and Relevant Entities. In addition, Mr. Huang has abundant management experience in the technology industry, including as the chief executive officer of Shanghai Shaosi Network Technology Co., Ltd. (上海少思網絡科技有限公司) from May 2007 to June 2011, and the chief executive officer of Shanghai Weixi Network Technology Co., Ltd. (上海維西網絡科技有限公司) from June 2005 to April 2007. Mr. Huang graduated from Fudan High School in China in July 2000.

Mr. Dai Yunjie (戴雲傑), aged 43, is an executive Director and the President of our Company. Mr. Dai has over 19 years of experience in games, telecommunications, technology and internet industries and is primarily responsible for daily operations, overseas business development and human resources of our Group. Mr. Dai currently also holds directorships in various of our subsidiaries, Consolidated Affiliated Entities and Relevant Entities. Mr. Dai has been an executive director of Shanghai Qingwu Network Technology Co., Ltd. (上海輕舞網絡科技有限公司) since August 2014, and an executive director of Shanghai Yinzhi Network Technology Co., Ltd. (上海隱志網絡科技有限公司) since November 2003. In addition, Mr. Dai was the chief operating officer of Shanghai Shaosi Network Technology Co., Ltd. (上海少思網絡科技有限公司) from May 2007 to June 2011, and the chief operating officer of Shanghai Weixi Network Technology Co., Ltd. (上海維西網絡科技有限公司) from June 2005 to April 2007. Mr. Dai graduated from Shanghai University in China majoring in mechanical engineering and automation in June 2006.

Mr. Fan Shuyang (樊舒陽), aged 42, is an executive Director and one of the joint company secretaries of our Company. Mr. Fan has also served as the secretary to the board of directors, the product manager and project manager of X.D. Network since February 2012. Mr. Fan has more than 17 years of experience in game and consultancy industries and is primarily responsible for daily operations, corporate governance and legal and compliance affairs of our Group. Prior to joining our Group, Mr. Fan served as a project manager at SEGA Shanghai (世嘉(上海)) from January 2010 to January 2012, a transfer pricing consultant at KPMG China from July 2009 to December 2009 and a software engineer at SEGA Shanghai from July 2006 to July 2007. Mr. Fan obtained his bachelor's degree in automation from Tongji University in China in July 2007 and his master's degree in electronic business management from University of Warwick in the United Kingdom in January 2009.

Non-Executive Director

Mr. Wu Meng (吳萌), aged 41, is a non-executive Director of our Company. Mr. Wu started his business since 2005 and has over 20 years of experience in the gaming and Internet industry. From February 2012 to June 2022, Mr. Wu worked at Giant Network Group Co., Ltd. (巨人網路集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002558), where he consecutively served as the vice president from February 2012 to December 2019, and as the chief executive officer from January 2020 to June 2022. Mr. Wu is the founder of Shanghai MiAO Worlds Technology Co., Ltd. (上海妙世界科技有限公司) and has served as the chief executive officer since July 2022. Mr. Wu graduated from Shuangyashan City Forestry School in Heilongjiang Province (黑龍江省雙鴨山市林業學校) in 2004.

Independent non-executive Directors

Mr. Pei Dapeng (裴大鵬), aged 48, is our independent non-executive Director. Mr. Pei has also been an independent director of X.D. Network since October 2017. Mr. Pei has extensive industry experience in E-commerce and network technology. In addition to his positions in our Group, Mr. Pei has been the chairman of the board of directors and chief executive officer in Shopex Software Co., Ltd. (商派軟件有限公司) since March 2019. Mr. Pei also served as the general manager in Shopex Software Co., Ltd. (商派軟件有限公司) from June 2017 to February 2019. Mr. Pei served as the general manager in Youliang (Shanghai) Information Technology Co., Ltd. (有量(上海)信息技術有限公司) from April 2015 to May 2017. Mr. Pei served as the general manager in Shanghai Youliang Marketing Co., Ltd. (上海有量市場營銷策劃有限公司) from November 2014 to March 2015. Mr. Pei served as the general manager in Ku Mei (Shanghai) Information Technology Co., Ltd. (酷美(上海)信息技術有限公司) from January 2009 to October 2014. Mr. Pei served as the general manager of Shanghai Shopex Network Technology Co., Ltd. (上海商派網絡科技有限公司) from November 2006 to December 2008. Mr. Pei obtained his bachelor's degree in Informatics from East China Normal University in China in July 2000.

Mr. Xin Quandong (辛全東), aged 52, is our independent non-executive Director. Mr. Xin also serves as an independent director of X.D. Network since October 2017. Mr. Xin has extensive experience in accounting and investment industries. In addition to his positions in our Group, Mr. Xin has been founding partner and chief executive officer of Shanghai Honggu Equity Investment Fund (上海紅穀股權投資基金) since August 2015. Before that, Mr. Xin served as the partner and managing director of Shanghai Chengding Equity Investment Fund (上海誠鼎股權投資基金) from May 2010 to July 2015, as chairman and general manager of Shanghai Big Thumb Home Service Co., Ltd. (上海大拇指家庭服務有限公司) from June 2008 to May 2010, as executive vice president of Shanghai East Joy Long Motor Airbag Co., Ltd. (上海東方久樂汽車安全氣囊股份有限公司) from December 2006 to July 2007, as chief financial officer and deputy general manager of Shanghai Huabo Investment Consulting Co., Ltd. (上海華博投資諮詢有限公司) from April 2003 to December 2006, as investment manager of Shanghai Keyuan Investment Consulting Co., Ltd. (上海科遠投資諮詢有限公司) from April 2001 to November 2012. Mr. Xin obtained his bachelor's degree in accounting from Shanghai University of Finance and Economics in China in July 1996. Mr. Xin has been accredited as a Certified Public Accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since 1998 and has obtained the fund practice qualification from Asset Management Association of China in 2017.

Ms. Liu Qianli (劉千里), aged 50, is our independent non-executive Director. Ms. Liu has over 21 years of experience in investment banking and corporate finance. Ms. Liu served as the chief financial officer of MainOne Information Technology Company Ltd., an information technology company, from June 2007 to August 2008; the chief financial officer of ChinaEdu Corp., an education services provider in China from October 2008 to November 2010; the chief financial officer of Phoenix New Media Limited, a media company listed on the New York Stock Exchange (Stock Code: FENG), from December 2010 to July 2013; an independent non-executive director of BAIOO Family Interactive Limited, a children's web game developer listed on the Main Board of the Stock Exchange (Stock Code: 2100) from March 2014 to date; an independent non-executive director of Feiyu Technology International Company Ltd., a leisure mobile game developer listed on the Main Board of the Stock Exchange (Stock Code: 1022) from November 2014 to date; an independent non-executive director of Luckin Coffee Inc., a coffee retail company listed on the OTC Pink Market (OTC: LKNCY), from May 2022 to date; and Ms. Liu serves as the Assistant Head of School, Business of Keystone Academy from 2020 to date. Ms. Liu obtained her bachelor's degree in arts from Dartmouth College in 1997 and her master's degree in Business Administration from the Massachusetts Institute of Technology Sloan School of Management in 2003.

SENIOR MANAGEMENT

For biographical details of Mr. Huang Yimeng, Mr. Dai Yunjie and Mr. Fan Shuyang, who form part of our senior management team, please refer to “-Directors-Executive Directors” in this section of this annual report.

Mr. Gong Rui (龔睿), aged 40, has been appointed as the Chief Financial Officer of our Company since June 3, 2019 and is primarily responsible for the overall finance, investments, and strategic development of our Group. Mr. Gong has been the chief financial officer of X.D. Network since November 2018. Mr. Gong has 16 years of experience in the investment banking and financial management industries. Prior to joining our Group, Mr. Gong served as associate vice president and vice president in China Culture Industry Investment Fund Management Co., Ltd. (中國文化產業投資基金管理有限公司) from September 2014 to November 2018, an associate in BOCI Asia Limited from July 2012 to September 2014, and an analyst in BOCI Asia Limited from June 2010 to June 2012 and BOCI Securities Limited from December 2009 to May 2010. Mr. Gong obtained his bachelor's degree in science in Peking University in China in July 2008 and his master's degree in science in Boston University in the United States in September 2009.

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CORPORATE GOVERNANCE REPORT



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the Shareholders and enhance the corporate value as well as the responsibility commitments. The Company has adopted the CG Code as its own code of corporate governance. Save for the deviation as disclosed under the section headed "Chairman and Chief Executive Officer" below, the Company has complied with all applicable code provisions of the CG Code during the year ended December 31, 2025. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

CORPORATE CULTURE

The Company is committed to developing our corporate culture, which is built upon our missions, strategies and purpose. Our mission is "to impact each and every gamer by promoting the spirit of craftsmanship". Since the inception of our Company, we have been driven by our belief in the power of technology and art, wisdom and courage, to make the world a more engaging and aesthetically pleasing place. Our unwavering commitment to exploration and innovation enables us to continuously challenge the conventions of the gaming industry, while remaining receptive to the genuine needs and opinions of our players, and fostering a fair and harmonious gaming community. We remain resolute in our pledge to deliver an all-inclusive and premium entertainment service to our valued players.

THE BOARD OF DIRECTORS

Responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the Senior Management.

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

Board Composition

Executive Directors

Mr. Huang Yimeng (*Chairman of the Board and Chief Executive Officer*)

Mr. Dai Yunjie

Mr. Fan Shuyang

Non-executive Director

Mr. Wu Meng

Independent Non-executive Directors

Mr. Pei Dapeng

Mr. Xin Quandong

Ms. Liu Qianli

There is no material financial, business, family or other relationship between any members of the Board. The biographies of the Directors are set out under the section headed "Biographies of Directors and Senior Management" in this annual report.

Chairman and Chief Executive Officer

Under code provision C.2.1 of part 2 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Huang Yimeng is currently the chairman and chief executive officer of the Company. In view of his substantial contribution to the Group since its establishment and his extensive experience in the game industry, the Board considers that vesting the roles of chairman and chief executive officer in the same individual provides the Group with strong and consistent leadership in the development and execution of long term business strategies and does not impair the balance of power and authority between the Board and the management of the Company. The Board currently comprises three executive Directors (including Mr. Huang Yimeng), one non-executive Director and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board will continue to review the effectiveness of the corporate governance structure in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Independent non-executive Directors

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgment on issues of the Company's strategies, performance and control; and scrutinizing the Company's performance and monitoring performance reporting.

During the year ended December 31, 2025, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and after assessing the diversity of experience, skills, expertise and the guidelines set out in Rule 3.13 of the Listing Rules of each of the independent non-executive Directors, the Company considers such Directors to be independent.

Directors' training and professional development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. The Company will continue to arrange regular seminars to provide the Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements, board and directors' duties, corporate governance and ESG, risk management and internal controls; and industry and business updates from time to time pursuant to the requirements of Listing Rules 3.09F, 3.09G and Principle C.1 of Appendix C1 of the Listing Rules. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge his duty. During the year ended December 31, 2025, the Directors have participated in continuing professional development programmes and provided the Company with records of the training they received to ensure that their contributions to the Board remain informed and relevant.

The table below summarises the participation of each of the Directors in continuous professional development during the year ended December 31, 2025:

Name of Directors	Attending Training Courses	Reading Legal and Regulatory Updates and other Reference Materials
Executive Directors		
Mr. Huang Yimeng	√	√
Mr. Dai Yunjie	√	√
Mr. Fan Shuyang	√	√
Non-executive Director		
Mr. Wu Meng	√	√
Independent Non-executive Directors		
Mr. Pei Dapeng	√	√
Mr. Xin Quandong	√	√
Ms. Liu Qianli	√	√

BOARD DIVERSITY POLICY

We have adopted a diversity policy of the Board which sets out the objectives and provides that all appointments of the members of the Board should be made on merit, in the context of the talents, skills and experience the Board as a whole requires to be effective. Our Nomination Committee will review and assess the composition of the Board and make recommendations to the Board on appointments of members of the Board. Meanwhile, our Nomination Committee will consider the benefits of all aspects of diversity and seek to achieve Board diversity through the consideration of a number of factors, including without limitation, professional experience, skills, knowledge, education background, age, gender, cultural and ethnicity and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board. Under the current composition of the Board, the Board has a balanced mix of knowledge, skills and experiences, including experiences in games, technology, internet, investment, accounting and financial markets. Directors have diverse education background including business administration, accounting, automation engineering, electric engineering, computer applications, international finance, informatics.

In terms of gender diversity, the Board currently has one female member, and the Board is of the view that it has achieved gender diversity. The Board will strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to stakeholders' expectation and international and local recommendation and best practices in the foreseeable future. Specifically, the Board targets to maintain at least 10% female representation and will consider nominating female directors in the future if suitable candidates are available, thereby further enhancing gender diversity on the Board. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in a few years' time.

Workforce Diversity

The gender ratio in our workforce as at December 31, 2025 is as follows:

Total workforce (including senior management):	Male 69.8%;	Female 30.2%
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During the Reporting Period, female employees accounted for 30.2% of the Company's total number of employees. In order to promote the gender diversity in the composition of the Company's management and workforce, all employees enjoy equal employment, training and career development opportunities. The Company also strives to create an environment and culture which is friendly to our female staff.

In addition, we are aiming to achieve a more balanced gender ratio in the workforce in the future and will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness. Our Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing board diversity under the CG Code. Our Nomination Committee will review our diversity policy of the Board on annual basis and to ensure its continued effectiveness.

BOARD MEETINGS

Code provision C.5.1 of part 2 of the CG Code prescribes that at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given of all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. For other committee meetings, reasonable notice is given. The agenda and accompanying board papers are despatched to the Directors or committee members at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When the Directors or committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and committee meetings are recorded in detail and include the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors within a reasonable time after the date on which the meeting is held so that they have an opportunity to request amendments.

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointments of Directors and other significant financial and operational matters. The Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. The Directors are encouraged to access and to consult with the Senior Management independently.

The daily management, administration and operation of the Group are delegated to the Senior Management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

The table below sets forth the attendance of each of the Directors at the board meetings and annual general meeting:

Name of Directors	Number of meetings attended/ held during the Director's term of office	
	Board meetings	Annual general meeting
Executive Directors		
Mr. Huang Yimeng	9/9	1/1
Mr. Dai Yunjie	9/9	1/1
Mr. Fan Shuyang	9/9	1/1
Non-executive Director		
Mr. Wu Meng	9/9	1/1
Independent Non-executive Directors		
Mr. Pei Dapeng	9/9	1/1
Mr. Xin Quandong	9/9	1/1
Ms. Liu Qianli	9/9	1/1

During the year ended December 31, 2025, the Chairman has also held a meeting with all independent non-executive Directors without the presence of other Directors.

Appointments, Re-election and Removal of Directors

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Either party has the right to give not less than three months' written notice to terminate the agreement.

The non-executive Director has entered into a service contract with the Company for a term of three years commencing from the date of the service contract or until the third annual general meeting of the Company since the date of the service contract whichever is sooner, (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the letter of appointment or by either party giving to the other not less than one month's prior notice in writing.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from the date of the respective appointment letter or until the third annual general meeting of the Company since the respective appointment letter whichever is sooner, (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the letter of appointment or by either party giving to the other not less than one month's prior notice in writing.

The Directors are subject to retirement by rotation and re-election at an annual general meeting of the Company at least once every three years in accordance with the Articles of Association.

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

BOARD COMMITTEES

The Board has established four committees, namely Audit Committee, Remuneration and Appraisal Committee, Strategy and Development Committee and Nomination Committee. Each of these committees has specific written terms of reference and is responsible for overseeing particular aspects of the Group's affairs. The chairman of these committees will report their findings and recommendations to the Board after each meeting.

The table below sets forth the attendance of each of the committee members at the Board committees:

Name of Directors	Number of meetings attended/held during the Director's term of office			
	Audit Committee	Remuneration and Appraisal Committee	Strategy and Development Committee	Nomination Committee
Mr. Huang Yimeng	N/A	N/A	1/1	1/1
Mr. Dai Yunjie	N/A	4/4	1/1	N/A
Mr. Wu Meng	N/A	N/A	1/1	N/A
Mr. Pei Dapeng	2/2	N/A	1/1	1/1
Mr. Xin Quandong	2/2	4/4	N/A	N/A
Ms. Liu Qianli	2/2	4/4	N/A	1/1

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Xin Quandong (Chairman), Mr. Pei Dapeng and Ms. Liu Qianli.

The main duties of the Audit Committee include the following:

- a) being primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and considering any questions of its resignation or dismissal;
- b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- c) developing and implementing policies on engaging an external auditor to supply non-audit services (for this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally) and reporting to the Board and making recommendations on any matters where action or improvement is needed;
- d) discussing with the external auditor the nature and scope of the audit and relevant reporting obligations, and ensuring co-ordination where more than one audit firm is involved before the audit commences;
- e) monitoring integrity of the Company's financial statements, annual reports and accounts, interim reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained therein. In reviewing these statements and reports before submission to the Board, the Audit Committee shall focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and any requirements from the Stock Exchange and legal requirements in relation to financial reporting;
- f) Regarding (e) above:
 - (i) liaising with the Board and the Senior Management;
 - (ii) meeting at least twice a year with the Company's auditors; and
 - (iii) considering any significant or unusual items that are, or may need to be, reflected in the financial reports and accounts and giving due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
- g) reviewing the Company's financial controls, risk management and internal control systems;
- h) discussing the risk management and internal control systems with the Senior Management, ensuring that the Senior Management has performed their duties to establish effective systems and to review annually the effectiveness, adequacy and appropriateness of those systems. This review should include adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;
- i) conducting research on major investigation findings of risk management and internal control matters and the Senior Management's response to these findings on its own initiative or as delegated by the Board;
- j) ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced to operate and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- k) reviewing the Company's financial and accounting policies and practices;
- l) reviewing the external auditor's management letter, any material queries raised by the auditor to the Senior Management about accounting records, financial accounts or systems of control and Senior Management's response;
- m) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- n) reporting to the Board on the matters in these terms;

- o) reviewing the following arrangements set by the Company: employees of the Company can raise concerns about possible improprieties in financial reporting, internal control or other matters in confidence; and ensuring that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions by the Company;
- p) acting as the key representative body for overseeing the Company's relations with the external auditor;
- q) formulating a whistle-blowing policy and system by the Audit Committee to allow employees and those who have dealings with the issuer (such as customers and suppliers) to raise, in confidence, any concern regarding any possible improprieties about the issuer to the Audit Committee;
- r) to identify the environmental, social and governance matters that are relevant and material to the operations of the Group and/or that affect shareholders and other key stakeholders (the "Key ESG Issues"), which shall include environmental and social aspects as stated in Appendix C2 to the Listing Rules;
- s) to review the Company's vision, strategy, framework, principles and policies in relation to Key ESG Issues, make relevant recommendations to the Board;
- t) to review and monitor the Company's policies, practices and performance in relation to Key ESG Issues to ensure compliance with legal and regulatory requirements and that they are appropriate in the context of the size, business nature and scope of the Company;
- u) to monitor the key performance indicators and standards set and performance achieved on Key ESG Issues by the Company;
- v) to assess, review, report and make recommendations, once (1) a year or as and when required, to the Board on the effectiveness of the Company's policies, practices and performance in respect of Key ESG Issues;
- w) to identify and engage stakeholders to understand and respond to their views by appropriate means;
- x) to review disclosure on environmental, social and governance matters of the Company whether by way of inclusion in the Company's annual report or a separate report in compliance with Rule 13.91 of the Listing Rules and Appendix C2 to the Listing Rules; and
- y) conducting any other matters related to the Audit Committee in accordance with the instructions from the Board from time to time.

During the year ended December 31, 2025, the Audit Committee had performed the followings:

- reviewed the audited financial statements for the year ended December 31, 2024;
- reviewed the unaudited interim financial statements for the six months ended June 30, 2025;
- reviewed and approved the audit service memorandum presented by the external auditor;
- discussed with the management and the external auditor on the issues concerning accounting policies and practices which may affect the Group, along with financial reporting matters;
- reviewed the risk management and internal control systems; and
- made recommendations to the Board for re-appointment of the external auditor.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of one executive Director, namely Mr. Dai Yunjie and two independent non-executive Directors, namely Ms. Liu Qianli (Chairperson) and Mr. Xin Quandong.

The main duties of the Remuneration and Appraisal Committee include the following:

- a) making recommendations to the Board on the Company's policy and structure for all Directors' and Senior Management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- b) being responsible for either (i) determining, with delegated responsibility, the remuneration packages of individual executive Directors and Senior Management; or (ii) making recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management (this should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment);
- c) making recommendations to the Board on the remuneration of non-executive Directors;
- d) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- e) reviewing and approving the Senior Management's remuneration proposals with reference to the Board's corporate goals and objectives;
- f) reviewing and approving compensation payable to executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- g) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- h) ensuring that no Director or any of his associates is involved in deciding his own remuneration;
- i) advising the Shareholders on how to vote with respect to any service contracts of the Directors that require Shareholders' approval under the Listing Rules;
- j) reviewing the Group's policy on expense reimbursements for the Directors and Senior Management;
- k) attending annual general meetings of the Company, and making themselves available to answer questions at such annual general meetings; and
- l) reviewing and/or approving matters relating to the share schemes under Chapter 17 of the Listing Rules.

During the year ended December 31, 2025, the Remuneration and Appraisal Committee had performed the followings:

- reviewed the grant of share options to the executive Director;
- reviewed the effectiveness of the remuneration policy; and
- reviewed the remuneration package of the executive Directors and Senior Management.

Save for the review on the grant of share options to an executive Director, no material matters relating to the share schemes under Chapter 17 of the Listing Rules were reviewed and/or approved by the Remuneration and Appraisal Committee during the Reporting Period.

Remuneration of Directors and Senior Management

Details of the Directors' emoluments are set out in note 7(b) to the consolidated financial statements.

The remuneration packages of the Directors and Senior Management are decided by the Board with reference to the recommendation given by the Remuneration and Appraisal Committee, having regard to the Group's operating results, salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

For the year ended December 31, 2025, the emoluments of Senior Management team fell within the following bands:

Emolument bands (in HKD)	Number of individuals
HKD0–HKD1,000,000	0
HKD1,000,001–HKD2,000,000	1
HKD2,000,001–HKD5,000,000	2
HKD5,000,001–HKD10,000,000	0
HKD10,000,001–HKD15,000,000	1
Total	4

Strategy and Development Committee

The Strategy and Development Committee consists of two executive Directors, namely Mr. Huang Yimeng (Chairman) and Mr. Dai Yunjie, one non-executive Director, namely Mr. Wu Meng and one independent non-executive Director, namely Mr. Pei Dapeng.

The main duties of the Strategy and Development Committee include the following:

- a) researching and making recommendations to the Board on the long-term development strategies and plans of the Company;
- b) researching and making recommendations to the Board on the major financing plans of the Company and other major strategic issues influencing the development of the Company; and
- c) reviewing the implementation of the above matters.

During the year ended December 31, 2025, the Strategy and Development Committee reviewed strategies concerning business development and plans relating to the daily operations of the Group.

Nomination Committee

The Nomination Committee consists of one executive Director, namely Mr. Huang Yimeng, and two independent non-executive Directors, namely Mr. Pei Dapeng (Chairman) and Ms. Liu Qianli.

The main duties of the Nomination Committee include the following:

- a) reviewing the structure, size and composition (including the skills, knowledge and experience, and diversity profile) of the Board at least annually and, assisting the Board in maintaining a board skills matrix, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- b) making recommendations to the Board on the appointment or re-appointment of Directors and succession plans for Directors, in particular the chairman and the chief executive officer. The Nomination Committee shall make recommendations on appointment of Directors with due regard to the diversity policy of the Company and in accordance with the challenges and opportunities faced by the Company;
- c) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;
- d) assessing the independence of independent non-executive Directors;
- e) before making any appointment recommendations to the Board, evaluating the balance of Directors based on (including but not limited to) gender, age, cultural and educational background or professional experience, and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee shall:
 - (i) use open advertising or the services of external advisors to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- f) supporting the Company's regular evaluation of the Board's performance;
- g) reviewing and assessing each Director's time commitment and contribution to the Board regularly as well as the Director's ability to discharge his or her responsibilities;
- h) ensuring that the Directors receive a formal letter of appointment from the Board setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- i) reviewing the implementation and effectiveness of the Board Diversity Policy and the measurable objectives that the Board has adopted for implementing the relevant policy, and monitoring the progress on achieving the objectives on annual basis; and
- j) reviewing the implementation and effectiveness of the Workforce Diversity Policy regularly, and monitoring the progress on achieving the measurable objectives (where applicable) adopted for senior management and other workforce on annual basis.

During the year ended December 31, 2025, the Nomination Committee had performed the followings:

- reviewed the structure, size and composition of the Board;
- made recommendations to the Board on the re-election of Directors;
- reviewed the profile of the potential candidates to assess suitability in accordance with the Nomination Policy and the objective criteria, with due regard for the benefits of diversity, as set out under the Board Diversity Policy and made recommendation to the Board;
- assessed the independence of the independent non-executive Directors; and
- reviewed the time commitments of the non-executive Director.

Nomination Policy for Directorship

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

The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two. Subject to the provisions of the Articles of Association and the Companies Act, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

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

Information and Documents from Candidate

The nominated candidate shall provide the following to the Nomination Committee for its consideration: (a) a curriculum vitae containing his/her relevant personal information and contact details, academic and professional qualifications (if applicable), work experience, employment history, current directorships (if any) and other information required to be disclosed under Rule 13.51(2) of the Listing Rules; (b) his/her written consent to be elected as a director of the Company; (c) other information, declarations, undertakings and/or confirmations as required by the Listing Rules; (d) other written consents (including without limitation his/her written consent to the publication of his/her personal data so provided) and other information as reasonably required by the Nomination Committee; and (e) if he/she is nominated to be appointed as an independent non-executive director of the Company, an independence confirmation and any other documents as required by the Listing Rules. The Nomination Committee may request the nominated candidate to provide additional information and documents as the Nomination Committee may consider appropriate.

Nomination Committee's Role and its Selection Process and Criteria

The Nomination Committee shall review the said information and documents provided by the nominated candidate and conduct the following process (in accordance with the following criteria) with a view to assessing and evaluating whether such candidate is suitably qualified to be appointed as a director of the Company before making recommendations to the Board:

1. to assess such candidate's qualifications, skills, knowledge, ability and experience and also potential time commitment and attention to perform director's duties under common law, legislation and applicable rules, regulations and guidance (including without limitation the Listing Rules and the "Guidance for Boards and Directors" published by the Stock Exchange (the "Guidance for Boards")), with reference to the corresponding professional knowledge and industry experience which may be relevant to the Company and also the potential contributions that such candidate could bring to the Board (including potential contributions in terms of qualifications, skills, experience, independence and gender diversity);
2. in addition to and without prejudice to Paragraph 1 above, to assess such candidate's personal ethics, integrity and reputation (including without limitation to conduct appropriate background checks and other verification processes against such candidate);
3. with reference to the Company's Board diversity policy (as adopted and amended by the Board from time to time), to take into account the then current structure, size and composition (including without limitation the balancing of the skills, knowledge, ability, experience and diversity of perspectives appropriate to the requirements of the Company's business) of the Board and the Company's corporate strategy, with due regard for the benefits of the appropriate diversity of the Board and also such candidate's potential contributions thereto;
4. to consider board succession planning considerations and the long-term needs of the Company;
5. in case of a candidate for an independent non-executive director of the Company, to assess: (i) the independence of such candidate with reference to, among other things, the independence criteria as set out in Rule 3.13 of the Listing Rules; and (ii) the guidance and requirements relating to independent non-executive directors set out in code provision B.3.4 of part 2 of the CG Code and in the Guidance for Boards; and
6. to consider any other factors and matters as the Nomination Committee may consider appropriate.

Board's Decision

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

Corporate Governance Function

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with the Listing Rules, which include (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and the management team of the Company; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the CG code set out in Appendix C1 to the Listing Rules and disclosure in the corporate governance report. During the year ended December 31, 2025, the Board has reviewed and determined the policy for the corporate governance of the Company.

MECHANISMS FOR THE BOARD TO OBTAIN INDEPENDENT VIEWS AND OPINIONS

The Company has established a mechanism for the Board to obtain independent views and opinions (including but not limited to the Articles of Association, terms of reference of Board committees) to ensure the Board has an independent element as a key measure to improve the efficiency of the Board.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense for discharging their duties to the Company. The Board has reviewed the implementation and effectiveness of the mechanism and believed that the mechanism can ensure the Board obtains independent views and opinions.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statement of the Auditor about its reporting responsibilities on the consolidated financial statements of the Company is set out in the section headed "Independent Auditor's Report" in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

Adequate and effective risk management and internal control systems are key to safeguarding the achievement of the Company's strategic objectives. Risk management and internal control systems shall ensure the effective business operation, accuracy and reliability of the financial reporting, as well as compliance with applicable laws, regulations and policies. The Board acknowledges its responsibility to ensure the Company establishes and maintains sound risk management and internal control systems within the Group. The Board has also reviewed and recognized the effectiveness of such systems in the Reporting Period. Such systems are designed to manage and mitigate risks inherent in the business faced by the Group to an acceptable level, but not eliminating the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud.

The Company has established its internal audit function, which is responsible for independently reviewing the adequacy and effectiveness of the Company's risk management and internal control system and reporting the results to the Audit Committee. The Group will review the effectiveness of its risk management and internal control systems at least once every year through the Audit Committee. The General Office of the Company coordinates the detailed work of internal control and takes charge of sorting out and optimizing business processes and the management mechanism, as well as conducting evaluation on the effectiveness of internal control. In addition to the internal control and internal audit functions, all employees are accountable for risk management and internal control within their business scope. Business departments actively cooperate with internal control and internal audit functions, report to the management team on any important business development and how policies and strategies established by the Company are implemented within the department, and timely identify, assess and manage major risks (including environmental, social and governance ("ESG") risks).

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

The Board considers that the Group's risk management and internal control systems are adequate and effective for the year ended December 31, 2025.

Business Risk

The Group conducts business globally and faces business risks including reputation risks, investment and acquisition risks, taxation risks and corporate responsibility and suitability risks. The Board meets regularly and reviews the investment and expansion 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.

Financial Risk

The Group has adopted financial risk management policies to control the Group's financial risk exposure, such as taxation risks, currency risks and financial reporting risks. Also, 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.

Compliance Risk

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. In addition, the Group from time to time engages consulting firms and professional advisers to keep the Group updated with the latest development in the regulatory environments.

Inside Information and Internal Control

The Group attaches utmost importance to the proper handling and dissemination of inside information (as defined under the SFO). Internal policies are put in place to ensure that inside information is adequately controlled. To ensure the confidentiality and the timely disclosure of inside information, all employees are provided with learning materials and guidelines regarding the handling and dissemination of inside information on a yearly basis. IT system controls are implemented to ensure the access to sensitive data is restricted to authorized personnel only.

Operational Risk

The Group has adopted procedures to manage its operational risk exposures, such as human resources risks and IT governance risks. The Group monitors the overall employee turnover rate, degree of satisfaction, and IT system status on a monthly basis, and adopts countermeasures if any risk indicators arise.

DIVIDEND POLICY

The declaration and payment of dividends shall be determined at the sole discretion of the Board and subject to the Articles of Association and all applicable laws and regulations. The Company does not have any pre-determined dividend payout ratio. Any dividends the Company pays will be determined at the absolute discretion of the Board, taking into account factors including the Company's actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that the Board deems to be appropriate. The Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by the Board.

AUDITOR'S REMUNERATION

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

	RMB'000
Audit service	3,500
Non-audit service ⁽¹⁾	2,190
Total	5,690

Note:

⁽¹⁾ The non-audit services conducted by the Auditor mainly include tax advisory service and IT system review service.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries by the Company that they have complied with the Model Code during the year ended December 31, 2025.

JOINT COMPANY SECRETARIES

Mr. Fan Shuyang and Mr. Chung Ming Fai of SWCS Corporate Services Group (Hong Kong) Limited (a company secretarial service provider) have been appointed as the Company's joint company secretaries. They are responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed. The primary contact person of Mr. Chung Ming Fai at the Company is Mr. Fan Shuyang, the executive Director and joint company secretary of the Company.

For the year ended December 31, 2025, Mr. Fan Shuyang and Mr. Chung Ming Fai have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

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

Putting forward proposals at general meeting

There are no provisions under the Articles of Association regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

Address: A1, 700 Wanrong Road, Shanghai, China or 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
(For the attention of the Board of Directors/Company Secretary)

Email: ir@xd.com

For the avoidance of doubt, Shareholder(s) 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.

INVESTOR RELATIONS

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 has established a shareholders communication policy with a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include the annual general meeting, and other general meetings of the Company to allow Shareholders to speak and as a platform for communication and interaction; the annual and interim reports, notices, announcements and circulars and the Company's website at 2400.hk and the website of the Stock Exchange. The Board has reviewed the shareholder communication policy and confirmed its effectiveness.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company made certain amendments to the memorandum and articles of association of the Company mainly in relation to (i) amendments to the provisions of the Listing Rules relating to allowing general meetings of listed issuers to be convened and held as hybrid or electronic meetings, and (ii) adopt the fourth amended and restated memorandum and articles of association of the Company incorporating and consolidating the amended and restated memorandum and articles of association, a special resolution of the Shareholders was passed on May 29, 2025 to adopt the fourth amended and restated memorandum and articles of association of the Company with effect from the same date. For details, please refer to the Company's announcements dated March 28, 2025 and May 29, 2025 and the Company's circular dated April 30, 2025.

The fourth amended and restated memorandum and articles of association of the Company are available on the website of the Stock Exchange and the website of the Company.

06

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

XD Inc. and its subsidiaries (the “Group”, “we”, “us”) published the Group’s seventh environmental, social and governance report (this “Report”). This Report describes the Group’s environmental, social and governance (“ESG”) performance and discloses the environmental and social key performance indicators (“KPIs”), in order to disclose to stakeholders the Group’s governance, performance and effectiveness in relation to sustainable development.

1.1 Reporting Standards

This Report is prepared in accordance with the mandatory disclosure requirements and “comply or explain” provisions of the *Environmental, Social and Governance Reporting Code* (the “Code”) in Appendix C2 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and complies with the four reporting principles set out in the Code.

- **Materiality:** The Report has identified and disclosed in the Report the process of selecting material ESG issues and the criteria for selecting these issues, as well as the descriptions of the participation processes of stakeholders.
- **Quantitative:** The disclosure of statistical standards, methodologies, assumptions and calculation tools used for the emissions and energy data disclosed in this Report, as well as the sources of conversion factors are described herein.
- **Consistency:** The Report uses the consistent statistical methods in data disclosure as last year. Any changes will be stated clearly in the Report.
- **Balance:** The Report presents the Group’s performance during the Reporting Period impartially. It aims to avoid choices, omission or presentation formats that may improperly influence readers’ decisions-making or judgments.

1.2 Reporting Scope

The scope of this Report covers the period from January 1 to December 31, 2025 (the “Year” or “Reporting Period”).

The scope of social disclosures in this Report is consistent with the Annual Report. During the Year, the scope of the Group’s environmental disclosures covered the head office in Shanghai, and Shanghai Branch (Zizhu Park), Shenzhen Branch, and Singapore Branch. These four operating locations are the main operating offices of the Group.

1.3 Report Language

This Report is published in two languages, Chinese and English. In case of discrepancies, the Chinese version shall prevail.

1.4 Confirmation and Approval

This Report was considered and approved by the Board of Directors (the “Board”) of the Company on March 27, 2026, after confirmation by the management.

2. ESG GOVERNANCE

2.1 Statement of the Board

The Group recognizes the importance of ESG governance and has established a five-tier governance structure. The Board is the highest decision-making and supervisory body, which comprehensively coordinates ESG-related issues and assumes the ultimate reporting responsibilities. The Audit Committee is responsible for communicating with stakeholders, assessing, prioritizing and managing key ESG issues, setting ESG-related objectives, and receiving regular reports from management on ESG-related policies, performance and risks, and reviews and analyzes them. The Group continues to assess and manage ESG issues, review materiality assessment and progress on targets, and make continuous improvements and corrective actions based on business operations.

2.2 ESG Governance Structure

In order to manage ESG-related issues more effectively, we have established a tiered ESG governance structure, led by the Board, with the collaborative participation of the Audit Committee, management, ESG working group and executive departments, to integrate ESG governance into the Group's operations and management at each level. With clear division of duties and responsibilities at each level, we promote the full implementation the sustainability concept and corporate responsibility.



- **Board of Directors**
 - As the highest decision-making body for the Group's ESG governance, the Board bears the ultimate responsibility for the Group's ESG-related management, including response to climate change. Every year, the Board hears management reports on the Group's ESG risks and opportunities (including those related to climate change), and assesses, prioritizes and manages material ESG risks and opportunities. The Board also approves ESG-related strategies and plans, including those regarding climate change, and monitors their achievements. In overseeing the Group's business strategies, major transactions, risk management, and other policies, the Board is committed to considering material climate-related risks and opportunities that have a significant impact on the Group and, where necessary, conducting balanced assessments thereof.

- **Audit Committee**
 - Authorized by the Board, the Audit Committee formulates ESG-related strategies and plans, including those regarding climate change, and makes recommendations to the Board. The Audit Committee also reviews and oversees the Group's policies, practices and performance on ESG-related issues, including response to climate change.
- **Management**
 - The management identifies and assesses the Group's ESG risks and opportunities (including those related to climate change) annually, develops response strategies accordingly, and reports them to the Board. Besides, the management assists the Board in overseeing the performance of ESG-related initiatives and is responsible for disclosing the annual ESG report.
- **ESG working group**
 - The ESG working group coordinates resources across departments for ESG-related initiatives, including those addressing climate change, and reports performance of ESG-related initiatives and progress on the annual ESG report to management.
- **Executive departments**
 - Executive departments undertake the Group's ESG management tasks, including those related to climate change, strictly put in place relevant arrangements, and ensure the fulfillment of the Group's requirements on this front.

2.3 Stakeholder Engagement

The Group actively communicates with different stakeholders such as government, regulatory bodies, shareholders, players, employees, society, and environmental organizations on a regular basis. We have established multiple channels of communication to understand stakeholders' expectations and requirements. By tailoring response measures and taking concrete actions accordingly, we strive to address stakeholders' concerns and support the Group's sustainable development.

Major Stakeholders	Expectations and Requirements	Communication Channels	Communication Frequency
Government and Regulatory body	<ul style="list-style-type: none"> • Implementing the policies and regulatory rules of the government; • Operating by the law; • Paying taxes according to the law; • Providing high quality games and services; • Public welfare activities; • Facilitating the harmonious development of the community 	<ul style="list-style-type: none"> Daily management Work meetings Supervision and inspection Compliance report Lectures Organization of industry events Consultation 	Held irregularly
Shareholders/Investors	<ul style="list-style-type: none"> • Implementing the policies and regulatory rules of the government; • Operating by the law; • Corporate governance; • Earning returns on investment; • Status of the Company's business development; • Risk management; • Providing high quality games and services 	<ul style="list-style-type: none"> General meeting Annual reports, interim reports and announcements Investor relations activities Company website Results announcement Senior management meeting Corporate newsletter 	<ul style="list-style-type: none"> Once a year Twice a year Held irregularly Updated irregularly Twice a year Four times a year Twice a year

Major Stakeholders	Expectations and Requirements	Communication Channels	Communication Frequency
Players	<ul style="list-style-type: none"> Information security and privacy protection; Providing high quality games and services; Anti-cheating and fair gaming; Healthy gaming; Player communication 	<ul style="list-style-type: none"> Customer service online communication Improving customer complaint handling mechanism Social media communication Satisfaction survey E-mail 	<ul style="list-style-type: none"> 24-hour customer service system to collect players' opinions Collect opinions from players through TapTap and official social media accounts, etc. Collect feedback from players after providing customer service Set up in game and platform for players to provide feedback
Employees	<ul style="list-style-type: none"> Employment promotion; Salaries and welfare; Healthy and safe working environment; Fair opportunity and development; Employee rights and interests; Operating by the law; Paying taxes according to the law; Corporate governance; Risk management; Anti-corruption and integrity promotion 	<ul style="list-style-type: none"> Employee opinion survey Internal communication channels Work performance evaluation Meeting interviews Training courses Volunteer activities Seminars/workshops/lectures 	<ul style="list-style-type: none"> Once a year Updated regularly Quarterly Once a year No less than thirty times a year Once a year No less than ten times a year
Public/Community	<ul style="list-style-type: none"> Raising awareness of public welfare; Facilitating the harmonious development of the community 	<ul style="list-style-type: none"> Participating in social charity Volunteer activities 	<ul style="list-style-type: none"> Once a year
Environmental organizations	<ul style="list-style-type: none"> Reducing emissions; Energy conservation 	<ul style="list-style-type: none"> Waste classification Green office 	<ul style="list-style-type: none"> Held irregularly
Peers	<ul style="list-style-type: none"> Status of the Company's business development; Risk management; Anti-corruption and integrity promotion 	<ul style="list-style-type: none"> Cooperation projects Industry associations Developer events 	<ul style="list-style-type: none"> Held irregularly Twice a year

Major Stakeholders	Expectations and Requirements	Communication Channels	Communication Frequency
Suppliers	<ul style="list-style-type: none"> • Risk management; • Anti-corruption and integrity promotion; • Supplier management 	Supplier management procedure Meetings Supplier evaluation system Site visit	Held irregularly
Business partners	<ul style="list-style-type: none"> • Status of the Company's business development; • Risk management; • Providing high quality games and services; • Healthy gaming 	Strategic cooperation projects Exchange activities Meetings Visits Lectures Report	Held irregularly Published irregularly

2.4 Materiality Assessment

During the Year, there were no significant changes in the Group's business operations, and there were no significant changes in the Group's impact on stakeholders and stakeholders' impact on the Group. Therefore, we reviewed the results of the materiality assessment for 2021, summarized the results of the materiality assessment for the Year, and finally confirmed the results of the materiality assessment by the Board. The results of the materiality assessment for the Year are as follows:

Highly material issues	Moderately material issues	Generally material issues
— Information security and privacy protection	— Anti-corruption and integrity promotion	— Climate Change
— Supplier management	— Employee rights and interests	— Environment and natural resources
— Compliance operations	— Resource management	
— Healthy gaming	— Public welfare activities	
— Development and training	— Player communication	
	— Health and safety	
	— Waste management	

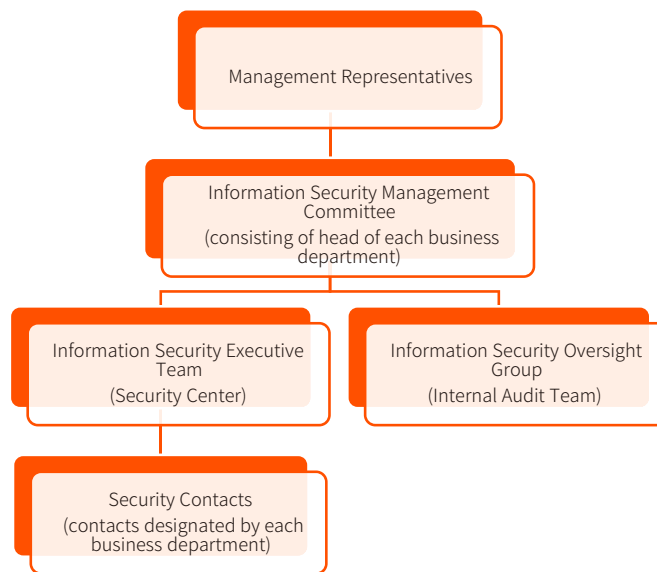


3. STABLE OPERATION

3.1 Information Security

Recognizing the paramount importance of information security and data protection, the Group strictly complies with the laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Provisions on Protection of Personal Information of Telecommunications and Internet Users* and the *Administrative Measures for Internet Information Services*, and has established systems such as the *Information Security System*, the *Regulations on Management of Data Backup* and the *Guideline on Emergency Response to Major Incidents*. We uphold the information security policy of "putting safety first, focusing on comprehensive prevention, prioritizing prevention, and making continuous improvement". Pursuant to the requirements of the ISO 27001 Information Security Management System Standard, we manage the information security management systems and related security work, including risk management, internal audit, and personnel security management, in an organized manner.

To effectively operate the information security management system, the Group has developed a top-down organizational structure of information security management with clear responsibilities and authorities. Management representatives coordinate the overall information security arrangements, supported by an Information Security Management Committee composed of heads of all business departments. The Information Security Management Committee is responsible for finalizing the information security development strategy, overall planning, management system and major decisions, allocating resources to implement information security activities, and regularly reviewing management performance to ensure that the information security management system is applicable and effective. Under the Information Security Management Committee are an Information Security Executive Team and an Information Security Oversight Group. The Information Security Executive Team, led by the Security Center, is responsible for establishing, implementing, checking and improving the information security management system, implementing daily security protection work and annual risk assessment on the information system, and identifying and managing information security risks. The team consists of security contacts designated by each business department to facilitate the implementation with security requirements on the business side. Led by the Internal Audit Team, the Information Security Oversight Group mainly carries out information security audit and ensures compliance and effectiveness of various security measures from two perspectives: process auditing and security technology.



Organizational structure of information security management system

The Group reinforces the information security defense from the two perspectives of personnel and infrastructure. To strengthen the standardized management of employee information security, we have formulated the *Specification for Employee Information Security Management* to outline employees' code of conduct on this front and to improve their risk awareness in daily work. Meanwhile, we have established a data security control system, and optimized key processes such as data usage approval, desensitization procedure, and security detection for business launches. We work to raise organization-wide risk prevention awareness through information security training, thus safeguarding information assets of the Group and customers from all aspects. In terms of infrastructure, we have arranged dedicated personnel to be responsible for the daily maintenance, monitoring, alarming and troubleshooting of the server room environment to ensure the information security of users from the hardware and facility levels. Our server rooms are constructed in accordance with the *Code for Design of Data Centers (GB50174-2017)* and the *Code for Construction and Acceptance of Data Center Infrastructure (GB50462-2015)*, and have passed the relevant acceptance procedures.

The Group's information security management system and core business systems have obtained authoritative compliance certifications, aiming to strengthen the foundation for security protection. The TapTap platform and the XD Forum system have completed the Level 3 classification and filing for communication network security protection. The TapTap user system, the VeryCD official website, and the LeanCloud platform have all passed the Level 3 assessment of and filing for classified protection of cybersecurity.

During the Year, the Group diligently honed its technical capabilities in information security and actively participated in industry collaborative governance. X.D. Network Inc. ("X.D. Network"), a subsidiary of the Group, was awarded the "Outstanding Techniques and Methods Award" and the "Outstanding Special Award" in the Shanghai Industry and Information Technology Network Security Attack and Defense Exercise "Rock Operation 2025". In March 2025, the Group was actively involved in the "Clear Pujiang · Xuhui District Knowledge-Sharing Campaign for Better Online Business Environment and the Anti-Cybercrime Alliance Themed Workshop" organized by Xuhui District of Shanghai. As a core founding member of the "Anti-Cybercrime Alliance", the Group participated in the formulation of and released in the event the *Guidelines for Handling Cybercrime Issues (Version 2)*, thus empowering collaborative industry governance with practical experience, facilitating the fight against cybercrime, and contributing to a clearer online environment.



The Group Was Awarded the "Outstanding Techniques and Methods Award" and the "Outstanding Special Award" in the Rock Operation

3.2 Privacy Protection

Ensuring user data security and protecting privacy are our core responsibilities. Due to the nature of our business, we receive, transmit and store players' personal information and relevant data generated during their use in the course of our operations. The Group strictly complies with relevant laws and regulations, such as the *Personal Information Protection Law of the People's Republic of China*. In addition, the Group has established a data protection system encompassing institutional norms, specialized protection and operational guidelines.

The Group has formulated and implemented the *Employee Confidentiality System*, clarifying employees' responsibilities and norms of behavior regarding data and information security. For underage users, the Group has stipulated the *Protection Rules for Personal Information of Children on TapTap* to strengthen specialized protection for children's personal information. Furthermore, the Group has formulated and implemented the *Compliance Operation Guidance for Personal Information Collection and Use on App*, standardizing the processes for collecting, using, storing, and transmitting personal information during business operations. These systems and guidelines constitute a management foundation for the Group's data security and privacy protection, enhancing the compliance of personal information processing and mitigating associated risks.

We have notified the scope, purpose, and authorized usage of personal information collected for each service in the *Privacy Policy* on the X.D. Network, TapTap platform, TapSDK, and other platforms. We have standardized the management throughout collection, storage, use, transfer, and disclosure of personal information, and clearly set out the subject rights and operational procedures for users to access, delete and duplicate personal data. By clarifying the rights and operational standards for modifying personal data, we protect privacy in accordance with established guidelines. During the Year, to align with the upgrade of advertising recommendation algorithms, we updated the *Privacy Policy* for the TapTap platform. In this way, we further specified the rules for using information related to personalized recommendations, safeguarded users' personal information security, and refined the institutional norms for privacy protection.

To safeguard users' privacy rights, we protect their personal information through encryption, de-tagging, anonymization, and other techniques. Personal information modification and account deregistration are enabled on our platforms. We also provide a method for deleting or anonymizing users' personal data once they have chosen to cancel their account.

The Group attaches great importance to the risk control over full-process data security. We have deployed an automated security penetration testing platform and WAF security protection platform to manage risk at various nodes in the data lifecycle, such as establishing clear rules and obtaining user authorization during the collection of sensitive personal data; encryption and integrity verification during transmission; backup, recovery rehearsal, access control, encryption and retention of web logs during data storage; authorization approval, desensitization, watermark protection and interface output restrictions during data processing. By doing so, we strive to safeguard data security in a comprehensive manner.

In terms of products, we have completed the App filing for our own games in accordance with regulatory requirements of the Ministry of Industry and Information Technology, and have been requiring the games on the TapTap platform to complete the relevant filing. As for user privacy rights, we have optimized the privacy settings for the platform's personalized content and recommended advertising features. Meanwhile, we carry out self-assessment on user rights protection. The TapTap App, "Heartopia", "Sausage Man", "Bloons TD 6", "Bamboo Rouge Shop", and "Wizard of Legend" have all completed self-assessment on user rights protection and obtained approval, reinforcing our endeavors for secured user rights on the product side.

During the Year, the Group did not violate any laws and regulations related to personal data.

3.3 Marketing Compliance

The Group expands the reach of its products through various forms of publicity and promotion techniques while adhering to the principles of compliance and information accuracy in marketing and publicity. We strictly adhere to relevant laws and regulations, such as the *Advertising Law of the People's Republic of China* and the *Administrative Measures for Internet Advertising*, ensuring comprehensive compliance control over marketing information released across all channels.

In managing advertising and promotional content, we pursue the pre-compliance principle to strictly review the compliance of external promotional content and regularly compile and update relevant industry laws, regulations, and regulatory requirements. The Marketing Department is responsible for the review of the Group's promotional content, and the Legal Department and Public Relations Department make the final review of and decision on uncertain content. We ensure that our external output of information content is authentic, accurate, complete, and does not contain any deceptive or misleading statements. By doing so, we manage to prevent compliance risks from the source and protect the right to know and other legitimate interests of users.

The Group has set up a systematic review and compliance assurance mechanism for advertisement placed by third parties on the TapTap platform. We review all forms of advertising content, including images, copy, and videos, to ensure the information is truthful, lawful, and free of infringement risks. As for qualification management, we examine the business license, proof of product ownership, software copyright certificate, game approval number, and other key qualifications of the advertiser and relevant party. Only after confirming that the product is legally authorized, we will publish the advertisement. Moreover, we require a letter of guarantee from the advertising agent in the framework contract and ask the legal representative of the agent to provide a joint liability guarantee, so as to minimize the risks of breaches and violations and strengthen risk control during cooperation. By standardizing the operation process of our advertising platform, strengthening the review of the advertiser authorization letter and authorization period, and implementing automated management such as authorization expiry reminders, we continue to improve the advertising review efficiency and enhance the compliance and transparency of advertising content. All of these efforts reflect our earnest practice of platform governance responsibilities.

To strengthen employees' compliance awareness and professional judgment and to fulfill requirements on advertising compliance management during business operations, the Group continuously conducts marketing and legal advocacy training. During the Year, we held advertising review training for the advertising review team and the advertising operation team, organized frequent issues in advertising qualification and content review, and conducted in-depth analysis of key and difficult issues. As such, we enhanced the compliance awareness and professional capabilities of responsible personnel.

During the Year, the Group did not violate any laws and regulations related to advertising. Due to the nature of the Group's business, requirements in respect of product labelling do not apply to the Group.

3.4 Intellectual Property Rights

Prioritizing the protection of intellectual property rights, the Group strictly abides by the *Copyright Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Measures for the Administration of Internet Domain Names of China* and the *Measures for the Administration of Software Products* and other laws and regulations. We have formulated the *Trademark Application Process*, the *Software Copyright Registration Application Process*, the *Work Copyright Registration Application Process*, the *Patent Application Process*, the *Organizational Structure and Division of Responsibilities for Intellectual Property Protection*, the *Scope of Intellectual Property Rights and Attribution of Rights*, and other internal management system, which collectively form standardized intellectual property management system.

In support of innovation and commercialization of intellectual properties, we have formulated and implemented the *XD Patent Management and Reward System* to navigate employees through registration and application of intellectual property rights, standardize application of patents and other outcomes, and improve the process for protecting the intellectual property rights of various exclusive games. By doing so, we can promote the legitimate use of intellectual property rights. We provide appropriate bonuses and compensation to the inventor as an invention reward to encourage our employees to create inventions. In addition, to mitigate the risks associated with rights disputes, we have clarified the scope of intellectual property rights and the principle of attribution of rights. The intellectual property rights of creations organized, hosted, and completed by or on behalf of the Group, as well as the intellectual property rights generated by employees in the course of their duties, are attributed to the Group in principle, and the Group assumes the relevant management responsibilities.

To effectively conclude our innovative achievements, we conduct registration and rights confirmation for patents, trademarks, software, and copyrights such as artwork, music, and text in accordance with the law. We have established a standardized intellectual property management process, and continuously optimize it in practice to enhance management efficiency. During the Year, we optimized management based on the structure and risk characteristics of our intellectual property rights. Given the large volume and frequent iteration of art assets, we moderately streamlined material submission and circulation processes to enhance convenience and team engagement. To address the risk of "trademark cancellation due to inactivity for three consecutive years", we established a "proactive defense" system by identifying high-risk trademark categories, activating unused trademarks through third-party licensing cooperation, preserving lawful evidence of use, and building a comprehensive evidence repository. We did so to fight against external infringement and malicious cancellation.

The Group is committed to safeguarding innovative achievements and market order, continuously strengthening intellectual property protection and anti-infringement management. When cooperating with external partners, the Group will require the other party to sign the *Mutual Confidentiality Agreement*, which stipulates the confidentiality scope, rights, obligations, period and liabilities for breach of both parties to prevent leakage of intellectual property rights. In the event of a third party using our intellectual property without authorization or appropriating our intellectual property, we will take legal actions to protect our own rights and interests. During the Year, in response to illegal activities such as piracy and cheating tools, we optimized the infringement monitoring and rapid response mechanism. By introducing third-party monitoring tools and conducting internal inspections, we monitored app stores, e-commerce platforms, and short video platforms to promptly identify infringement leads. For general infringement, we sent batch complaints to invalidate infringing links. For platforms that were unresponsive or uncooperative, we escalated enforcement measures appropriately. This included intensifying the crackdown on cheating tools and illegal operations, thereby improving the experience for legitimate users and helping to purify the market environment.

The Group attaches great importance to fostering employees' awareness of intellectual property compliance and continuously carries out education and training on intellectual property rights. During the Year, we conducted scenario-based legal risk control training based on actual pain points in our business operations. The training focused on core business scenarios such as font compliance, prevention of unpacking and anti-cheating measures, and compliance of user-generated content (UGC). This effectively improved employees' sensitivity to intellectual property compliance in specific business contexts, thereby strengthening internal safeguards.

During the Year, the number of intellectual property rights maintained by the Group was 2,412, including 1,900 trademarks, 26 patents, 265 software copyrights, 149 art copyrights, 13 music copyrights, 3 text copyrights and 56 other intellectual works.

3.5 Integrity in Practice

The Group strictly complies with the *Anti-Money Laundering Law of the People's Republic of China*, the *Administrative Measures for the Payment Services Provided by Non-Financial Companies*, the *Detailed Rules for the Implementation of the Administrative Measures for the Payment Services Provided by Non-Financial Companies*, the *Guidelines Against Money Laundering and Terrorist Financing through Payment and Clearing Organizations*, the *Interim Provisions on Prohibiting Commercial Bribery* and the *Anti-Unfair Competition Law* and other laws and regulations. We have formulated the *Anti-Money Laundering and Anti-Terrorist Measures and system* and the *Anti-Fraud and Anti-Corruption Procedures and Control Manual* to set out the measures and handling of illegal acts such as bribery, extortion, fraud and money laundering.

In order to safeguard the legitimate rights and interests of the Company and our employees and foster a fair and transparent working environment, we have developed and implemented the *Employee Handbook* and the *Conflict of Interest Management System*, strictly adhering to the requirements of professional ethics and compliance operations. Regarding conflict of interest management, we focus on key scenarios such as investments, external activities, business cooperation and commercial opportunities, personal relationships, and personal accounts and financial interests. We have clarified declaration requirements and avoidance rules, defined red lines for prohibited conduct, and established corresponding measures for handling violations, forming a standardized process for the declaration, assessment, and resolution of conflicts of interest. During the Year, we continued to advance the conflict of interest declaration process, employing a combination of semi-annual regular declarations and on-demand declarations. This online process covered all employees and achieved a 100% declaration completion rate.

The Group continuously strengthens integrity and compliance management to prevent risks such as money laundering and fraud. Our *Employee Handbook* explicitly stipulates that employees shall not receive benefits from business-related entities and shall not use company resources to conduct insider trading, misappropriate public funds, or engage in similar activities. We maintain a "zero-tolerance" stance towards illegal profit-seeking behaviors. We have established an Anti-Money Laundering and Anti-Terrorist Financing Steering Group, which meets regularly to review and supervise the progress of the Group's anti-money laundering and anti-terrorist financing work. We adhere to the "Know Your Customer" (KYC) principle, having established and been continuously improving our customer identification system. We properly maintain customer information and financial and transaction history records related to customers to ensure traceability and verifiability. Aligned with our business characteristics, the Group strictly controls risks associated with virtual assets. We prohibit any functions that allow the exchange of game currency, virtual items, or accounts for cash and implement strict management and disciplinary measures against violations such as offline trading of virtual items.

The Group has established a formal whistleblowing management mechanism. We have set up a reporting email address: jubao@xd.com. The Audit Committee, together with the Internal Audit Department, will analyze, independently follow up on, investigate, and provide feedback on reported information. Investigation results are reported to the Board, and relevant personnel are dealt with according to regulations; if any law is violated, the matter will be referred to judicial authorities. The Audit Committee strictly ensures the confidentiality of the whistleblower's personal information, effectively protecting their rights and interests.

During the Year, there were no concluded corruption lawsuits or corruption and fraud cases brought against the Group or its employees.

We continuously enhance our anti-corruption compliance framework. We regularly provide anti-corruption training to our directors and employees. Additionally, we disseminate compliance requirements regarding anti-commercial bribery and conflict of interest through channels such as emails and internal groups. These efforts persistently raise the compliance awareness of all staff and resolutely prevent all types of unlawful conduct.

3.6 Healthy Gaming

As a socially responsible enterprise, the Group has always taken protecting minors' health and preventing game addiction as core responsibilities in platform governance and product operations. We strictly abide by laws, regulations, and relevant normative documents such as the *Network Security Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, the *Personal Information Protection Law of the People's Republic of China*, the *Regulations on the Administration of Internet User Account Names*, the *Regulations on the Administration of Information Services for Internet User Public Accounts*, the *Regulation on the Protection of Minors in Cyberspace*, the *Notice on Preventing Minors from Being Addicted to Online Games*, and the *Requirements for Age-Appropriate Cues for Online Games*. We comprehensively integrate the compliance requirements for minor protection into the entire process of platform operation, content management, and product design.

To consistently foster a healthy and positive gaming and community environment, we strengthen the standardized management of platform content, starting with system development and content review. For the TapTap platform, we have formulated the *TapTap Community Management Regulations*, which govern the content posted by platform users, explicitly prohibiting any statements involving pornography, undesirable behaviors, illegal or non-compliant activities, or content detrimental to the physical and mental health of minors. Concurrently, we have established and implemented the *Content Review Guidelines*, conducting systematic reviews of game content to be launched, preventing the appearance of undesirable behaviors, harmful ideas, or inducing content in games, thereby ensuring an overall content style across the platform that is positive, wholesome, and uplifting.

Centered on the practical needs of minors for safe use of online services, we continuously improve the user guidance and protection mechanisms on the TapTap platform specifically for teenagers. The TapTap platform has established and been continuously optimizing a "Youth Mode", which is enabled by default for youth users. The platform gives priority to recommending pure, high-quality, content such as knowledge-based, application-based, and science-based materials from the exclusive content pool to youth users. Furthermore, the download behaviors of youth users are subject to additional regulations. For games that are confirmed as non-compliant with minor protection requirements after review, the platform does not provide download services to any minors.

While fulfilling its platform responsibilities, TapTap emphasizes collaborative efforts with game developers to jointly build a healthy and orderly gaming ecosystem. Recognizing the data security technical challenges and development cost pressures faced by small and medium-sized game developers in compliance construction, the TapTap platform launched a self-developed compliance tool. This service provides developers with free features such as real-name game authentication, game time limits, and spending limits, along with corresponding technical support to assist developers in more efficiently and compliantly implementing anti-addiction requirements. Simultaneously, TapTap encourages developers to clearly indicate the appropriate age range for minor users in game materials. Upon review and approval, these age-appropriate cues are displayed on the game detail page, further safeguarding the right to know and the legitimate rights and interests of young users.

As a provider of game products, the Group comprehensively implements requirements for minor anti-addiction and spending management, starting with product design and operational aspects. We establish relevant policies within our game products to prevent harm to the physical and mental health of minors. We require all users to register with real names and record their gaming time. All our games are uniformly connected to the National Press and Publication Administration's real-name verification system for online game anti-addiction, and we do not provide any game services to users who have not registered or logged in with their real names. We continuously conduct daily inspections of our anti-addiction systems, repairing any vulnerabilities immediately upon discovery to ensure timely closed-loop resolution of issues. Meanwhile, we strictly enforce the management of gaming periods for minors, providing online game services to minors for one hour only from 20:00 to 21:00 daily on Fridays, Saturdays, Sundays, and legal holidays. We also set single transaction and monthly limits for game spending by minors. To further purify the gaming environment, we have embedded an AI banned words blocking system in the games to block sensitive and inappropriate content in real-time.

To consolidate collaborative efforts for minor protection involving the platform, parents, and social supervision, the Group continuously improves related mechanisms such as parental guidance and complaint handling. We have prominently launched a “Protection of Minors: Parental Guide” page on our official website. This page provides parents with information including policy and legal education, gaming time management, behavior settings, health guidance, and customer service contacts, assisting parents in more effectively guiding their children to play online games healthily and rationally. Concurrently, the TapTap platform has set up a “One-Click Complaint and Reporting” module within the site, including a dedicated reporting option for “content harmful to minors”, staffed by dedicated personnel who receive and handle reports 24 hours a day. In September 2025, the Group released the *Social Responsibility Report on Internet Protection for Minors*, systematically summarizing the anti-addiction mechanisms, Youth Mode practices, recommendations for high-quality content, and governance achievements, to continuously drive the construction of a safer, healthier, and more wholesome online gaming environment.



The Group Released the 2025 Social Responsibility Report on Internet Protection for Minors

Due to the nature of our operations, KPI B6.1 (percentage of total products sold or shipped that are subject to recall for safety and health reasons) and B6.4 (description of quality assurance processes and product recall procedures) are not applicable to the Group.

3.7 Player Communication

We are committed to providing players with a high-quality gaming experience and maintaining continuous communication and interaction with them. The Group strictly complies with relevant laws and regulations such as the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests*. We standardize the implementation of internal systems, including the *Customer Service Complaint Handling Process* and the *Code of Practice for Satisfaction Surveys*, to ensure the orderly conduct of customer service work.

To promptly respond to player requests and continuously improve the service experience, we have established and enhanced a diversified player communication and complaint handling mechanism. We have set up communication channels including a 24-hour in-game customer service system, online communication tools, official forums, a customer service hotline and email. We have also independently developed customer service tools such as Tapdesk, which supports the integration of a work order system within games, improving the efficiency of work order submission and customer service coordination, and enhancing the timeliness and accuracy of issue resolution. For complaints from players regarding issues such as recharges, server anomalies, or penalty disputes, customer service personnel promptly record and categorize them, collaborating with relevant internal departments to track the handling progress and ensure closed-loop resolution. Upon resolution of an issue, we collect feedback through satisfaction surveys and regularly analyze complaint and work order data to continuously optimize service processes and quality. For key users, we establish standardized contact points to efficiently coordinate processes such as consultation, issue resolution, and demand response, ensuring the orderly progression of services. During the Year, we also disseminated game news and key information through backend service channels, assisting key users in obtaining the latest updates promptly and reducing communication costs.

During the Year, the Group received 462 complaints, and the complaint response rate and complaint handling rate reached 100%. Player satisfaction rate was 99.97%.

3.8 Working Together

3.8.1 Supplier Management

Suppliers are our important partners. The Group's suppliers include art-related, administrative, and other categories. We have established and implemented systems such as the *Procurement and Warehouse Management System*, the *Fixed Assets Management System*, the *Administrative Procurement Operation Procedures*, the *Administrative Procurement Approval Standards*, the *Supplier Management Standards*, and the *Green Procurement Guidelines* to manage the entire supplier management process.

The Group integrates compliance and responsibility requirements throughout the entire supply chain cooperation process. We establish and improve supply chain management and supervision mechanisms to continuously standardize the behavior of our partners. We review the potential environmental and social risks that may be involved in each link of the supply chain and require cooperating suppliers to strictly comply with relevant laws and regulations, strictly prohibiting any form of commercial bribery, unethical conduct, as well as child labor, forced labor, and similar situations. To address the risk of commercial bribery, the Group provides suppliers with the *Anti-Bribery Clause*, clearly outlining compliance requirements. If a supplier engages in non-compliant behavior, the Group will immediately terminate the cooperative relationship; if such behavior infringes upon the Group's legitimate rights and interests, we will hold it liable in accordance with the law.

In terms of supplier selection and management, the Group utilizes the Supplier Relationship Management (SRM) system to coordinate interactions and data management with suppliers. This system centralizes the recording of supplier information such as operating status, business capabilities, quotations, management level, and quality performance, providing support for comprehensive evaluation and decision-making. The Group conducts regular annual assessments of suppliers, communicating identified shortcomings and following up on rectifications to ensure they consistently meet service and quality requirements. At the procurement execution level, the Group adheres to the principle of comparing multiple suppliers and conducts quality verification for material, software, and hardware procurements, promptly negotiating with suppliers or arranging returns for items that do not meet requirements. Simultaneously, the Group has established a centralized management team to oversee the procurement needs and processes of various departments, enhancing procurement efficiency and coordination. In warehouse management, the principle of "first-in-first-out" is followed, with designated personnel regularly updating the *List of Storage Items* and specifying storage periods to ensure that warehousing is managed in a standardized and orderly manner.

Data security is a baseline requirement for supplier cooperation. We have established a comprehensive supplier data security management mechanism covering the entire process, from partnership admission and process control to access management, to fully safeguard data security. Before cooperation, we sign a confidentiality agreement with the supplier, clearly defining mutual confidentiality obligations and prohibiting the unauthorized disclosure, use, or transfer of relevant data, thereby protecting trade secrets and sensitive information. When data sharing is involved, we impose additional compliance requirements on third parties, such as those handling user personal information through Software Development Kits (SDK). These requirements include standardized feedback on data compliance operations, disclosure of relevant content in privacy policies, and signing data security standard contractual clauses, ensuring the effective implementation of data security measures across the entire cooperation chain. Simultaneously, the Group strictly adheres to the principle of least privilege, controlling supplier data access scope so that they can only access data necessary for their work. We also regularly review and update access permissions to mitigate the risk of permission misuse. Through the SRM system, we can achieve dynamic control over data security. The system monitors data access permissions, records data calls and operations, ensuring only authorized personnel can access sensitive data. It also automates compliance checks to ensure suppliers strictly comply with the Group's data security policies.

The Group actively practices green and low-carbon concepts by formulating and implementing the *Green Procurement Guidelines*. In material procurement, we balance cost considerations with environmental requirements. We prioritize the selection of energy-efficient, environmentally friendly, recyclable, and low-pollution products. We are progressively increasing the procurement proportion of green products such as low-carbon, renewable, and organic items, while continuously phasing out energy-intensive and outdated equipment, thereby reducing the environmental impact of our purchased materials.

During the Year, the number of suppliers of the Group was 373, among which 113 suppliers were located in Shanghai, including 45 art suppliers, 4 administrative suppliers and 64 other suppliers; and 260 suppliers were located in other regions, including 107 art suppliers, 1 administrative supplier and 152 other suppliers.

3.8.2 Industry Participation

The Group always adheres to the concept of synergy and mutual benefit, actively engaging in the construction of the industry ecosystem to promote industry development. We actively participate in industry events, deepening exchanges and cooperation with developers, content creators, and industry peers. During the Year, the participation and representation of the Group and its subsidiaries in various industry associations were as follows:

Association name	Role
Game Publishing Working Committee of China Audio-Video and Digital Publishing Association	Vice director
Shanghai Institute of Communication	Member
Internet Association of Shanghai	Council member
Shanghai Federation of Internet Industry	Council member
Shanghai Online Game Internet Association of Shanghai Association	Vice president
Telecommunication Terminal Industry Forum Association	Member
Internet Society of China	Member
Shanghai Minhang District Cultural and Creative Industry Association	Member
Shanghai Information Network Security Administration Association	Member
Shanghai Online Audio-Visual Industry Association	Member

During the Year, the Group and its products received multiple industry recognitions and honors. The Group's product, Heartopia, was awarded "2025 Top Ten Outstanding Social Value Games". X.D. Network Inc. was selected as one of the "Top 50 Companies in Shanghai for Comprehensive Internet Strength" and was recognized as a "2025 Shanghai Digital Trade Innovation Enterprise". XD Interactive Entertainment Co., Ltd. was certified by the Shanghai Municipal Commission of Commerce as a "Foreign-invested R&D Center". These honors reflect the Group's product strength, innovative capabilities, and comprehensive operational level.

The Group has been promoting industry exchanges, utilizing its own advantages and influence to host multiple large-scale events, creating more exchange and cooperation opportunities for industry partners to drive the healthy and innovative development of the game industry.

2025 TapTap Developers Workshop (TDW 2025)

The TapTap Developers Workshop (TDW), initiated by TapTap, is a grand gathering for communication among game developers. Since its inception in 2019, the TapTap Developers Workshop has been held for multiple consecutive sessions and has gradually developed into a significant industry platform covering both online and offline formats, connecting development teams of different scales, serving the high-quality development of the game ecosystem. During the Year, the TapTap Developers Workshop invited renowned producers, business heads from industry, and a wide range of small and medium-sized developers to participate. Through keynote speeches, case studies, and discussion sessions, it shared the latest practical experience and cutting-edge production concepts centered on creative methodologies, technical practices, and industry trends. In addition to the annual main event, TapTap also simultaneously conducted smaller-scale TDW Express activities across various locations nationwide. These events disseminated quality content and industry resources to local developer communities, expanding the reach and accessibility of professional exchange, forming a developer communication network radiating across the country with TDW at its core, thereby fostering the creation of more high-quality content.



Hosting of the 2025 China Game Innovation Awards

During the Year, the Group's TapTap platform once again joined hands with the Shanghai Online Game Association to jointly host the 2025 China Game Innovation Awards. This year's competition was closely aligned with the industry's requirement for integrity-based innovation and development. It focused on cultivating masterpiece games that embody both ideological depth and artistic quality alongside production standards. Through high-standard selection and recognition, it encouraged entries to deeply explore the connotations of China's excellent traditional culture and strengthen the integration of technology and social value. By doing so, we aimed to continuously guide industry innovation and creation, enhance the quality of domestic games and public gaming aesthetics, and promote the high-quality global expansion of Chinese games. Since its inception in 2021, the competition has seen five consecutive sessions, accumulating over 1,100 entries and selecting more than 80 high-quality winning works. It has injected vitality into the innovation of domestic games and contributed to the high-quality development of the gaming industry.



4. PUBLIC WELFARE ACTIVITIES

While driving business development, the Group also actively focuses on community development and social welfare, continuously fulfilling its corporate citizenship responsibilities. The Group has formulated the *Administrative Measures on Charity and Public Welfare* to regulate the management of public welfare funds, the operation of public welfare projects, and the conduct of public welfare activities, ensuring that related work is carried out in a transparent and orderly manner. Aligning with its business characteristics, the Group engages in social welfare through diverse forms including supporting cultural and sports undertakings, conducting charitable donations and volunteer services, caring for the elderly, focusing on children's development, advocating environmental protection concepts, and promoting school-enterprise cooperation, contributing to sustainable community development. Concurrently, the Group encourages employees to actively participate in public welfare actions, sharing the responsibility of giving back to society. Since its establishment in 2015, the Group's "XD Touch" charitable organization has continuously organized employees to participate in various charitable activities, spreading warmth and positive impact.

As part of our persistent efforts to advance "Shanghai-Yunnan collaboration program", we focus on addressing pain points in rural education in Yunnan Province to provide targeted assistance. On the occasion of the International Children's Day in the Year, the Group, in collaboration with Daning Group's personnel participating in the Yunnan assistance program, spanned over 2,000 kilometers to deliver "Educational Empowerment Packages" to over 300 students at Longgua Primary School in Guangnan County, Wenshan Prefecture, Yunnan Province. The packages included school uniforms, red scarves, and classroom voice amplifiers, helping address the school's shortages of teaching equipment and school uniforms. Education is a crucial cornerstone for rural revitalization. The Group hopes that through such charitable activities, it can create better learning conditions for children, allowing them to feel the care from society. In the future, the Group will continue to focus on rural education and explore more sustainable models for public welfare.



Delivering "Educational Empowerment Packages" to a Rural Primary School in Yunnan

Shanghai "Baby's Home" is a public welfare organization that the Group has long supported. This year marks the 8th year of collaboration between the Group and "Baby's Home". During the Year, volunteers from the Group once again visited the institution to deliver care and companionship to the children, supporting their healthy growth through practical actions. We donated materials such as summer labor protection supplies to the institution, with a total value of RMB2,044.34, and arranged for 4 volunteers to provide care and companionship, continuously conveying the Group's concern for children and its social responsibility commitment.

During the Year, we continued the “XD Touch” litter cleanup activity, organizing 10 employee volunteers to clean up street litter. Through these practical actions, we implemented environmental protection concepts, strengthened employees' sense of social responsibility, and contributed to improving the urban environment.



Donation of Supplies to “Baby’s Home”

“XD Touch” Litter Cleanup Activity

5. TALENT MANAGEMENT

Our employees are the Group's precious assets and the core source of our competitive advantage and innovative drive. The Group strictly complies with laws and regulations such as the *Labor Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, and the *Provisions on the Prohibition of Using Child Labor*, earnestly safeguarding the legitimate rights and interests of employees. We have formulated internal systems such as the *Employee Handbook*, *Training Management System*, and *Recruitment Management System* to standardize human resource management processes.

The Group is committed to creating an equal and inclusive workplace and adopts a “zero-tolerance” stance towards workplace sexual harassment, discrimination, and bullying. We adhere to fair and equitable employment principles, and do not discriminate against employees based on factors such as race, gender, color, age, family background, ethnic tradition, religion, physical condition, or nationality. We ensure that our employees enjoy equal opportunities in recruitment, promotion, compensation, working hours, rest periods, and other benefits. During the Year, the Group did not have any cases of non-compliance in relation to compensation, equal opportunities, diversity, anti-discrimination and other treatment and benefits of employees.

5.1 Employment Management

The Group upholds the principles of fairness and equity in recruitment, continuously improving talent acquisition and management mechanisms to ensure a standardized and transparent recruitment process. We have established and implemented the *Recruitment Management System*, clearly defining recruitment-related procedures and management requirements. The Group conducts recruitment through diverse and compliant talent acquisition channels, including open recruitment platforms, social platforms, talent databases, internal referrals, and human resources service agencies, to extensively attract talents that meet job requirements.

During the recruitment process, the Group conducts necessary qualification and background checks on candidates. If falsified resumes or integrity risks are identified, the candidate will not be hired. The selection of candidates will comprehensively take into account their professional capabilities, industry experience, job suitability, professional qualities, and alignment with the Group's cultural values, ensuring an open, fair, and equitable recruitment process.

The Group actively conducts campus recruitment to expand channels for attracting young talents, building a talent reserve for the Group's sustainable development. During the Year, the Group's campus recruitment efforts reached over 10 universities and colleges. The types of institutions covered included art and design academies, animation and game-related specialist colleges, and comprehensive key universities. This facilitated the gradual expansion of talent acquisition from specialized institutions to comprehensive universities, further enriching the talent structure and level of campus recruitment. Through organizing and participating in campus job fairs, conducting campus promotional talks, and hosting visits and exchanges for university students, faculty, and teachers, the Group continuously strengthened communication and cooperation with universities, enhancing awareness of its employer brand.



Campus Recruitment Activities

To further broaden talent acquisition channels and improve talent matching efficiency, the Group has formulated the *Reward System for Internal Recommendation*, encouraging employees to recommend talents that meet job requirements to join us. After a successfully recommended new employee joins, the recommending employee can receive a corresponding reward according to the relevant rank standards. Simultaneously, to attract outstanding talents with relevant experience and cultural alignment to return, the Group has established the *Resignation and Reemployment System*, and makes corresponding arrangements to the salary level of rehired employees based on their position responsibilities and experience.

The Group lawfully enters into a Labor Contract with employees, clarifying the rights and obligations of both parties, and outlines the relevant management requirements in the *Employee Handbook*. Employees have the right to terminate the labor contract in accordance with the law. If an employee confirms their intention to resign, they are required to submit an application in advance to their department heads, and after confirmation they must complete the handover of work before leaving. During the employee departure process, the Group conducts interviews with the employees to understand their reasons for leaving and related suggestions, in order to continuously optimize human resource and employee management mechanisms.

The Group strictly complies with national laws and regulations concerning labor employment, strictly prohibiting the hiring of child labor and any form of forced labor. During the recruitment process, the Group checks employees' identification documents and, in cooperation with third-party recruitment platforms, clearly stipulates the minimum age requirements for hiring employees to ensure no child labor is employed. Simultaneously, the Group prohibits any form of forced labor, corporal punishment, confinement, or other actions that infringe upon employees' personal freedom and dignity. If any violations are discovered, investigations will be conducted in accordance with relevant laws and regulations, and corresponding corrective measures will be taken.

During the Year, the Group did not have any cases of violations related to child labor or forced labor.

The Group has established a standard working hours system, implementing a work arrangement of 5 days per week, 8 hours per day, and 40 hours per week. If employees need to work overtime on statutory holidays or rest days due to work requirements, they must obtain prior approval from their supervisor in accordance with regulations. On the premise of complying with national and local relevant regulations, the Group implements a comprehensive calculation of working hours system or an flexible working hours system for certain positions, and has established flexible work arrangements to support employees in achieving work-life balance. The Group does not encourage an overtime culture, nor does it view overtime work as a reflection of performance or competitiveness. We explicitly oppose the "996" (nine o'clock on, nine o'clock off, work six days per week) work culture and are committed to fostering a healthy and sustainable working environment.

The total number of employees and the number of employees in different categories for the Year are as follows:

Number of employees	Unit	2025
Total number of employees	Number of people	1,554
Number of employees by gender		
Female	Number of people	464
Male	Number of people	1,069
Number of employees by employment type		
Short-term contract/part-time employees/interns	Number of people	0
Full-time junior staff	Number of people	1,324
Full-time intermediate staff	Number of people	181
Full-time senior staff	Number of people	28
Number of employees by age		
19-24 years old	Number of people	46
25-29 years old	Number of people	406
30 years old and above	Number of people	1,081
Number of employees by region		
Shanghai	Number of people	1,522
Other regions	Number of people	11

During the Year, employee turnover rate was as follows:

Employee turnover	Unit	2025
Total employee turnover rate	%	12.10
Employee turnover rate by gender		
Female	%	11.79
Male	%	12.23
Employee turnover rate by age		
19-24 years old	%	22.03
25-29 years old	%	15.77
30 years old and above	%	10.14
Employee turnover rate by region		
Shanghai	%	12.02
Other regions	%	21.43

Note: Employee turnover rate of different categories = Number of departed employees in that category ÷ (total number of employees in that category at the end of the year + number of departed employees in that category during the year) × 100%

5.2 Employee Care

The Group has established and been continuously improving its compensation and benefits system. Employee compensation covers basic salary, allowances, performance bonuses, year-end bonuses, and stock options, among others. To maintain compensation competitiveness, we adjust the salaries of employees with outstanding performance based on the Group's operating conditions and labor market levels. Year-end bonuses are also distributed according to annual operating performance and individual performance. Simultaneously, we continue to implement the *XD Supplemental Option Program*, supporting employees in converting a portion of their compensation into company stock options, sharing the outcomes of the Company development with employees.

The Group strictly pays "Five social insurances and one housing fund", including pension, medical, maternity, work-related injury, unemployment insurance, and the housing provident funds for employees in accordance with laws and regulations. We also ensure employees enjoy legally mandated paid annual leave, statutory holidays, maternity leave, pregnancy check-up leave, breastfeeding leave, wedding leave, paternity leave, sick leave, work-related injury leave, and other leave-related benefits according to the law. Building on this foundation, the Group further improves its benefits system by providing employees with special subsidies such as marriage and childbirth subsidies. We also continue to implement the "XD Employee Assistance Program", offering financial aid to employees encountering unexpected accidents, thereby strengthening the safeguard for employees' lives.

We continuously enhance workplace care and improve employee support and welfare systems. The Group regularly conducts team-building activities such as group meals, afternoon teas, and collective outings to promote team communication and cohesion. We also distribute holiday benefits to employees during important festivals to enhance their sense of belonging and the collaborative atmosphere, further stimulating work motivation and creativity. During the Year, we installed 4 additional nursing rooms in the office areas of various buildings, providing convenient and comfortable dedicated spaces for breastfeeding employees, addressing their needs.



Nursing Room

5.3 Health and Safety

The Group does not involve significant health and safety risks in its daily operations, but we have taken various measures to protect the occupational health and safety of our employees. The Group strictly complies with the requirements of regulations such as the *Fire Protection Law of the People's Republic of China*, conducting comprehensive inspections of fire-fighting equipment in office buildings regularly to ensure fire safety facilities are in good working order and usable, creating a safe and reliable working environment for employees. We organize employees to participate in fire drills in the campus every year, helping them master the use of equipment such as fire extinguishers and fire hydrants, learn fire emergency response procedures, and enhance coordination and cooperation, self-rescue, and mutual rescue capabilities in case of fire emergencies. In addition, we regularly conduct health and safety emergency training and first-aid training lectures, strengthening employees' knowledge of occupational health and safety, and raising their awareness of safety protection and self-protection. During the Year, the Group conducted 2 safety drills, including a fire drill and a riot control drill. The fire drill focused on the practical skills of using fire extinguishers and fire hydrants and fire emergency response procedures, helping employees master basic fire-fighting skills. The riot control drill focused on explaining how to wear and use riot control equipment, along with riot incident response drills, further strengthening employees' ability to coordinate, cooperate and handle sudden emergencies.



Fire Drill



Riot Control Drill

The Group values the health protection of employees and their family members, providing annual health check-ups and group commercial supplementary medical insurance for employees. We also offer basic medical benefits to employees, their spouses, and children. After employees complete their physical examinations, we arrange for professional general practitioners to provide one-on-one health consultation services to employees, interpreting the check-up results and offering health guidance, paying attention to employees' individual health needs. In addition, to alleviate issues such as cervical spine discomfort, muscle fatigue, and eye strain that employees may experience during work, the Group equips employees with ergonomically designed desks and chairs, and sets up rest areas and basic fitness facilities, supporting employees in taking appropriate breaks during work intervals to promote physical and mental well-being.



Employee Physical Examination

The Group also cares about the mental health of its employees in work and life, and has launched the XD Tree Hollow EAP Program to provide employees with a 24/7 mental health care hotline. The related services cover multiple dimensions including self-growth, career development, romantic relationships and family relations, as well as parent-child education, offering employees professional psychological support. The Group strictly adheres to the principle of information confidentiality, properly safeguarding the relevant information provided by employees during mental health counselling, earnestly respecting and protecting employees' personal privacy, and creating a safe and trustworthy psychological support environment.

During the Year, the Group did not occur any complaints or lawsuits regarding violations of health and safety-related laws and regulations. In the past three years, the Group has not experienced any work-related fatalities. During the Year, the number of days lost due to work-related injuries was 16.

Note: During the Year, the Group experienced 5 work-related injury incidents, of which 4 were traffic accidents occurring during commutes, and 1 involved an employee who slipped and was injured within the office area. In the future, we will implement more comprehensive measures to ensure workplace safety and safeguard employee health and safety.

5.4 Employee Growth

The Group attaches great importance to the professional development and skill enhancement of our employees. We have developed and have implemented a *Training Management Policy* that conducts standardized management of training needs assessment and curriculum planning to program execution and effectiveness evaluation. This ensures that our training is systematic and effective. We have developed a tiered and categorized training framework that is systematically tailored to the growth needs of employees at different positions and levels. We conduct regular, diverse training to continuously support our employees in enhancing their professional competencies and comprehensive capabilities. To address employees' varied developmental needs, training curriculum of the Group is organized into six categories, including general competencies, professional skills, art and design, operations and services, planning, and tool application. Our training programs for the Year include:

- Onboarding training for new employees from social recruitment: The Group offers a systematic onboarding program, the "Newcomer Program" for new hires. Delivered through a blend of online and offline sessions, the program covers the Group's development history, corporate culture, code of conduct, organizational structure, job responsibilities, and talent development and promotion mechanisms. This is designed to help new employees integrate into their teams and adapt to their roles requirements promptly. Upon completion of the training, new recruits are required to take the online "New Employees Should-Know and Should-Master" test, which focuses on foundational compliance areas such as information security. The Group monitors training progress and assessment results of the new employees while regularly collecting feedback. In 2025, both the completion rate and pass rate of the test for new social recruits reached 100%.
- Campus recruitment development program: The "SSR Program" is designed for the development of campus recruits, aiming to offer them systematic training and support, help them successfully transition from students to professionals, and enhance their sense of identification with and belonging to the organization. The program focuses on corporate culture, business acumen, and general professional competencies. Aligning with industry trends, it encourages campus recruits to be familiar with AI tools and integrate them into real work scenarios. During the Year, the "SSR Program" achieved an overall participant satisfaction rate of 94.6% and a Net Promoter Score (NPS) of 100%. Campus recruits collectively delivered multiple practical outputs, including participation in the development of several games, some of which received positive market feedback. This further demonstrates the program's success in combining talent cultivation with practical business.



Campus Recruitment Development Program

- Open classes and sharing sessions: Through open classes and thematic sharing sessions, the Group builds a learning and exchange platform for all employees facilitating sharing of knowledge and accumulation of experience. These activities focus on the Group's key businesses and products, core technologies, and cutting-edge industry trends, featuring presentations by industry experts and external professional instructors. This supports employees' continuous enhancement of professional capabilities and overall competencies. During the Year, the Group prioritized technical sharing and experience exchanges in areas such as AIGC, Unity, and cloud computing. Topics included AI-assisted development, game development, performance optimization, and tool application, driving the application and implementation of new technologies in real business contexts.
- Leadership training: The Group launched the "XD Leadership Program," a leadership training program for newly appointed first-line managers and managers undergoing role transition. The program systematically enhances management capabilities in areas such as goal management, task delegation, progress monitoring, and communication and feedback, facilitating a smooth role transition and improved management effectiveness. By introducing standardized leadership concepts and tools, it helps establish a common management language across teams. During the Year, the program focused on core themes including enhancing role awareness, boosting effective communication (for both individual and team), and high-efficiency execution. A phased approach combining learning with practice was employed to enable participants to transform management principles into actionable practices. During the Year, the program achieved an overall participant satisfaction score of 4.74 out of 5 and a Net Promoter Score (NPS) of 100%.



Leadership Training Program

- HR Specialized Training: The Group conducts specialized HR training to optimize our human resource management. This training systematically fosters continuous learning and proficiency enhancement within the HR team, focusing on team capability building and professional growth needs. During the Year, we introduced a thematic salon titled "Organizational Diagnosis and Annual HR Strategic Planning" to help HR business partners (HRBP) develop a more systematic mindset in organizational diagnosis and strategic implementation. Additionally, we launched a learning series called "HR Flag AI," designed to help the HR team continuously update their professional knowledge and enhance their proficiency in applying tools.



HR Specialized Training

The training programs conducted during the Year were closely aligned with both employee growth needs and business development requirements. Highly recognized by participants, these programs have effectively supported both workforce upskilling and organizational development. During the Year, the training of employees was as follows:

Classification	Category	Percentage of trained employees (%)	Average training hours per employee (hours)
Gender	Male	64	5.9
	Female	36	6.2
Employment Type	Full-time junior staff	39	4.1
	Full-time intermediate staff	86	28.5
	Full-time senior staff	71	4.0

The Group encourages employees to participate in external professional training to continuously acquire cutting-edge industry knowledge and position-specific skills, enhancing their professional marketability. At the same time, we have established an internal instructor system, encouraging employees with specialized expertise to give lessons, which fosters knowledge accumulation and experience sharing. The Human Resources Department established this management system covering selection, training, certification, evaluation and incentive of internal instructor, supporting internal instructors in teaching and professional guidance. Instructor performance is evaluated based on teaching delivery and training feedback, with the results incorporated into the employee evaluation system, encouraging their continued engagement.

The Group provides employees with comprehensive career development and promotion paths according to their functions. Employees can develop in both professional and managerial, according to their interests and advantages. Employees on the professional track may transition to management based on their aspirations. If a managerial role does not align with their capabilities, they retain the flexibility to return to the professional track, enabling agile and diverse career exploration. We have formulated the *Employee Promotion Management Program*, which outlines the promotion process and evaluation criteria to ensure fairness, equity, and transparency in promotion opportunity. Both employees and their department heads may initiate promotion nominations. Depending on the promotion level, nominations are reviewed by senior leadership or an evaluation committee and submitted to management for final approval. This offers our employees a well-defined and structured path for career development.

6. ENVIRONMENTAL PROTECTION

The Group fully recognizes the importance of environmental protection and resource conservation and strictly complies with the regulations of all jurisdictions in which the Group operates, including the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China* and other regulations. As a game developer and online gaming platform operator, the Group's business does not have a substantial impact on the environment, but we take our corporate environmental management responsibility seriously and have implemented a number of measures on resource utilization, greenhouse gas emission reduction and waste management to demonstrate our commitment and efforts in environmental protection. During the Year, the Group did not violate any regulations related to environmental protection or cause any major incidents affecting the environment and natural resources, nor did it have any penalties and litigations related to environmental protection.

The Group set our environmental targets in 2021 and reviews them annually to ensure its reasonableness. As a result of review environmental targets of the Group for 2025 are as follows:

- Greenhouse gas emissions: take measures to diligently reduce greenhouse gas emissions
- Water usage: enhance water-use efficiency and lower water consumption
- Low-Carbon travel: encourage low-carbon travel among employees, striving to transition to a low-carbon economy

6.1 Resource Management

The Group integrates green and low-carbon principles deeply into its daily operations. By continuously enhancing resource utilization efficiency, we steadily advance the transition towards green and low-carbon corporate.

In terms of resource procurement, we prioritize printing equipment that has the "*China Certificate for Energy Conservation*" and the "*China Environmental Labelling Product Certificate*". We also exclusively use paper certified by the Forest Stewardship Council (FSC), effectively minimizing the environmental impact of office consumables.

Regarding resource utilization, we implement independent lighting switching and air conditioning regulation systems in each office area, we enable the on-demand switching of lighting and precise temperature control of air conditioning in areas to reduce energy waste on the consumption end. Meanwhile, we enhance water resource management by installing water-saving devices such as automatic sensor taps and regularly measuring and analyzing water usage. Furthermore, we have established a comprehensive annual facility maintenance plan, under which a professional operation and maintenance team conducts monthly inspections of electrical systems, air conditioning units, water supply pipes, and other facilities throughout the building. Any leakage detected is immediately addressed through a repair process, minimizing water loss to the greatest extent possible.

For green energy, we have installed photovoltaic panels on the main building of our Shanghai headquarters. By actively promoting solar power generation to partially replace purchased electricity, we further reduce our reliance on fossil fuels and lower the carbon emissions from our operations.

During the Year, the Group's energy and water usage and intensity were as follows:

Use of resources	Unit	2025
Energy consumption		
Total electricity consumption (purchased power + solar power)	MWh	6,302.55
Total electricity consumption per employee	MWh/employee	4.11
Natural gas consumption	m ³	39,671.00
Water consumption		
Total water consumption	m ³	22,852.00
Total water consumption per employee	m ³ /employee	14.91

Note: The scope of use of resources covered the head office in Shanghai and Shanghai Branch (Zizhu Park), Shenzhen Branch, and Singapore Branch.

The Group sources water from municipal water supply and has no difficulty in sourcing water. Our operations do not involve large-scale use of non-renewable energy, forest resources, or impact on biodiversity, etc. Therefore, Aspect A3 Environmental and Natural Resources is not applicable to the Group.

6.2 Waste Management

The Group's non-hazardous waste is all domestic waste generated by the offices, which are collected by the property management and handed over to the municipal hygiene agency for disposal, so the amount of waste generated cannot be precisely measured. We have strictly implemented the policy of waste classification by covering the whole workspace with classified garbage cans and equipped them with clear markings and promptly classified and recycled the waste in accordance with the four categories of "Dry Waste", "Wet Waste", "Recyclables" and "Hazardous Waste". We also entrust a professional third-party to carry out waste processing, promoting the environmental protection and the effective use of the waste. The Group uses environmentally qualified printer rental service providers to uniformly provide and recycle relevant equipment consumables in public printing areas. Used toner cartridges and ink cartridges in small quantities are recovered and recycled by the recyclers, which has little impact on the environment, and we will review the amount of usage and keep statistics on such usage step by step in the future. We have also implemented a paperless office by promoting the use of Slack, Confluence and other office software for internal communications or the use of electronic filing of documents to reduce the use of paper.

At the same time, the Group actively practices circular economy and is committed to reducing the use of disposable items. We encourage our staff to use more biodegradable products, including reusing eco-bags, replacing plastic cups with paper cups, using PLA biodegradable straws, etc., and have stepped up promotional efforts in this regard. The Group's coffee bars have also launched corresponding initiatives by offering discounts to employees who purchase beverages with their own cups. A coffee grounds recycling program has also been launched, with collection points set up in buildings and coffee bars for employees to receive free coffee grounds for use in home gardening or maintenance items, thus realizing the effective reuse of waste materials.



Coffee Grounds Recycling and Reuse

Due to the nature of our business, the Group does not use packaging materials.

During the Year, the Group's paper consumption and intensity were as follows:

Paper consumption	Unit	2025
Total paper consumption	kg	1,308.00
Total paper consumption per employee	kg/employee	0.85

Note: The scope of paper consumption covered the head office in Shanghai and Shanghai Branch (Zizhu Park), Shenzhen Branch, and Singapore Branch.

6.3 Pollutant Management

The Group uses electric vehicles and has no vehicle fuel usage; therefore, the Group does not generate nitrogen oxides, sulfur oxides, or particulate matters. If such emission occurs in the future, we will regularly review the emission of pollutants and closely monitor the concentration of pollutant emissions to ensure that the emissions follow the relevant regulatory requirements. We regularly engage a third-party organization to conduct tests on our canteen fume purification equipment and oil-water separators in Shanghai office, and the test results follow the standard requirements. We also regularly clean the fume ducts of our canteen kitchens to reduce generation of pollutants and to ensure that the equipment is in optimal working condition.

6.4 Green Lifestyle

Beyond continuously promoting energy conservation, water saving, and waste control in daily operations, the Group also focuses on implementing low-carbon practices in areas most relevant to employees' daily routines, such as catering and commuting. In our catering aspect, the Group promotes the use of green and healthy food in our canteens and prioritizes the procurement of locally produced food to reduce carbon emissions from transportation. During the Reporting Period, the Group's cafeteria was certified as the "Green Restaurant". In commuting aspect, Group advocates green travel and encourages employees to prioritize public transportation and renewable energy vehicles for business travel, such as employee business trips and corporate vehicles usage. We provide staff shuttle buses to and from the office and metro stations and encourage our staff to choose carpooling and use more public transportation for daily commutes and replace partial business trips with online meetings in order to reduce fuel usage and relevant carbon emissions.



"Green Restaurant" Certificate

6.5 Response to Climate Change

Concerned about the impact of climate change on the Group's value chain, we take the initiative in responding to the national "Carbon Peaking" and "Carbon Neutrality" goals. Specifically, we have clarified our responsibilities for addressing climate change, taking into account the nature of our business, and identified climate risks and opportunities. We are also continuing to improve our climate change management and enhance our ability to respond to climate change.

Governance

We have incorporated climate-related management responsibilities into our ESG governance framework. The Board of Directors is the ultimate governance body for overseeing our climate-related matters, with the support of the Audit Committee. Management is responsible for the overall management of these matters, the ESG Working Group ensures coordinated progress in climate management, and the executive departments are responsible for implementing the specific climate management tasks. During the Reporting Period, we invited a third-party institution to conduct our Board of Directors in climate-related training, equipping them with the capability to govern these issues.

Note: For specific governance responsibilities at all levels, please refer to "2.2 ESG Governance Structure".

Strategy

In order to comprehensively improve our ability to respond to climate-related risks, we have identified key climate risks and opportunities as well as analyzed and assessed their short-, medium-and long-term potential impacts on our operations and value chain in order to take targeted response measures based on this assessment. Taking into account the Company's business planning and the climate policies and requirements in the regions and countries where we operate, we have defined our short-term (1 year), medium-term (2–5 years) and long-term (over 5 years) milestones.

Risk/Opportunity Type	Risk/Opportunity Name	Risk/Opportunity Description	Impact Level of Risks or Opportunities on Business			Stage of Value Chain	Financial Impact Assessment	Adaptive or Mitigation Actions	
			Short-term	Medium-term	Long-term				
Physical risks	Acute risks	Typhoons, strong winds, heavy rain, flooding, cold snaps, frost and other extreme weather events	Typhoons, strong winds, heavy rain, flooding, cold snaps, frost and other extreme weather events may cause operational disruptions of the Company, facility damage or casualties among personnel.	Low	Low	Low	Upstream Own operation	Increased operating costs Reduced revenue	<ul style="list-style-type: none"> Develop the <i>Climate Change Contingency Plans for Extreme Weather</i>, including the risks of extreme weather in our day-to-day operations and management. In terms of facilities and equipment, prepare sandbags in advance to prevent flooding caused by rainwater; promptly clear and relocate items from high places to avoid them being blown down by strong winds and causing injury or damage; conduct comprehensive inspections of air conditioning outdoor units, decorative surfaces, walls, outdoor flooring, etc., and reinforce any loose or ageing parts to ensure their stability and safety in extreme weather conditions.
	Chronic risks	Rising average temperature	Rise in the average temperature will lead to growing cooling demand for the Company's offices and server rooms, resulting in higher energy consumption.	Low	Low	Medium	Upstream Own operation	Increased operating costs	<ul style="list-style-type: none"> Switch to energy-efficient equipment and cooling devices and strengthen the monitoring of energy consumption. Purchase cloud servers to reduce the number of physical servers in the server room, thereby lowering the IT server room's heat dissipation pressure.

Risk/Opportunity Type	Risk/Opportunity Name	Risk/Opportunity Description	Impact Level of Risks or Opportunities on Business			Stage of Value Chain	Financial Impact Assessment	Adaptive or Mitigation Actions	
			Short-term	Medium-term	Long-term				
Transition risks	Policy and legal risks	Carbon emission regulation	As carbon emission-related policies become stricter, violations of the relevant regulations may result in warnings or fines.	Low	Low	Low	Upstream Own operation	Increased operating costs	<ul style="list-style-type: none"> Stay up to date with the latest regulatory requirements, identify facilities with high energy consumption, and improve energy management and carbon emission accounting to reduce carbon emissions continuously.
	Technical risks	Greater data storage demand	Due to the nature of the industry, demand for data storage is expected to increase in the future, which will lead to rising energy consumption for the Company.	Low	Medium	Medium	Upstream Own operation	Increased operating costs	<ul style="list-style-type: none"> Seize opportunities to use new energy and increase the proportion of renewable energy.
	Reputation risks	Increasing attention of the market to the Company's climate performance	As regulatory authorities, investors, customers and other stakeholders have increasingly stringent requirements for Company's climate performance, climate disclosure and response may affect the Group's reputation.	Low	Low	Medium	Own operation Downstream	Increased operating costs	<ul style="list-style-type: none"> Ensure transparent disclosure on the official website and in the ESG report, and respond promptly to stakeholder concerns and demands regarding the Group's climate performance.
	Market risks	Changing market preference	The market is increasingly favoring game products with green and low-carbon attributes. Failure to meet this market demand could impair the market competitiveness and diminish the revenue.	Low	Medium	Medium	Own operation Downstream	Reduced revenue	<ul style="list-style-type: none"> Maintain timely communication with users to proactively keep informed of their evolving demand for low-carbon, environmentally friendly products.

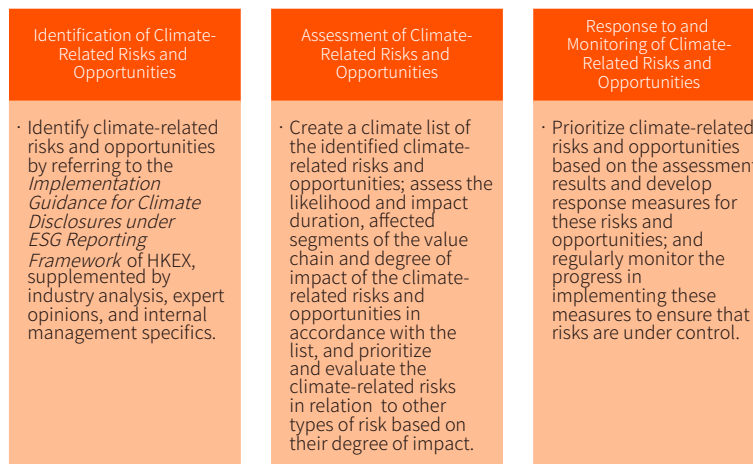
Risk/Opportunity Type	Risk/Opportunity Name	Risk/Opportunity Description	Impact Level of Risks or Opportunities on Business			Stage of Value Chain	Financial Impact Assessment	Adaptive or Mitigation Actions	
			Short-term	Medium-term	Long-term				
Opportunities	Resource efficiency opportunities	Green office and low-carbon travel	Take steps to conserve energy and reduce carbon emissions in the workplace, and encourage employees to opt for low-carbon travel to reduce daily operating costs.	Low	Low	Medium	Own operation	Decreased operating costs	<ul style="list-style-type: none"> Strengthen employees' awareness regarding energy conservation and environmental protection, and encourage employees to opt for green travel
	Product and service opportunities	Launch of games with environmental protection/green, low-carbon theme	The Group launches games promoting low-carbon practices to gain widespread market recognition and thereby increasing revenues.	Low	Low	Medium	Own operation Downstream	Increased revenue	<ul style="list-style-type: none"> Explore the development of games with an environmental protection theme
	Energy source opportunities	Opportunities in the clean and renewable energy market	Use renewable energy to reduce reliance on fossil fuels and avoid the risks associated with fluctuations in the price of traditional energy sources.	Low	Low	Low	Own operation	Decreased operating costs	<ul style="list-style-type: none"> Scale up the construction of photovoltaic power facilities to increase the proportion of renewable energy usage
	Market opportunities	Organization of green and low-carbon activities	With growing public awareness of environmental protection and low-carbon living, the Group can attract more users concerned about low-carbon lifestyles by launching green and low-carbon initiatives on the TapTap forum.	Low	Low	Medium	Own operation Downstream	Increased revenue	<ul style="list-style-type: none"> Organize green and low-carbon activities for users

Note:

1. Our core business is developing and operating games, and our assets primarily comprise office and IT equipment. We do not have any significant assets or production activities with high emissions that are highly sensitive to climate-related physical or transition risks. Therefore, can reasonably predict that in the short, medium and long term, there will be no climate-related risks and opportunities that will have a substantial impact on our financial position, financial performance, cash flows, financing channels, capital costs, business model (including resource allocation) or operations. In accordance with the “comply or explain” provisions of the ESG Reporting Code (Appendix D), we are not required to conduct a quantitative analysis of our current financial impact.
2. Based on the assessment, the Group anticipates that climate-related risks and opportunities will have limited impact on its business operations and value chain in the short, medium and long term. Therefore, the Group has not developed any climate-related transforming plans.
3. Following a thorough evaluation of the existing data foundation and analytical capabilities, the Group concluded that undertaking climate scenario analysis would incur undue costs or effort. Consequently, during the Reporting Period, the Group adopted “reasonable information relief” for climate scenario analysis. The Group commits to enhancing its ability to cope with climate-related risks through measures such as optimizing operations and management, and strengthening energy conservation and emission reduction. We will also adjust the disclosure arrangements in accordance with regulatory disclosure requirements and internal conditions in the future.

Risk Management

We make climate-related risk and opportunity management part of our overall risk management process. We have developed a comprehensive system for managing climate-related risks and opportunities, consisting of identifying, assessing, responding to and monitoring these risks and opportunities. This has fully enhanced our ability to address climate change.



Climate-Related Risk Management Process

Metrics and Targets

To continuously reduce carbon emissions generated by our operations, we carry out regular greenhouse gas emission accounting and analysis each year. This allows us to identify the main sources of emissions and strengthen our carbon emission management. Our Scope 1 greenhouse gas emissions are mainly produced by our use of natural gas, whereas our Scope 2 greenhouse gas emissions are primarily generated by our use of purchased electricity.

During the Year, the Group's greenhouse gas emissions and intensity were as follows:

Greenhouse Gas Emissions	Unit	2025
Greenhouse gas emissions (Scope 1)	tCO ₂ e	85.77
Greenhouse gas emissions (Scope 2) (Location-based)	tCO ₂ e	3,107.60
Total GHG Emissions (Scope 1 and 2)	tCO ₂ e	3,193.37
Greenhouse gas emission intensity (per square meter) (Scope 1 and 2)	tCO ₂ e/m ²	0.13
GHG emissions per capita (Scope 1 and 2)	tCO ₂ e/person	2.08

Notes:

1. The scope of the Group's environmental KPI covered the head office in Shanghai and Shanghai Branch (Zizhu Park), Shenzhen Branch, and Singapore Branch.
2. The Scope 1 and Scope 2 emissions are calculated in accordance with the GHG Protocol and the GHG emission is presented in carbon dioxide equivalents. Among them, Scope 2 GHG emissions from the use of purchased electricity (China) are calculated using the national average grid emission factor for 2023 (0.5306 tCO₂/MWh), as announced by the Ministry of Ecology and Environment. GHG emissions from the use of purchased electricity (Singapore) are calculated using the grid emission factor for 2024 (0.402 tCO₂/MWh), as announced by the Energy Market Authority.
3. Due to the nature of our business, the Scope 3 GHG emissions during the Reporting Period were not identified as having a significant impact. As using our actual internal data to calculate Scope 3 emissions would incur extremely high information collection costs to obtain all reasonable and substantiated information, "reasonable information relief" was adopted during the Reporting Period.
4. Given the nature of our business, we have not identified any climate-related risks or opportunities that necessitate additional capital expenditure, financing or investment arrangements.
5. As calculating cross-industry and industry-specific climate disclosure indicators would incur extremely high information collection costs to obtain all reasonable and substantiated information, "reasonable information relief" was adopted during the Reporting Period.
6. We have not yet established an internal carbon pricing mechanism or incorporated climate factors into our remuneration and incentive system (for directors and employees). We have also not set quantifiable climate management targets. In the future, we will continuously monitor updates to climate disclosure requirements, taking into account regulatory developments, the realities of our business and our internal management capacity building. We will optimize the disclosure content and arrangements as needed.

APPENDIX I: INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF THE STOCK EXCHANGE

Indicator(s)	Section in this Report
Part B: Mandatory Disclosure Requirements	
Governance Structure A statement from the board containing the following elements: <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and explain how they relate to the issuer's businesses. 	2.2 ESG Governance Structure
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used (if any), or any other relevant factors affecting a meaningful comparison.</p>
Reporting Boundary	A narrative explaining the reporting scope of the ESG report and describing the process used to describe and select which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.

Indicator(s)			Section in this Report
Part C: “Comply or explain” Provisions			
A. Environmental			
A1. Emissions	General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6. ENVIRONMENTAL PROTECTION
	A1.1	The types of emissions and respective emissions data.	The Group has no vehicle fuel usage, so the relevant KPI is not applicable to the Group
	A1.3	Total hazardous waste produced and, where appropriate, intensity.	All non-hazardous waste is domestic waste, which is collected and disposed of by the property staff, while hazardous waste, including a small amount of waste toner cartridges, has been handed over to qualified recyclers for uniform disposal, and therefore is not disclosed in the report
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	6. ENVIRONMENTAL PROTECTION
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6.2 Waste Management
	A2. Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.
A2.1		Direct and/or indirect energy consumption by type in total and intensity	6.1 Resource Management
A2.2		Water consumption in total and intensity.	6.1 Resource Management
A2.3		Description of energy use efficiency target(s) set and steps taken to achieve them.	6.1 Resource Management
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.	6.1 Resource Management
A2.5		Total packaging material used for finished products and, if applicable, with reference to per unit produced.	The Group does not use any packaging materials in its operations
A3. The Environment and Natural Resources		General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. ENVIRONMENTAL PROTECTION

Indicator(s)	Section in this Report		
B. Social Employment and Labor Practices			
B1. Employment	General Disclosure	Information on: the policies; and 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.	5. TALENT MANAGEMENT
	B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	5.1 Employment Management
	B1.2	Employee turnover rate by gender, age group and geographical region.	5.1 Employment Management
B2. Health and Safety	General Disclosure	Information on: the policies; and 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.	5.3 Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.3 Health and Safety
	B2.2	Lost days due to work injury.	5.3 Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.3 Health and Safety
B3. Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.4 Employee Growth
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.4 Employee Growth
	B3.2	The average training hours completed per employee by gender and employee category.	5.4 Employee Growth
B4. Labor Standards	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5. TALENT MANAGEMENT
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	5. TALENT MANAGEMENT
	B4.2	Description of steps taken to eliminate such practices when discovered.	5. TALENT MANAGEMENT

Indicator(s)		Section in this Report
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain. 3.8.1 Supplier Management
	B5.1	Number of suppliers by geographical region. 3.8.1 Supplier Management
	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. 3.8.1 Supplier Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. 3.8.1 Supplier Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. 3.8.1 Supplier Management
B6 Product Responsibility	General Disclosure	Information on: the policies; and 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. 3.1 Information Security 3.2 Privacy Protection 3.3 Marketing Compliance
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons. Due to the uniqueness of the business, the relevant KPI is not applicable to the Group
	B6.2	Number of products and service related complaints received and how they are dealt with. 3.7 Player Communication
	B6.3	Description of practices relating to observing and protecting intellectual property rights. 3.4 Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures. Due to the uniqueness of the business, the relevant KPI is not applicable to the Group
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored. 3.1 Information Security
B7. Anti-corruption	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. 3.2 Privacy Protection
	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. 3.5 Integrity in Practice
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. 3.5 Integrity in Practice
	B7.3	Description of anti-corruption training provided to directors and staff. 3.5 Integrity in Practice

Indicator(s)		Section in this Report	
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.	4. CHARITABLE ACTIVITIES
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	4. CHARITABLE ACTIVITIES
	B8.2	Resources contributed (e.g. money or time) to the focus area.	4. CHARITABLE ACTIVITIES
Part D: Climate-related Disclosures			
Climate-related Disclosure Requirements	Indicator(s)	Section in this Report	
Governance	(a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities	2.2 ESG Governance Structure	
	(b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	2.2 ESG Governance Structure	
Strategy	Climate-related risks and opportunities Business model and value chain Strategy and decision-making Financial position, financial performance and cash flows Climate resilience	6.5 Response to Climate Change 6.5 Response to Climate Change 6.5 Response to Climate Change 6.5 Response to Climate Change Reasonable information relief for climate scenario analysis	
Risk Management	(a) The processes and related policies the issuer uses to identify, assess, prioritize and monitor climate-related risks and opportunities (b) The processes the issuer uses to identify, assess, prioritize and monitor climate-related risks and opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) How, and the extent to which, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	6.5 Response to Climate Change 6.5 Response to Climate Change 6.5 Response to Climate Change	
Metrics and Targets	Greenhouse gas emissions Climate-related transition risks Climate-related physical risks Climate-related opportunities Capital deployment Internal carbon prices Remuneration Industry-based metrics Climate-related targets	6.5 Response to Climate Change Reasonable information relief Reasonable information relief Reasonable information relief 6.5 Response to Climate Change Not yet implemented Not yet implemented Reasonable information relief Not yet established	

07

DIRECTORS'
REPORT



DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the development, operation, publishing and distribution of mobile and web games and provision of information services. An analysis of the Group's revenue and operating results for the year ended December 31, 2025 by its principal activities is set out in Management Discussion and Analysis section of this annual report.

RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the consolidated statements of comprehensive income of the Group on pages 113 to 114 of this annual report.

FINANCIAL SUMMARY

A summary of the Company's results, assets and liabilities for the last five financial years is set out on pages 194 to 195 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group, comprising a discussion and analysis of the Group's performance during the year, particulars of important events affecting the Group that have occurred since the end of the Reporting Period and an indication of likely future development in the business of the Group are set out in the "Chairman's Letter" on pages 4 to 7 of this annual report. An analysis using financial key performance indicators is set out in the "Management Discussion and Analysis" on pages 8 to 17 of this annual report. Discussions on the Group's environmental policies and performance, and an account of the Group's key relationships with its stakeholders are set out in the "Environmental, Social and Governance Report" on pages 38 to 80 of this annual report. Details regarding the Group's compliance with the relevant laws and regulations which have a significant impact on the Group are also set out in the "Environmental, Social and Governance Report" on pages 38 to 80 and the "Corporate Governance Report" on pages 22 to 37 of this annual report. A description of the principal risks and uncertainties facing the Group is set out in the "Corporate Governance Report" on pages 22 to 37 of this annual report. All such discussions form part of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended December 31, 2025 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2025 are set out in note 24 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year ended December 31, 2025 are set out in the consolidated statement of changes in equity. As at December 31, 2025, the amount of reserves available for distribution of the Company amounted to approximately RMB7,341.2 million.

USE OF PROCEEDS

Placing of shares in April 2021

The net proceeds received from the placing of shares was approximately HK\$1,113.0 million. The amount of net proceeds brought forward as of January 1, 2025 was HK\$67.0 million. All the net proceeds were fully utilized as of December 31, 2025. The table below sets out the details of actual usage of the net proceeds as of December 31, 2025:

Use of proceeds	Amount of net proceeds received from the placing of shares (HK\$ million)	Amount of net proceeds brought forward as of January 1, 2025 (HK\$ million)	Actual usage for the year ended December 31, 2025 (HK\$ million)	Unutilized net proceeds as of December 31, 2025 (HK\$ million)	Expected timeline of full utilization
• further enhancing the Company's R&D capability and game portfolios	556.5	—	—	—	—
• potential acquisition and strategic investments	222.6	67.0	67.0	0	N/A
• general corporate purposes	333.9	—	—	—	—
	1,113.0	67.0	67.0	0	

DIRECTORS

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

Executive Directors

Mr. Huang Yimeng (*Chairman of the Board and Chief Executive Officer*)
Mr. Dai Yunjie
Mr. Fan Shuyang

Non-executive Director

Mr. Wu Meng

Independent Non-executive Directors

Mr. Pei Dapeng
Mr. Xin Quandong
Ms. Liu Qianli

In accordance with Article 16.18 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than one-third) shall retire from office by rotation. Accordingly, Mr. Wu Meng, Mr. Pei Dapeng, and Ms. Liu Qianli shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and they have made an invaluable contribution to the development of the Company's strategies and policies, providing independent advice. In addition, they have also provided diversity of experience, skills, expertise, background and qualifications to the Board through regular attendance and active participation. The Board considers that they are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Either party has the right to give not less than three months' written notice to terminate the agreement.

The non-executive Director has entered into a service contract with the Company for a term of three years commencing from the date of the service contract or until the third annual general meeting of the Company since the date of the service contract, whichever is sooner, (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from the date of the respective appointment letter or until the third annual general meeting of the Company since the date of the respective appointment letter, whichever is sooner, (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

The Directors are subject to retirement by rotation and re-election at an annual general meeting of the Company at least once every three years in accordance with the Articles of Association.

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

EMPLOYEE, REMUNERATION AND PENSION SCHEME

We had 1,554 employees as of December 31, 2025 (December 31, 2024: 1,400 employees), substantially all of whom were based in Shanghai. Employee benefits expenses (including the Directors' remunerations) were approximately RMB1,225.6 million for the year ended December 31, 2025, which was an increase of approximately 2.5% as compared to approximately RMB1,195.9 million for the year ended December 31, 2024. The increase was mainly due to the increase of the number of employees and the rise in annual bonuses, as the business performance improved during the year ended December 31, 2025.

We offer our employees competitive compensation packages and a collaborative working environment and as a result, we have generally been able to attract and retain qualified personnel and maintain a stable, core management team. We compensate our employees with basic salaries, subsidies, and performance-based and annual bonuses, and pay, on behalf of our employees, monthly social insurance premiums covering basic pension insurance, basic medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing reserve fund. We also adopted a share option plan on June 25, 2021 and the 2024 RSU Scheme for the purpose of providing incentives and rewards to the participants for their contributions to the Group.

We design and implement in-house training programs tailored to each job function and a set of responsibilities to enhance performance. Specific training is provided during orientation for new employees to familiarize them with our working environment and operational procedures. We also provide professional on-the-job training to our existing employees on various topics such as channel management, marketing and promotion strategies, product operations and operational support. We believe our training offers employees sustainable, organized and target-oriented quality training, which can enhance the productivity of our employees.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in note 7 to the consolidated financial statements. None of the Directors waived any emoluments during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Company to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

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

As at December 31, 2025, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

(i) Interest in Shares and underlying Shares

Name of Director	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding ⁽¹⁾
Mr. Huang Yimeng ("Mr. Huang")	Settlor of a discretionary trust ⁽²⁾	156,105,000 (L)	31.54%
	Beneficial owner	2,223,051 (L) ⁽³⁾	0.45%
	Interest of spouse	2,100,000 (L)	0.42%
Mr. Dai Yunjie ("Mr. Dai")	Settlor of a discretionary trust ⁽⁴⁾	52,892,300 (L)	10.69%
	Beneficial owner	1,248,389 (L) ⁽⁵⁾	0.25%

Notes:

(1) The Letter "L" denotes the long position in the Shares. The percentage figures disclosed under "Approximate percentage of shareholding" were calculated based on the 494,889,562 Shares, being the number of total issued Shares as of December 31, 2025.

- (2) Happy Today Holding Limited is a company incorporated in the British Virgin Islands and is wholly-owned by Happy Today Company Limited. Happy Today Company Limited is held by the Happy Today Trust, which was established by Mr. Huang as the settlor. J.P. Morgan Trust Company (Singapore) Pte. Ltd. is the trustee of the Happy Today Trust, and Mr. Huang and his family members are the beneficiaries of the Happy Today Trust. Mr. Huang is also a director of Happy Today Holding Limited. As such, each of Mr. Huang, J.P. Morgan Trust Company (Singapore) Pte. Ltd. and Happy Today Company Limited is deemed to be interested in our Shares held by Happy Today Holding Limited under the SFO.
- (3) Mr. Huang was interested in 2,223,051 Shares, of which inclusive of the interest in 1,242,251 Shares underlying the share options granted pursuant to the share option plan which was adopted by Shareholders on June 25, 2021.
- (4) Kros Dai Inc. is a company incorporated in the British Virgin Islands and is wholly-owned by Danger and Sons Inc. Danger and Sons Inc. is held by the Dai & Sons Trust, which was established by Mr. Dai as the settlor. J.P. Morgan Trust Company of Delaware is the trustee of the Dai & Sons Trust, and Mr. Dai and his family members are the beneficiaries of the Dai & Sons Trust. Mr. Dai is also a director of Kros Dai Inc. As such, each of Mr. Dai, J.P. Morgan Trust Company of Delaware and Danger & Sons Inc. is deemed to be interested in our Shares held by Kros Dai Inc. under the SFO.
- (5) Mr. Dai was interested in 1,248,389 Shares, of which inclusive of the interest in 832,589 Shares underlying the share options granted pursuant to the share option plan which was adopted by Shareholders on June 25, 2021.

(ii) Interest in an associated corporation

Name of Director	Nature of Interest	Associated corporations	Number of Shares	Approximate percentage of shareholding
Mr. Huang Yimeng	Interest in controlled corporation	X.D. Network	165,900,000 (L)	77.82% ⁽²⁾
	Beneficial owner	X.D. Network	47,281,500 (L)	22.18% ⁽²⁾

Save as disclosed above, as at December 31, 2025, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to the Company, as at December 31, 2025, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholder	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding ⁽¹⁾
J.P. Morgan Trust Company (Singapore) Pte. Ltd. ⁽²⁾	Trustee	156,105,000 (L)	31.54%
Happy Today Company Limited	Interest in controlled corporation	156,105,000 (L)	31.54%
Happy Today Holding Limited	Beneficial owner	156,105,000 (L)	31.54%
J.P. Morgan Trust Company of Delaware	Trustee	52,892,300 (L)	10.69%
Danger & Sons Inc.	Interest in controlled corporation	52,892,300 (L)	10.69%
Kros Dai Inc.	Beneficial owner	52,892,300 (L)	10.69%

Note:

- (1) The letter "L" denotes long position in the Shares. The percentage figures disclosed under "Approximate percentage of shareholding" were calculated based on the 494,889,562 Shares, being the number of total issued Shares as of December 31, 2025.

Save as disclosed above, as at December 31, 2025, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

RSU SCHEME

The RSU Scheme was adopted on June 3, 2019.

Purpose

The purpose of the RSU Scheme is to enable our Group to attract and retain the services of Participants (as defined below) considered essential to the success of our Group by providing additional incentives, and to promote the success of our Group as a whole.

Effectiveness and Duration

Subject to any early termination as may be determined by the Board pursuant to terms of the RSU Scheme, the RSU Scheme shall be valid and effective for a period of ten years commencing from the adoption date of June 3, 2019, after which no award of RSUs granted to a Participant (the "Award") will be granted, but the provisions of this RSU Scheme shall in all other respects remain in full force and effect and the Awards granted during the term of the RSU Scheme may continue to be valid and exercisable in accordance with their terms of grant. The remaining life of the RSU Scheme was approximately 3 years.

Administration

The RSU Scheme shall be subject to the administration of the Board.

The Board shall have the sole and absolute right to (i) interpret and construe the provisions of the RSU Scheme; (ii) determine the persons who will be granted the Awards under the RSU Scheme, the terms and conditions on which the Awards are granted and when the RSUs granted pursuant to the RSU Scheme may vest; (iii) make such appropriate and equitable adjustments to the terms of the Awards granted under the RSU Scheme as it deems necessary; and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of the RSU Scheme. The Board may by resolution delegate any or all of its powers in the administration of the RSU Scheme to the administration committee or any other committee as authorized by the Board for such purpose. All the decisions, determinations and interpretations made by the Board shall be final, conclusive and binding on all parties.

Heart Assets Limited (the "RSU Holding Entity") was a limited liability company incorporated in the British Virgin Islands on June 4, 2019, and was established by the Company as the settlor holding our Shares pursuant to the RSU Scheme. On June 17, 2019, the Company issued and allotted an aggregate of 8,437,540 Shares to the RSU Holding Entity, which hold our Shares pursuant to the RSU Scheme on trust for and on behalf of the grantees or our Company (as the case may be), representing approximately 1.70% of the issued share capital of the Company as at the date of this report. The Shares held by the RSU Holding Entity will not be counted towards the public float of the Company.

The RSU Holding Entity will not exercise the voting rights attached to the Shares underlying the RSU Scheme.

The RSU shall be made at nil consideration to selected participants.

Participants

Those eligible to participate in the RSU Scheme (the "Participants") include: (i) full-time employees (including directors, officers and members of senior management) of any member of our Group; and (ii) any person who, in the sole opinion of the Board, has contributed or will contribute to any member of our Group.

Annual limit of Shares

The maximum limit of the total number of Shares to be issued by the Company under the RSU Scheme in any financial year will not exceed 3% of the total Shares in issue as at the beginning of that financial year. The total number of Shares issued and to be issued to a grantee in any 12-month period will not exceed 1% of the total number of Shares in issue at anytime during this 12-month period.

Basis of determining the purchase price of Awards

Not applicable.

Terms and Conditions of Award

(i) Grant of Awards

The Board may, from time to time, select the Participants to whom the Award may be granted. The amount of the Award may be determined at the sole and absolute discretion of the Board and may differ among selected Participants.

(ii) Notice of grant

Subject to the limitations and conditions of the RSU Scheme, a notice of grant (the "Notice of Grant") will be sent to the grantee confirming (a) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip dividends in respect of these Shares) or the amount of cash the grantee will receive; (b) the lock-up arrangements upon vesting (if any); and (c) other terms and conditions (if any) that the RSUs are subject to as determined by the Board in its absolute discretion.

The grantee is required to execute an acceptance notice and return it to the trustee of the RSU Scheme (the "Trustee") after receiving the Notice of Grant. Upon the receipt from the eligible Participant of a duly executed acceptance notice, the RSUs are granted to such Participant, who becomes a grantee pursuant to the RSU Scheme. The date of such receipt shall be the grant commencement date (the "Grant Commencement Date"). In the event that the grantee fails to execute or return the acceptance notice within the time period and in a manner prescribed in the Notice of Grant, it shall be deemed that such grant of Award has been irrevocably declined and thus the RSUs have immediately lapsed.

(iii) Conditions of Award

The Board has absolute discretion on the terms and conditions of the Awards. Subject to the terms of the RSU Scheme, the Awards may be granted on such terms and conditions (such as by linking the vesting of their RSUs to the attainment or performance of milestones by any member of our Group, the grantee or any group of grantees).

(iv) Restrictions

No grant of Award shall be made to any selected Participant at a time when the selected Participant would or might be prohibited from dealing in our Shares by the Listing Rules (where applicable) or by any other applicable rules, regulations or law.

A grant of Award must not be made after inside information has come to the knowledge of our Company until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular during the period commencing one month immediately preceding the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement;

no Award may be granted. Such period will cover any period of delay in the publication of a results announcement.

Where any Award is proposed to be granted to a director, it shall not be granted on any day on which the financial results of our Company are published and during the period of:

- (a) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

Upon the completion of Listing, any grant to any Director, chief executive or substantial shareholder of our Company, or any of their respective associates (as defined under the Listing Rules), shall be subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who is the proposed grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules. Notwithstanding the foregoing, any grant of Award to a director pursuant to Rule 14A.95 of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his service contract.

The Board may not grant any Award to any Participants in any of the following circumstances:

- (a) the requisite approvals for that grant of Award from any applicable regulatory authorities have not been obtained; or
- (b) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of Award or in respect this Scheme, unless the Board determines otherwise; or
- (c) where the grant of Award would result in a breach of any applicable securities laws, rules or regulations by any member of our Group or any of its directors; or
- (d) the grant of Award would result in breach of the RSU Limit or other rules of the RSU Scheme.

(v) Transferability of Awards

Awards, and any interest therein, shall not be transferable or assignable or encumbered, and shall not be made subject to execution, attachment or similar process, except:

- (a) transfer from a grantee to his family member by gift or pursuant to domestic relations order in the settlement of marital property rights with the consent of the Board; or
- (b) transfer by the grantee and provided that following the grantee's death, RSUs may be transferred by will, or by the laws of descent and distribution.

Taxes

The grantee shall pay all taxes and other liabilities that may be assessed or assessable on any payments made by our Company or Trustee under the RSU Scheme and all payments required to be made hereunder by our Company shall be subject to the deduction or withholding of any payment or transfer of any kind otherwise due to the grantee, and the grantee agrees to indemnify and keep our Company (for itself and for any members of our Group), the Trustee and RSU Holding Entity indemnified in respect of any such liability, obligation or loss and accepts any claim in respect of such indemnity may be satisfied by set-off against any sums due from our Company, any member of our Group, the Trustee and/or RSU Holding Entity to such grantee from time to time.

Vesting

(i) Vesting period

Subject to the terms of the RSU Scheme and the specific terms and conditions applicable to each Award, the RSUs granted shall be subject to vesting schedule and to the satisfaction of performance and/or other conditions to be determined by the Board (if any) in its absolute discretion. If such conditions are not satisfied, the RSU shall automatically lapse on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion.

The Board shall have the sole and absolute discretion to determine whether or not a grantee shall have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying an Award prior to vesting of the Award.

(ii) Voting Rights

Prior to the transfer of the Shares underlying the vested RSUs to the grantee, the grantee shall not be entitled to have any rights as a shareholder with respect to such Shares.

Lapse and Forfeiture

Subject to terms and conditions of the RSU Scheme, the unvested RSUs shall automatically lapse upon the earliest of:

- (a) the date of the termination of grantee's employment or service in Cause (as defined below) by any member of our Group; or
- (b) in the event that certain general offer by way of voluntary offer or takeover is made to all the Shareholders the date of the offer (or, as the case may be, revised offer); or
- (c) in the event that certain general offer for Shares by way of scheme of arrangement is made to all the Shareholders, the record date for determining entitlements under the scheme of arrangement; or
- (d) the date of the commencement of the winding-up of our Company; or
- (e) the date on which, at the absolute discretion of the Board, the grantee has failed to perform any major customary duties or responsibilities of an employee, or has committed a material violation of any reasonable directions or instructions of the managerial department or personnel of the relevant member of our Group, or has committed a material breach of any applicable internal rules, regulations and code of conduct of the relevant member of our Group; or
- (f) the date on which it is no longer possible to satisfy any outstanding conditions to vesting; or
- (g) the Board has decided that the unvested RSUs shall not be vested in the grantee in accordance with the rules of the RSU Scheme and the terms and conditions as set out in the Notice of Grant.

For the purpose of defining the lapse conditions, the "Cause" means, with respect to a grantee, the summary termination of employment or office or service on any one or more of the following grounds: the grantee has been guilty of willful misconduct or gross negligence, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant member in our Group would be entitled to terminate his employment or office or service summarily at common law or pursuant to any applicable laws or under the grantee's employment or service contract with the relevant member in our Group.

Notwithstanding the aforesaid, in each case, the Board may in its absolute discretion decide that any RSU shall not lapse or shall be subject to such conditions or limitations as the Board may decide.

The number of Awards available for grant under the RSU Scheme at the beginning and the end of the Reporting Period were 5,882,101 and 4,883,754, respectively. As at the date of this report, the aggregate number of Shares held by the RSU Holding Entity pursuant to the RSU Scheme for and on behalf of the grantees was 6,955,960, representing approximately 1.41% of the issued share capital of our Company and no RSUs had been granted by the Company.

As of December 31, 2025, a total of 1,597,136 RSUs had been granted by the Company to certain Participants at nil consideration under the RSU Scheme and the number of RSUs available for grant was 4,883,754, representing approximately 0.99% as of the issued share capital of our Company.

For more details, please refer to the section headed "Statutory and General Information — D. RSU Scheme" in Appendix IV to the prospectus of the Company dated November 29, 2019.

Details of the movements of the Awards granted under the RSU Scheme during the Reporting Period are as follows:

Awards Grantees by categories	Award grant date	Vesting period	Unvested as at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Unvested as at December 31, 2025	Closing price of the Shares immediately before the grant during the Reporting Period (HK\$)
Directors									
Employees (other grantees save as Directors and the five highest paid individuals)	January 1, 2024	December 1, 2027	1,750,791	—	1,376,121	374,670	—	—	10.2
	January 1, 2024	January 1, 2028	185,957	—	—	—	—	185,957	10.2
	April 1, 2024	April 1, 2027	51,241	—	17,080	—	—	34,161	15.9
	April 1, 2024	April 1, 2028	142,077	—	—	—	—	142,077	15.9
	June 1, 2024	June 1, 2028	52,649	—	—	—	—	52,649	19.58
	October 1, 2024	October 1, 2027	265,146	—	88,379	—	—	176,767	25.5
	November 1, 2024	November 1, 2028	50,159	—	—	—	—	50,159	20.9
	January 1, 2025	January 1, 2026	—	296,999	—	23,522	—	273,477	25.15
	April 1, 2025	April 1, 2029	—	116,166	—	116,166	—	—	32.3
	April 1, 2025	April 1, 2028	—	484,853	—	27,012	—	457,841	32.3
	May 1, 2025	May 1, 2029	—	53,669	—	—	—	53,669	32.3
	July 1, 2025	July 1, 2029	—	52,744	—	—	—	52,744	48.25
	October 1, 2025	October 1, 2028	—	12,800	—	—	—	12,800	81.25
	November 1, 2025	November 1, 2029	—	33,191	—	—	—	33,191	67.45
	December 1, 2025	December 1, 2029	—	9,605	—	—	—	9,605	70.65
Five Highest Paid Individuals	April 1, 2025	April 1, 2028	—	537,109	—	—	—	537,109	32.3
Total			2,498,020	1,597,136	1,481,580	541,370	—	2,072,206	

Notes:

(1) During the Reporting Period, the Company did not grant Awards under the RSU Scheme to any Director, a chief executive, a substantial Shareholder of the Company, nor an associate of any of them (as defined under the Listing Rules).

(2) The weighted average closing price of the shares immediately before the dates on which the Awards were vested was 37.01.

Fair Value of the Awards

The Group determined the fair value of the Awards under the RSU Scheme as of the grant dates by referring the fair value of the underlying ordinary shares on grant date. The weighted average fair value of Awards granted by the Company to employees during the year ended December 31, 2025 was HKD28.91. The fair value of the Awards under the RSU Scheme was set out in note 33 to the consolidated financial statements.

THE 2024 RSU SCHEME

The Company has adopted the 2024 RSU Scheme on May 7, 2024 ("Adoption Date"), to, among others, recognise the contributions by the participants and encourage and retain such individuals for the continual operation and development of the Group by providing participants with the opportunity to acquire equity ownership in the Company. The 2024 RSU Scheme shall be solely funded by existing shares to be purchased on the market by the trustee engaged by the Company for the purpose of the 2024 RSU Scheme ("Trustee").

Purpose

The purpose of the 2024 RSU Scheme is to (i) recognise the contributions by the Participants with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the Participants to maximise the value of the Company for the benefits of both the Participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Participants directly to the Shareholders through ownership of Shares.

Duration and Termination

The 2024 RSU Scheme shall be valid and effective for a period of 10 years commencing on May 7, 2024, after which no 2024 Awards will be granted, but the provisions of the 2024 RSU Scheme shall in all other respects remain in full force and effect and the 2024 Awards granted during the term of the 2024 RSU Scheme may continue to be valid and exercisable in accordance with their respective terms of grant. As at the date of this report, the remaining life of the 2024 RSU Scheme is approximately 8 years.

Administration

The 2024 RSU Scheme shall be subject to the administration of the Board and the Board shall have the sole and absolute right to, among others, interpret and construe the provisions of the 2024 RSU Scheme and determine the grantees who will be granted 2024 Awards under the 2024 RSU Scheme, the terms and conditions on which 2024 Awards are granted and when the 2024 Awards granted pursuant to the 2024 RSU Scheme may vest. The Company shall appoint the Trustee to assist with the administration and vesting of 2024 Awards granted pursuant to the 2024 RSU Scheme and the Trustee shall not exercise any voting rights in respect of any Shares held pursuant to the 2024 RSU Scheme.

Participants

Those eligible to participate in the 2024 RSU Scheme (the "Participants") include: (i) full-time employees (including directors, officers and members of senior management) of any member of our Group; and (ii) any person who, in the sole opinion of the Board, has contributed or will contribute to any member of our Group.

Basis of determining the purchase price of 2024 Awards

Not applicable.

Vesting Period, Performance Target and Lapse

The Board shall decide on the specific terms and conditions (including but not limited to vesting period and vesting conditions) applicable to each 2024 Award. If the performance milestones or targets and/or other conditions determined by the Board (if any) are not satisfied, the 2024 Award shall automatically lapse on the date on which any such condition is not satisfied, as determined by the Board in its sole and absolute discretion.

In the event of a general offer (whether by way of voluntary offer, takeover or otherwise), a voluntary winding-up or a compromise or arrangement, the Board shall have absolute discretion to determine whether any unvested 2024 Award shall vest and the period within which such Award shall vest.

Scheme Limit and Limit on Individual Grant

The maximum number of 2024 Awards which may be granted under the 2024 RSU Scheme shall not exceed 3% of the number of issued Shares as of May 7, 2024 (i.e. 14,417,517 Shares). The aforementioned scheme limit may be refreshed by the Board from time to time and any 2024 Award granted prior to the refreshment of limit will not be counted for the purpose of determining the refreshed scheme limit.

No further 2024 Award shall be granted to any Participant if any such grant of 2024 Awards, when aggregated with all 2024 Awards granted to such Participant (excluding any 2024 Award lapsed in accordance with the terms of the 2024 RSU Scheme) in the 12-month period up to and including the grant date of such new grant, would result in the total number of Shares issued and to be issued to such Participant in aggregate exceeding 1% of the issued Shares as at the date of grant of such new grant.

Restrictions on grant of Awards

No Award may be granted to any Participant:

- (a) where the Company has information that must be disclosed under Rule 13.09 of the Listing Rules or where the Company reasonably believes there is inside information (within the meaning given under Part XIVA of the SFO, the "Inside Information") which must be disclosed under Part XIVA of the SFO, until such Inside Information has been published on the websites of the Stock Exchange and the Company;
- (b) after any Inside Information in relation to the securities of the Company has occurred or has become the subject of a decision, until such Inside Information has been published;
- (c) within the period commencing 60 days (in the case of yearly results), or 30 days (in the case of results for half-year, quarterly or other interim period) immediately preceding the earlier of (i) the date of a meeting of the Board (as such date is first notified to the Stock Exchange) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish its quarterly, interim or annual results announcement for any such period, and ending on the date of such announcement;
- (d) in any other circumstances where dealings by selected Participant (including Directors) are prohibited under the Listing Rules, the SFO or any other applicable law or regulation or where the requisite approval from any applicable regulatory authorities has not been granted;
- (e) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the Grant or in respect of the 2024 RSU Scheme, unless the Board determines otherwise;
- (f) where the grant of 2024 Award would result in a breach of any applicable securities laws, rules or regulations by any member of the Group or any of its directors; or
- (g) where the grant of 2024 Award would result in breach of the 2024 RSU Scheme limit or other rules of the 2024 RSU Scheme.

Number of 2024 Awards Available for Grant

As of December 31, 2025, a total of 10,080,000 2024 Awards has been granted by the Company to certain Participants at nil consideration under the 2024 RSU Scheme. The number of 2024 Awards are available for grant under the 2024 RSU Scheme at the beginning and the end of the Reporting Period were 4,337,517 and 4,337,517, respectively, representing approximately 0.9% and 0.9% of the total number of issued Shares as at the beginning and the end of the Reporting Period.

As at the date of this report, the aggregate number of Shares held by the Trustee pursuant to the 2024 RSU Scheme for and on behalf of the Participants was 5,846,000, representing approximately 1.2% of the issued share capital of our Company.

During the Reporting Period, the Trustee has purchased 3,060,600 Shares. As at the date of this report, the Trustee has purchased in total 5,846,000 shares on the Stock Exchange at the total consideration of HK\$168.3 million pursuant to the terms of the trust deed entered into by the Company and the Trustee in connection with the 2024 RSU Scheme.

Details of the movements of the 2024 Awards granted under the 2024 RSU Scheme during the Reporting Period are as follows:

Awards by categories	Grantees	Award grant date	Vesting period	Unvested Awards as at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Unvested as at December 31, 2025	Closing price of the Shares immediately before the grant during the Reporting Period (HK\$)
Directors ^(Note 1)										
Nil										
Employees (other grantees save as Directors and the five highest paid individuals)		October 1, 2024	October 1, 2024 to October 1, 2029	2,400,000	—	—	—	—	2,400,000	25.5
Five Highest Paid Individuals		July 1, 2024	July 1, 2024 to July 1, 2029	1,920,000	—	—	—	—	1,920,000	18.82
		August 1, 2024	August 1, 2024 to August 1, 2029	2,880,000	—	—	—	—	2,880,000	22.95
		September 1, 2024	September 1, 2024 to September 1, 2029	2,880,000	—	—	—	—	2,880,000	19.84
Total				10,080,000	—	—	—	—	10,080,000	

Note:

- (1) During the Reporting Period, the Company did not grant 2024 Awards under the 2024 RSU Scheme to any Director, a chief executive, a substantial Shareholder of the Company, nor an associate of any of them (as defined under the Listing Rules).

Fair Value of the 2024 Awards

The Group determined the fair value of the 2024 Awards as of the grant dates by referring the fair value of the underlying ordinary shares on grant date. The weighted average fair value of 2024 Awards granted by the Company to employee during the year ended December 31, 2025 was HKD22.05. The fair value of the 2024 Awards was set out in note 33 to the consolidated financial statements.

SHARE OPTION PLAN

On April 30, 2021, the Board resolved to propose the adoption of the share option plan of the Company for the approval by the Shareholders (the "Share Option Plan"). On June 25, 2021 (the "Adoption Date"), the Share Option Plan was considered and approved by the Shareholders at the annual general meeting of the Company which will be valid and effective for a period of 10 years commencing on the adoption date. As of December 31, 2025, the remaining life of the Share Option Plan was approximately 5.5 years.

Purpose

The purpose of the Share Option Plan is to provide incentives and rewards to the directors and employees of the Group for their contributions to, and continuing efforts to promote the interest of, the Company.

Eligible Participants

The eligible participants for the Share Option Plan include any employee (whether full-time or part time), executives or officers, Directors (including executive, non-executive and independent non-executive Directors) of any member of the Group, who, in the sole opinion of the Board, have contributed or will contribute to the growth and development of the Group.

Maximum Number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Plan and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Adoption Date that is, 48,043,070 Shares. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Plan and any other options granted and yet to be exercised under any other option scheme shall not exceed 30% of the issued Shares from time to time.

Maximum Entitlement of Eligible Participants

No option may be granted to any eligible participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant under the Share Option Plan (including exercised, cancelled and outstanding options) in the 12-month period up to and including the grant date of such new grant exceeding 1% in aggregate of the issued share capital of the Company as at the grant date of such new grant. Any grant of further options above this limit shall be subject to the requirements provided under the Listing Rules.

Vesting Period and Exercise Period

The Share Option Plan provides that the Board may specify the vesting period of the options and does not provide for any minimum vesting period. The option must be exercised no more than 10 years from the grant date. There is no minimum period for which an option must be held before it can be exercised. The Board and the Remuneration and Appraisal Committee will take into account of the purpose of the Share Option Plan as part of the remuneration package of eligible participants to incentivize their performance and to make continuous contributions to the growth and development of the Group, as well as maintaining the competitiveness of the remuneration package offered by the Group as compared with those offered by the industry peers.

Performance Target

There is no performance target attached to the options under the Share Option Plan. For the grant of options, the Board and the Remuneration and Appraisal Committee will consider the ability of eligible participants for their contributions to the overall operations, development and long-term growth of the Group with reference to their tenure with the Group and their industry experience. It is the common practice of gaming industry of granting options without performance target. The grant of options aligns the interest of eligible participants with that of the Company and the Shareholders and reinforces the eligible participants' commitment to the Group and thus aligns with the purpose of the Share Option Plan.

Clawback Mechanism

Any options shall lapse and not exercisable with immediate effect on the following dates:

- (a) on which the grantee ceases to be an eligible participant (including any employees, executives or officers and directors of any members of the Group) in accordance with the Share Option Plan; or
- (b) on the date on which the Board exercises the Company's right to cancel or forfeit the options if the grantee commits any breach of non-transferrable provision of the options and confidentiality clause of the Share Option Plan.

Subscription Price and Consideration for the Options

The Board shall be entitled at any time during the operation of the Share Option Plan, at its/his/her sole and absolute discretion, to make an offer of options to an eligible participant by letter in such form as the Board may from time to time determine. Unless otherwise determined by the Board, RMB1.00 shall be payable by the grantee to the Company upon acceptance of the offer of options, and such remittance shall not be refundable.

The total number of securities available for issue under the Share Option Plan is 18,865,480 (representing 3.81% of the issued shares) as at the date of this report.

The exercise price shall be a price determined by the Board and notified to any grantee and will be the highest of:

- (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the grant date of the relevant options, which must be a business day;
- (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five (5) business days immediately preceding the grant date of the relevant options; or
- (c) the nominal value per Share on the grant date.

Movements of Options during the Reporting Period

Pursuant to Rule 17.07 of the Listing Rules, particulars and movements of share options under the Share Option Plan during the period from the Adoption Date to December 31, 2025 (the "Period") by category of grantees were as follows:

Category of grantees	Date of grant	Exercise price per Share	Closing price immediately before the date of grant	Vesting period/ Exercisable period	Outstanding as at January 1, 2025	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	As at December 31, 2025
Directors and substantial shareholders										
Mr. Huang Yimeng (Executive Director)	July 12, 2021	HK\$62.60	HK\$60.20	July 12, 2021 to July 11, 2031	16,049	—	—	—	—	16,049
	October 11, 2021	HK\$46.90	HK\$42.85	October 11, 2021 to October 10, 2031	64,705	—	—	—	—	64,705
	January 10, 2022	HK\$37.01	HK\$35.60	January 10, 2022 to January 9, 2032	83,213	—	—	—	—	83,213
	April 11, 2022	HK\$25.04	HK\$23.35	April 11, 2022 to April 10, 2032	122,982	—	—	—	—	122,982
	July 5, 2022	HK\$21.64	HK\$20.60	July 5, 2022 to July 4, 2032	135,331	—	—	—	—	135,331
	October 14, 2022	HK\$16.09	HK\$15.04	October 14, 2022 to October 13, 2032	138,900	—	138,900	—	—	—
	January 11, 2023	HK\$25.86	HK\$26.80	January 11, 2023 to January 10, 2033	83,210	—	—	—	—	83,210
	April 12, 2023	HK\$27.79	HK\$27.55	April 12, 2023 to April 11, 2033	102,561	—	—	—	—	102,561
	July 6, 2023	HK\$20.29	HK\$19.70	July 6, 2023 to July 5, 2033	133,626	—	133,626	—	—	—
	October 16, 2023	HK\$13.284	HK\$12.60	October 16, 2023 to October 15, 2033	161,056	—	161,056	—	—	—
	January 12, 2024	HK\$9.31	HK\$9.38	January 12, 2024 to January 11, 2034	83,210	—	83,210	—	—	—
	April 15, 2024	HK\$14.392	HK\$14.20	April 15, 2024 to April 14, 2034	102,561	—	102,561	—	—	—
	July 8, 2024	HK\$17.876	HK\$17.20	July 8, 2024 to July 7, 2034	120,000	—	95,800	—	—	24,200
	October 17, 2024	HK\$21.54	HK\$20.60	October 17, 2024 to October 16, 2034	120,000	—	—	—	—	120,000
	January 13, 2025	HK\$23.27	HK\$22.35	January 13, 2025 to January 12, 2035	—	122,500	—	—	—	122,500
	April 16, 2025	HK\$30.73	HK\$30.90	April 16, 2025 to April 15, 2035	—	122,500	—	—	—	122,500
	July 9, 2025	HK\$50.90	HK\$51.30	July 9, 2025 to July 8, 2036	—	122,500	—	—	—	122,500
October 20, 2025	HK\$71.37	HK\$68.65	October 20, 2025 to October 19, 2026	—	122,500	—	—	—	122,500	

Category of grantees	Date of grant	Exercise price per Share	Closing price immediately before the date of grant	Vesting period/ Exercisable period	Outstanding as at January 1, 2025	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	As at December 31, 2025
Mr. Dai Yunjie (Executive Director)	July 12, 2021	HK\$62.60	HK\$60.20	July 12, 2021 to July 11, 2031	9,924	—	—	—	—	9,924
	October 11, 2021	HK\$46.90	HK\$42.85	October 11, 2021 to October 10, 2031	40,009	—	—	—	—	40,009
	January 10, 2022	HK\$37.01	HK\$35.60	January 10, 2022 to January 9, 2032	51,453	—	—	—	—	51,453
	April 11, 2022	HK\$25.04	HK\$23.35	April 11, 2022 to April 10, 2032	122,982	—	—	—	—	122,982
	July 5, 2022	HK\$21.64	HK\$20.60	July 5, 2022 to July 4, 2032	99,243	—	—	—	—	99,243
	October 10, 2022	HK\$16.72	HK\$16.76	October 10, 2022 to October 9, 2032	121,244	—	—	—	—	121,244
	January 11, 2023	HK\$25.86	HK\$26.80	January 11, 2023 to January 10, 2033	3,715	—	—	—	—	3,715
	April 12, 2023	HK\$27.79	HK\$27.55	April 12, 2023 to April 11, 2033	51,281	—	—	—	—	51,281
	July 6, 2023	HK\$20.29	HK\$19.70	July 6, 2023 to July 5, 2033	66,813	—	—	—	—	66,813
	October 16, 2023	HK\$13.284	HK\$12.60	October 16, 2023 to October 15, 2033	102,537	—	—	—	—	102,537
	January 12, 2024	HK\$9.31	HK\$9.38	January 12, 2024 to January 11, 2034	147,715	—	70,000	—	—	77,715
	April 15, 2024	HK\$14.392	HK\$14.20	April 15, 2024 to April 14, 2034	163,388	—	—	—	—	163,388
	Employees (other grantees save as Directors and the five highest paid individuals)	July 12, 2021	HK\$62.60	HK\$60.20	July 12, 2021 to July 11, 2031	241,372	—	45,294	—	—
October 11, 2021		HK\$46.90	HK\$42.85	October 11, 2021 to October 10, 2031	811,853	—	241,107	—	—	570,746
January 10, 2022		HK\$37.01	HK\$35.60	January 10, 2022 to January 9, 2032	1,745,379	—	381,091	—	—	1,364,288
April 11, 2022		HK\$25.04	HK\$23.35	April 11, 2022 to April 10, 2032	651,614	—	230,975	—	—	420,639
July 5, 2022		HK\$21.64	HK\$20.60	July 5, 2022 to July 4, 2032	782,219	—	289,537	—	—	492,682
October 10, 2022		HK\$16.72	HK\$16.76	October 10, 2022 to October 9, 2032	936,217	—	342,162	—	—	594,055
January 11, 2023		HK\$25.86	HK\$26.80	January 11, 2023 to January 10, 2033	846,467	—	250,976	—	—	595,491
April 12, 2023		HK\$27.79	HK\$27.55	April 12, 2023 to April 11, 2033	460,404	—	101,140	—	—	359,264
July 6, 2023		HK\$20.29	HK\$19.70	July 6, 2023 to July 5, 2033	626,444	—	106,856	—	—	519,588
October 16, 2023		HK\$13.284	HK\$12.60	October 16, 2023 to October 15, 2033	928,103	—	321,851	—	—	606,252
January 12, 2024		HK\$9.31	HK\$9.38	January 12, 2024 to January 11, 2034	1,119,706	—	450,261	—	—	669,445
April 15, 2024		HK\$14.392	HK\$14.20	April 15, 2024 to April 14, 2034	162,099	—	122,051	—	—	40,048
July 8, 2024		HK\$17.876	HK\$17.20	July 8, 2024 to July 7, 2034	125,511	—	47,168	—	—	78,343
October 17, 2024		HK\$21.54	HK\$20.60	October 17, 2024 to October 16, 2034	130,347	—	32,708	—	—	97,639
January 13, 2025		HK\$23.27	HK\$22.35	January 13, 2025 to January 12, 2035	136,216	—	13,622	—	—	122,594
April 16, 2025		HK\$30.73	HK\$30.90	April 16, 2025 to April 15, 2035	29,546	—	424	—	—	29,122
July 9, 2025		HK\$50.90	HK\$51.30	July 9, 2025 to July 8, 2036	29,520	—	202	—	—	29,318
October 20, 2025	HK\$71.37	HK\$68.65	October 20, 2025 to October 19, 2026	21,194	—	—	—	—	21,194	

Category of grantees	Date of grant	Exercise price per Share	Closing price immediately before the date of grant	Vesting period/ Exercisable period	Outstanding as at January 1, 2025	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	As at December 31, 2025
Five Highest Paid Individuals	July 12, 2021	HK\$62.60	HK\$60.20	July 12, 2021 to July 11, 2031	79,807	—	—	—	—	79,807
	October 11, 2021	HK\$46.90	HK\$42.85	October 11, 2021 to October 10, 2031	107,254	—	—	—	—	107,254
	January 10, 2022	HK\$37.01	HK\$35.60	January 10, 2022 to January 9, 2032	137,931	—	—	—	—	137,931
	April 11, 2022	HK\$25.04	HK\$23.35	April 11, 2022 to April 10, 2032	—	—	—	—	—	—
	July 5, 2022	HK\$21.64	HK\$20.60	July 5, 2022 to July 4, 2032	—	—	—	—	—	—
	October 10, 2022	HK\$16.72	HK\$16.76	October 10, 2022 to October 9, 2032	—	—	—	—	—	—
	January 11, 2023	HK\$25.86	HK\$26.80	January 11, 2023 to January 10, 2033	—	—	—	—	—	—
	April 12, 2023	HK\$27.79	HK\$27.55	April 12, 2023 to April 11, 2033	—	—	—	—	—	—
	July 6, 2023	HK\$20.29	HK\$19.70	July 6, 2023 to July 5, 2033	—	—	—	—	—	—
	October 16, 2023	HK\$13.284	HK\$12.60	October 16, 2023 to October 15, 2033	—	—	—	—	—	—
	January 12, 2024	HK\$9.31	HK\$9.38	January 12, 2024 to January 11, 2034	—	—	—	—	—	—
	April 15, 2024	HK\$14.392	HK\$14.20	April 15, 2024 to April 14, 2034	4,800,000	—	—	—	—	4,800,000
	July 8, 2024	HK\$17.876	HK\$17.20	July 8, 2024 to July 7, 2034	—	—	—	—	—	—
	October 17, 2024	HK\$21.54	HK\$20.60	October 17, 2024 to October 16, 2034	—	—	—	—	—	—
	January 13, 2025	HK\$23.27	HK\$22.35	January 13, 2025 to January 12, 2035	—	—	—	—	—	—
	April 16, 2025	HK\$30.73	HK\$30.90	April 16, 2025 to April 15, 2035	—	—	—	—	—	—
	July 9, 2025	HK\$50.90	HK\$51.30	July 9, 2025 to July 8, 2036	—	—	—	—	—	—
October 20, 2025	HK\$71.37	HK\$68.65	October 20, 2025 to October 19, 2026	—	—	—	—	—	—	
Total					17,140,435	706,476	(3,840,293)	—	—	14,006,618

Notes:

- (1) The weighted average closing price of the shares immediately before the dates of exercise was HK\$58.91 per Share.
- (2) All options granted vested on the date of grant pursuant to the terms of the Share Option Plan.

On July 12, 2021, a total of 347,234 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 16,049 options granted to Mr. Huang Yimeng, an executive Director, and 9,924 options granted to Mr. Dai Yunjie, an executive Director. For details, please refer to the announcement of the Company dated July 12, 2021.

On October 11, 2021, a total of 1,023,821 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 64,705 options granted to Mr. Huang Yimeng, an executive Director, and 40,009 options granted to Mr. Dai Yunjie, an executive Director. For details, please refer to the announcement of the Company dated October 11, 2021.

On January 10, 2022, a total of 5,675,911 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 83,213 options granted to Mr. Huang Yimeng, an executive Director, and 51,453 options granted to Mr. Dai Yunjie, an executive Director. For details, please refer to the announcement of the Company dated January 10, 2022.

On April 11, 2022, a total of 906,802 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 122,982 options granted to Mr. Huang Yimeng, an executive Director, and 122,982 options granted to Mr. Dai Yunjie, an executive Director. For details, please refer to the announcement of the Company dated April 11, 2022.

On July 5, 2022, a total of 1,069,037 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 135,331 options granted to Mr. Huang Yimeng, an executive Director, and 99,243 options granted to Mr. Dai Yunjie, an executive Director. For details, please refer to the announcement of the Company dated July 5, 2022.

On October 10, 2022, a total of 1,378,808 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 165,332 options granted to Mr. Huang Yimeng, an executive Director, and 121,244 options granted to Mr. Dai Yunjie, an executive Director. As disclosed in the announcement of the Company dated October 14, 2022, the Board has resolved to cancel the 165,332 options which were granted to Mr. Huang Yimeng and further announced that a total of 138,900 share options were granted by the Company under the Share Option Plan to Mr. Huang Yimeng. For details, please refer to the announcements of the Company dated October 10, 2022 and October 14, 2022.

On January 11, 2023, a total of 942,550 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 83,210 options granted to Mr. Huang Yimeng, an executive Director, and 3,715 options granted to Mr. Dai Yunjie, an executive Director. For details, please refer to the announcement of the Company dated January 11, 2023.

On April 12, 2023, a total of 614,246 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 102,561 options granted to Mr. Huang Yimeng, an executive Director, and 51,281 options granted to Mr. Dai Yunjie, an executive Director. For details, please refer to the announcement of the Company dated April 12, 2023.

On July 6, 2023, a total of 852,678 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 133,626 options granted to Mr. Huang Yimeng, an executive Director, and 66,813 options granted to Mr. Dai Yunjie, an executive Director. For details, please refer to the announcement of the Company dated July 6, 2023.

On October 16, 2023, a total of 1,411,449 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 161,056 options granted to Mr. Huang Yimeng, an executive Director, and 102,537 options granted to Mr. Dai Yunjie, an executive Director. For details, please refer to the announcement of the Company dated October 16, 2023.

On January 12, 2024, a total of 1,875,305 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 83,210 options granted to Mr. Huang Yimeng, an executive Director, and 147,715 options granted to Mr. Dai Yunjie, an executive Director. For details, please refer to the announcement of the Company dated January 12, 2024.

On April 15, 2024, a total of 5,240,554 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 102,561 options granted to Mr. Huang Yimeng, an executive Director, and 163,388 options granted to Mr. Dai Yunjie, an executive Director. For details, please refer to the announcement of the Company dated April 15, 2024.

On July 8, 2024, a total of 252,911 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 120,000 options granted to Mr. Huang Yimeng, an executive Director. For details, please refer to the announcement of the Company dated July 8, 2024.

On October 17, 2024, a total of 252,147 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 120,000 options granted to Mr. Huang Yimeng, an executive Director. For details, please refer to the announcement of the Company dated October 17, 2024.

On January 13, 2025, a total of 258,716 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 122,500 options granted to Mr. Huang Yimeng, an executive Director. For details, please refer to the announcement of the Company dated January 13, 2025.

On April 16, 2025, a total of 152,046 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 122,500 options granted to Mr. Huang Yimeng, an executive Director. For details, please refer to the announcement of the Company dated April 16, 2025.

On July 9, 2025, a total of 152,020 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 122,500 options granted to Mr. Huang Yimeng, an executive Director. For details, please refer to the announcement of the Company dated July 9, 2025.

On October 20, 2025, a total of 143,694 options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 122,500 options granted to Mr. Huang Yimeng, an executive Director. For details, please refer to the announcement of the Company dated October 20, 2025.

During the Reporting Period, a total of 2,977,425 options were exercised by eligible participants (other than a Director) of the Company under the Share Option Plan.

During the Reporting Period, a total of 862,868 options were exercised by Directors of the Company under the Share Option Plan.

Save as disclosed above, no other options under the Share Option Plan have been granted, exercised, lapsed or cancelled during the Reporting Period.

Number of Options Available for Grant

The number of options available for grant under the Share Option Plan at the beginning and the end of the Reporting Period were 29,883,984 and 29,026,487, respectively.

Fair Value of the Options

The Group used Binominal option-pricing model to determine the fair value of the share option as of the grant dates. The fair value of Options granted by the Company for the year ended December 31, 2025 to employee participants on January 13, 2025, April 16, 2025, July 9, 2025 and October 20, 2025 was HKD11.73 per Option, HKD14.13 per Option, HKD24.19 per Option and HKD32.57 per Option, respectively, at such dates of grant, and the fair value of Options granted to Directors was HKD12.88 per Option, HKD15.30 per Option, HKD26.03 per Option and HKD35.15 per Option, respectively, at such dates of grants. Key assumptions and the fair value of the Options are set out in note 33 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Other than the RSU Scheme, the 2024 RSU Scheme and the Share Option Plan, during the year ended December 31, 2025, the Company has not entered into any equity-linked agreement.

CONTRACT OF SIGNIFICANCE

During the Reporting Period, save as disclosed in this report neither the Company nor any of its subsidiaries had any contract of significance with its controlling shareholder or its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries (as defined in Appendix D2 to the Listing Rules).

RELATED PARTY TRANSACTIONS

Details of the related party transactions carried out in the normal course of business are set out in note 36 to the consolidated financial statements.

None of these related party transactions of the Company for the year ended December 31, 2025 constitutes a connected transaction or continuing connected transaction as defined under the Listing Rules, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

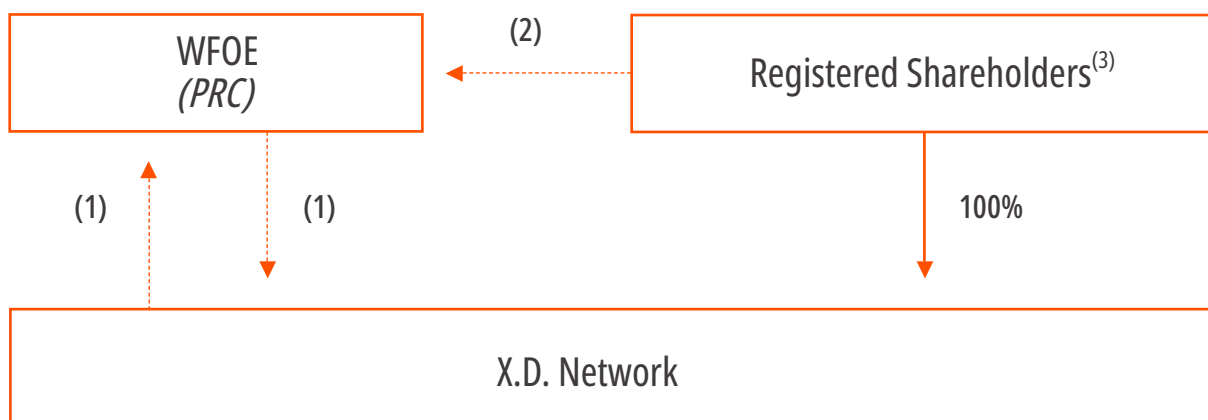
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, details of the Company's non-exempt continuing connected transactions are as follows:

1. Contractual Arrangements

Our Company has entered into a series of the Contractual Arrangements with WFOE and the PRC Consolidated Affiliated Entities, pursuant to which our Company would gain effective control over, and receive all the economic benefits generated by, the businesses operated by the PRC Consolidated Affiliated Entities. Accordingly, through the Contractual Arrangements, the results of operations and assets and liabilities of X.D. Network and its subsidiaries are consolidated into our results of operations and assets and liabilities under IFRS as if they were subsidiaries of our Group. The total revenue of the PRC Consolidated Affiliated Entities during the year ended December 31, 2025 was approximately RMB4,301.1 million, and the total assets of the PRC Consolidated Affiliated Entities as at December 31, 2025 was approximately RMB3,651.1 million.

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



"———" denotes legal and beneficial ownership in the equity interest

"-.-.-" denotes the Contractual Arrangements

Notes:

- (1) WFOE provides technical consultation and other services in exchange for service fees from X.D. Network. Please refer to the paragraph headed "Summary of the Contractual Arrangements" below.
- (2) The Registered Shareholders executed exclusive option agreement, equity pledge agreement, voting rights proxy agreement and the spouse of each of the Relevant Individual Shareholders executed an undertaking, in favour of WFOE. Please refer to the paragraph headed "Summary of the Contractual Arrangements" below.
- (3) Xindong Holding Co., Ltd. (心動控股有限公司) and the Relevant Individual Shareholder Mr. Huang Yimeng is referred to as "Registered Shareholders".

- (4) In addition to the restricted and/or prohibited business of our Company, X.D. Network also directly or indirectly holds investment in certain entities in the PRC (the "Relevant Entities"), each of which (i) is engaged in business subject to foreign investment prohibition under the Negative List which will impair the continuous validity of the relevant licenses or permits of the prohibited businesses held or invested by these entities; (ii) does not currently carry out business operations that are subject to foreign investment prohibition under the Negative List; however, the Relevant Entities intend to invest or engage in potential businesses which are subject to foreign investment prohibition and has expressly rejected our Company's proposed transfer of the interest in these entities held by our Group to WFOE; or (iii) does not currently carry out business operations that are subject to foreign investment prohibition under the Negative List; however, the transfer of its equity interest directly or indirectly held by X.D. Network is subject to other stakeholders' consent and assistance and the Company was unable to procure such consent/assistance. It would be impracticable to obtain the consent and/or the assistance from all of the relevant stakeholders required for our Company's proposed transfer of the interest in the Relevant Entity held by our Group to WFOE. For further details of these Relevant Entities, please refer to pages 208 to 213 of the Prospectus.

Summary of the Contractual Arrangements

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

(i) *Exclusive Service Agreement*

On June 16, 2019, WFOE and X.D. Network entered into the exclusive consultation and technical service agreement (the "Exclusive Service Agreement"), pursuant to which X.D. Network agreed to engage WFOE as its exclusive provider to provide X.D. Network with technical consultation and services, including but not limited to, (i) licensing the operation of the self-developed games and licensed games; (ii) licensing the use of the software, copyright and proprietary technology; (iii) providing comprehensive solutions for business operation and management skills; (iv) daily management, maintenance and update of the hardware and database; (v) development, maintenance and update of the software and online games; (vi) employee training; (vii) assistance in the collection and research of the technical information in compliance with the restriction under relevant PRC laws; and (viii) other services as required by X.D. Network from time to time. In exchange for these services, X.D. Network shall pay (i) a service fee, which shall consist of the total consolidated profit of X.D. Network in any financial year, after the deduction of operating costs, expenses, taxes and other statutory contributions recognized by WFOE in each financial year, which may include any accumulated deficit of X.D. Network and all of its consolidated subsidiaries in respect of the preceding financial year(s) (if any); and (ii) the supplemental service fee as otherwise agreed by X.D. Network and WFOE for the specific consulting service or technical service (if any) required by X.D. Network. Meanwhile, X.D. Network agreed to any adjustment WFOE may make on the services scope and the service fee in accordance with the PRC tax law and PRC tax practice. During the term of the Exclusive Service Agreement, WFOE enjoys all the economic benefits in relation to X.D. Network business operation. The Exclusive Service Agreement also provides that WFOE has the exclusive and proprietary ownership, rights and interests in all intellectual property arising out of or created during the performance of the Exclusive Service Agreement.

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

(ii) *Exclusive Option Agreement*

On June 16, 2019, WFOE, X.D. Network and the Registered Shareholders entered into the exclusive option agreement (the "Exclusive Option Agreement"), WFOE has the irrevocable, unconditional and exclusive right to purchase, or to designate one or more persons/entities to purchase, from the Registered Shareholders all or any part of their equity interests in X.D. Network and from X.D. Network all or any part of the assets of X.D. Network at any time in WFOE's absolute discretion in accordance with the provision of the Exclusive Option Agreement and to the extent permitted by the PRC laws. The consideration in relation to purchasing shares from the Registered Shareholders shall be RMB1 or the lowest price as permitted under the applicable PRC laws. The consideration in relation to purchasing assets from X.D. Network shall be the lowest price as permitted under the applicable PRC laws. The Registered Shareholders shall return the consideration received to WFOE or any person designated by WFOE.

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

(iii) *Equity Pledge Agreement*

On June 16, 2019, WFOE, X.D. Network and the Registered Shareholders entered into the equity pledge agreement (the "Equity Pledge Agreement"), the Registered Shareholders agreed to unconditionally and irrevocably pledge all of their respective equity interests in X.D. Network to WFOE as collateral security for securing the performance of their obligations under the Contractual Arrangements or for any and all of the secured indebtedness under the Contractual Arrangements. During the pledge period, WFOE is entitled to receive any dividends arising from the equity interests in X.D. Network held by the Registered Shareholders.

The pledge in favour of WFOE under the Equity Pledge Agreement shall remain valid until after all the contractual obligations of the Registered Shareholders and X.D. Network under the Contractual Arrangements have been fully performed and all the secured indebtedness of the Registered Shareholders and X.D. Network under the Contractual Arrangements have been fully settled.

(iv) *Voting Rights Proxy Agreement and Powers of Attorney*

On June 16, 2019, the Registered Shareholders, WFOE and X.D. Network entered into the Voting Rights Proxy Agreement (the "Voting Rights Proxy Agreement"), pursuant to which, each of the Registered Shareholder agreed to enter into a powers of attorney respectively through which each of the Registered Shareholders shall agree to irrevocably appointed WFOE or its appointees (including but not limited to the directors of the holding companies of WFOE and their successors and liquidators replacing such directors but excluding those non-independent or who may give rise to conflict of interests) as their exclusive agents to act on their behalf to exercise all of their respective rights as the shareholder of X.D. Network in accordance with the articles of association of X.D. Network.

The Voting Rights Proxy Agreement shall remain effective unless (i) the entire equity interests held by the Registered Shareholders in X.D. Network and/or the entire assets held by X.D. Network have been transferred to WFOE or its appointee(s) in accordance to the Exclusive Service Agreement; or (ii) terminated in writing by WFOE thirty days in advance.

(v) *Spouse Undertakings*

The spouse of each of the Relevant Individual Shareholders, where applicable, has signed an undertaking (the "Spouse Undertakings") to the effect that (i) the spouse has full knowledge of and unconditionally and irrevocably consents to the entering into the Contractual Arrangements (as amended from time to time) among the respective Relevant Individual Shareholders, WFOE and X.D. Network; (ii) the spouse shall be bound by the Contractual Arrangements (as amended in X.D. Network from time to time) and take all necessary actions to ensure the appropriate implementation of the Contractual Arrangements; (iii) the spouse has no direct right to or interest in such interests of the Relevant Individual Shareholder and will not have any claim on such interests; (iv) the spouse unconditionally and irrevocably undertakes that he/she shall not in any manner act against the Contractual Arrangements; and (v) in the event that the spouse of the Relevant Individual Shareholders holds the interests in X.D. Network, such spouse shall enter into a series of agreements which are similar to the Contractual Arrangements with WFOE and X.D. Networks as requested by WFOE.

Reasons for adopting the Contractual Arrangements

Our principal businesses involve publication and operation of games through mobile apps and websites and are subject to foreign investment restrictions in accordance with the Guidance Catalog of Industries for Foreign Investment. In view of such PRC regulatory background, after consultation with our PRC legal advisers, we determined that it was not viable for our Company to hold our PRC Consolidated Affiliated Entities directly through equity ownership. For further details of the foreign investment restrictions relating to the Contractual Arrangements, please refer to the sections headed "Contractual Arrangements — PRC Regulatory Background — Overview" and "Contractual Arrangements — Development in the PRC Legislation on Foreign Investment" on pages 206 to 207 and pages 225 to 227 of the Prospectus.

Risks relating to the Contractual Arrangements

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

- If the PRC government determines that these contractual arrangements do not comply with applicable regulations, our business could be materially and adversely affected.
- If the PRC government determines that our ownership structure does not comply with the restrictions contained in the GAPP Notice, we could be subject to severe penalties.
- Contractual Arrangements with X.D. Network and its shareholders may not be as effective in providing control as direct ownership. X.D. Network and its shareholders may fail to perform their obligations under these Contractual Arrangements.

- Our ability to enforce the equity pledge agreements may be subject to limitations based on PRC laws and regulations.
- The Registered Shareholders of X.D. Network have potential conflicts of interest with us, which may adversely affect our business.
- We may lose the ability to use and enjoy the benefits of the assets held by X.D. Network that are important to the operations of our business if such entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding.
- Contractual Arrangements with X.D. Network may result in adverse tax consequences.
- If we exercise the option to acquire the equity ownership or assets of X.D. Network, the ownership transfer may subject us to substantial costs.
- Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

For further details of these risks, please refer to the section headed "Risk Factors — Risks Related to Our Contractual Arrangements" on pages 50 to 56 of the Prospectus.

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

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

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

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

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

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

SUBSIDIARIES

Particulars of the Company's subsidiaries as at December 31, 2025 are set out in note 1 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

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

The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

DONATIONS

During the year ended December 31, 2025, no charitable and other donations have been made by the Company

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 22 to 37 of this annual report.

SIGNIFICANT LEGAL PROCEEDINGS

During the year ended December 31, 2025, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

Our Group has adopted internal control and risk management policies to monitor the on-going compliance with relevant laws and regulations. As far as the Board is concerned, our Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries in all aspects.

As of the date of this report, we have implemented and completed system upgrading works in respect of the anti-addiction systems for our online games and premium games operated in China in accordance with the Notice on Preventing Minors from Indulging in Online Games (《關於防止未成年人沉迷網絡遊戲的通知》) issued by National Administration of Press and Publication (國家新聞出版總署). We will then engage an external independent IT consultant to review and test the effectiveness of our upgraded systems and will promptly consult with our PRC legal advisers as and when required.

MAJOR CUSTOMERS AND SUPPLIERS

1. Information about the major customers of the Company

During the year ended December 31, 2025, sales to the largest customer and the five largest customers amounted to RMB1,035.8 million and RMB2,311.4 million, respectively, accounting for 18.0% and 40.1% of the total sales for the year, respectively. No related-party sales were transacted to the five largest customers. None of the other Directors or Shareholders (which to the knowledge of the Directors own 5% or more of the Company's issued share capital) or their respective associates had interests in any of the Group's five largest customers.

2. Information about the major suppliers of the Company

During the year ended December 31, 2025, purchases from the largest supplier and the five largest suppliers amounted to RMB327.1 and RMB1,008.2, respectively, accounting for 7.9% and 24.4% of the total purchases for the year, respectively. There were no related-party purchases among such purchases from the five largest suppliers. None of the Company's Directors or other Shareholders (which to the knowledge of the Directors own 5% or more of the Company's issued share capital) or their respective associates had interests in any of the Group's five largest suppliers.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Trustee has purchased the Shares for the purpose of the 2024 RSU Scheme as further described in the sub-section headed "The 2024 RSU Scheme".

As at December 31, 2025, the Company did not hold any treasury shares for the purpose of the Listing Rules.

Reference is made to the announcement of the Company dated January 5, 2026 regarding the HK\$400 million automatic share buy-back program of the Company. Subsequent to the Reporting Period and up to the Latest Practicable Date, the Company repurchased a total of 2,867,600 Shares on the Stock Exchange for an aggregate consideration of HK\$210,560,303 before expenses, and the Shares so repurchased by the Company will be cancelled. The particulars of the Shares repurchased subsequent to the Reporting Period and up to the Latest Practicable Date are as follows:

Trading Month in 2026	Number of Shares purchased	Price paid per Share		Aggregate consideration paid (HK\$)
		Highest price paid (HK\$)	Lowest price paid (HK\$)	
January	233,400	89.35	77.8	19,289,221
February	646,200	90.65	73.5	50,716,951
March	1,988,000	75.65	63.85	140,554,131
Total	2,867,600			210,560,303

As of the Latest Practicable Date, a total of 2,179,000 Shares were repurchased by the Company for cancellation but not yet cancelled.

The Board believes that the repurchase of Shares reflects the Company's confidence in its long-term business prospects and growth potential. In addition, the Company believes that actively optimising the capital structure through the repurchase of Shares is expected to enhance the Shareholders' return.

Save as disclosed above, during the Reporting Period and up to the Latest Practicable Date, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities (including sale or transfer of treasury shares as defined under the Listing Rules) of the Company.

EVENTS AFTER THE REPORTING PERIOD

On January 14, 2026, a total of 151,021 Options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 122,500 Options granted to Mr. Huang Yimeng, an executive Director. For details, please refer to the announcement of the Company dated January 14, 2026.

Subsequent to the Reporting Period, 228,602 Options were exercised by certain eligible participants to subscribe for 228,602 ordinary shares of the Company.

Save as disclosed above, there are no material subsequent events undertaken by the Group after December 31, 2025 and up to the Latest Practicable Date.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2025 (for the year ended December 31, 2024: HK\$0.4).

SUFFICIENCY OF PUBLIC FLOAT

According to information that is publicly available to the Company and within the knowledge of the Board, at any time during the Reporting Period and up to the date of this annual report, the Company has maintained a sufficient public float of 25% of the total number of issued Shares (excluding treasury shares), being the initial prescribed threshold as required under the Listing Rules. The Board confirmed that the Company complied with the requirement under Rule 13.32B of the Listing Rules.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Company has established an Audit Committee in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision D.3 of the CG code and has adopted written terms of reference. The Audit Committee comprises three members, including Mr. Xin Quandong, Mr. Pei Dapeng and Ms. Liu Qianli and is currently chaired by Mr. Xin Quandong, who possesses suitable professional qualifications.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended December 31, 2025 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. The Audit Committee has also discussed the matters of audit and financial reporting.

AUDITOR

There has been no change in auditor in preceding three financial years. The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company will be proposed at the Annual General Meeting.

For and on behalf of the Board

XD Inc.

Huang Yimeng

Chairman

Hong Kong, March 27, 2026

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INDEPENDENT
AUDITOR'S
REPORT



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of XD Inc.

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of XD Inc. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 113 to 193, comprise:

- the consolidated statement of financial position as at 31 December 2025;
- 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.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public 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 on online game operating services — estimates of lifespan of in-game virtual items.

Key Audit Matter**Revenue recognition on online game operating services — estimates of lifespan of in-game virtual items**

Refer to notes 2.9, 4.1 and 5 to the consolidated financial statements.

During the year ended 31 December 2025, the majority of the Group's revenue was generated from its online game operating services.

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

We focused on this area because the determination of the lifespan of the in-game virtual items with reference to the expected Player Relationship Period is subject to high degree of estimation uncertainty. The inherent risk in relation to the determination of the lifespan of the in-game virtual items with reference to the expected Player Relationship Period is considered significant due to subjectivity of significant assumptions used and significant judgements involved in selecting data. These judgements and estimates included (i) the determination of key assumptions applied in the expected Player Relationship Period, including but not limited to nature of virtual item, the games profile (including historical players' consumption patterns, churn rates, and games life-cycle), target audience and its appeal to players of different demographics groups, and the Group's marketing strategy; and (ii) the identification of events that may trigger changes in the expected Player Relationship Period.

How our audit addressed the Key Audit Matter

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

We obtained an understanding of management's internal control and assessment process of estimates of lifespan of in-game virtual items with reference to the expected Player Relationship Periods and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity, changes and susceptibility to management bias or fraud. We evaluated and validated, on a sample basis, management's key internal controls in respect of the recognition of revenue from sales of in-game virtual items, including management's review and approval of (i) determination of the estimated lifespans of new virtual items prior to their launches; and (ii) changes in the estimated lifespans of existing virtual items based on periodic reassessment on any indications triggering such changes;

We evaluated the judgement and estimates made by management in determining the lifespan of in-game virtual items with reference to the expected Player Relationship Periods including nature of virtual item, the games profile, the target audience and players of different demographics groups of the relevant games with reference to the nature of games, historical operating data, market data and practice, and our industry knowledge.

We also retrospectively evaluated, on a sample basis, the outcome of prior period assessment of the expected Player Relationship Periods to assess the effectiveness of management's estimation process by comparing the actual users' relationship periods against the original estimation.

We checked, on a sample basis, the data integrity of historical players' consumption patterns and calculation of the churn rates used in determining the Player Relationship Periods.

We assessed the adequacy of the disclosures related to estimates of lifespan of in-game virtual items with reference to the expected Player Relationship Periods in the context of the applicable financial reporting framework.

We also considered whether the judgements made in determinations of estimates of lifespan of in-game virtual items with reference to the expected Player Relationship Periods would give rise to indicators of possible management bias.

Based on the procedures performed, we considered that the risk assessment of estimates of lifespan of in-game virtual items with reference to the expected Player Relationship Periods remained appropriate and the significant judgements and estimates adopted by management in the assessment of lifespan of in-game virtual items with reference to the expected Player Relationship Periods are supported by the evidence obtained.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in XD Inc. 2025 Annual Report (the "annual report") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including management discussion and analysis prior to the date of this auditor's report. The remaining other information, including chairman's letter, directors' report, corporate governance report and the other sections to be included in the annual report, is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

Responsibilities of Directors and the 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.
- 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 Jack Li.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2026

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenues	5	5,763,739	5,012,107
Cost of revenues	5, 6	(1,509,184)	(1,533,577)
Gross profit		4,254,555	3,478,530
Selling and marketing expenses	6	(1,435,931)	(1,397,251)
Research and development expenses	6	(981,400)	(919,446)
General and administrative expenses	6	(212,639)	(266,917)
Net impairment (losses)/reversal on financial assets	6	(7,014)	1,073
Other income	8	49,722	28,574
Other gains/(losses), net	9	12,615	(9,774)
Operating profit		1,679,908	914,789
Finance income		46,668	38,219
Finance costs		(7,823)	(24,084)
Finance income, net	10	38,845	14,135
Share of results of investments accounted for using equity method	17(c)	163	6,458
Profit before income tax		1,718,916	935,382
Income tax expenses	11	(62,407)	(44,891)
Profit for the year		1,656,509	890,491
Other comprehensive (loss)/income:			
<i>Items that may be reclassified to profit or loss</i>			
— Currency translation differences		(13,259)	1,646
<i>Items that may not be reclassified to profit or loss</i>			
— Currency translation differences		(51,048)	27,413
Total comprehensive income for the year		1,592,202	919,550
Profit for the year attributable to:			
Equity holders of the Company		1,535,274	811,530
Non-controlling interests		121,235	78,961
		1,656,509	890,491
Total comprehensive income for the year attributable to:			
Equity holders of the Company		1,472,200	840,986
Non-controlling interests		120,002	78,564
		1,592,202	919,550
Earnings per share for profit for the year attributable to the equity holders of the Company			
Basic earnings per share (RMB)	12	3.19	1.71
Diluted earnings per share (RMB)	12	3.07	1.69

The notes on pages 123 to 193 are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	19,661	24,987
Right-of-use assets	14	104,865	143,793
Intangible assets	15	511,588	228,113
Deferred tax assets	16	31,301	32,795
Investments accounted for using the equity method	17(c)	91,891	111,039
Long-term investments measured at fair value through profit or loss	19	107,346	10,879
Prepayments, deposits and other assets	20	40,165	24,916
		906,817	576,522
Current assets			
Trade receivables	21	411,198	333,413
Prepayments, deposits and other assets	20	131,214	103,109
Short-term investments	22	81,033	128,984
Cash and cash equivalents	23	3,689,375	2,781,173
		4,312,820	3,346,679
Total assets		5,219,637	3,923,201

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
EQUITY			
Share capital	24	339	336
Share premium	24	7,341,217	7,217,458
Shares held for share award schemes	24	(153,682)	(48,561)
Other reserves	25	(4,756,466)	(4,699,016)
Retained earnings		1,379,813	43,602
Equity attributable to equity holders of the Company		3,811,221	2,513,819
Non-controlling interests	17(a)	234,834	200,800
Total equity		4,046,055	2,714,619
LIABILITIES			
Non-current liabilities			
Lease liabilities	26	77,606	115,419
Deferred tax liabilities	16	10,641	13,755
		88,247	129,174
Current liabilities			
Trade payables	27	194,382	186,340
Advance from customers	28	58,927	48,165
Other payables and accruals	29	423,330	382,501
Contract liabilities	30	248,156	321,872
Current income tax liabilities		115,768	96,777
Lease liabilities	26	44,772	43,753
		1,085,335	1,079,408
Total liabilities		1,173,582	1,208,582
Total equity and liabilities		5,219,637	3,923,201

The notes on pages 123 to 193 are an integral part of these consolidated financial statements.

The financial statements on pages 113 to 193 were approved by the Board of Directors on 27 March 2026 and were signed on its behalf.

Dai Yunjie
Director

Fan Shuyang
Director

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CONSOLIDATED
STATEMENT OF
CHANGES
IN EQUITY



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to equity holders of the Company						Non-controlling interests	Total
		Share capital	Share premium	Shares held for share award schemes	Other reserves	Retained earnings	Sub-total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As of 1 January 2024		329	7,036,290	(6)	(4,490,917)	(836,523)	1,709,173	159,578	1,868,751
Comprehensive income									
Profit for the year		—	—	—	—	811,530	811,530	78,961	890,491
Other comprehensive income									
— Currency translation differences		—	—	—	29,456	—	29,456	(397)	29,059
Total comprehensive income for the year		—	—	—	29,456	811,530	840,986	78,564	919,550
Transaction with owners in their capacity as owners									
Repurchase of convertible bond	31	—	—	—	(20,869)	20,179	(690)	—	(690)
Redemption of convertible bond	31	—	—	—	(55,513)	55,513	—	—	—
Dividend distribution of subsidiaries	32	—	—	—	—	—	—	(16,202)	(16,202)
Share-based compensation expenses	33	—	—	—	59,235	—	59,235	—	59,235
Exercise of share options	1	—	17,083	—	(5,482)	—	11,602	—	11,602
Appropriation to statutory reserves		—	—	—	7,097	(7,097)	—	—	—
Repurchase of shares	24	—	—	(48,555)	—	—	(48,555)	—	(48,555)
Transaction with non-controlling interests	17(a), 25	6	164,085	—	(222,023)	—	(57,932)	(21,140)	(79,072)
Total transactions with owners in their capacity as owners for the year		7	181,168	(48,555)	(237,555)	68,595	(36,340)	(37,342)	(73,682)
As of 31 December 2024		336	7,217,458	(48,561)	(4,699,016)	43,602	2,513,819	200,800	2,714,619

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Notes	Attributable to equity holders of the Company						Non-controlling interests	Total
		Share capital	Share premium	Shares held for share award schemes	Other reserves	Retained earnings	Sub-total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of 1 January 2025		336	7,217,458	(48,561)	(4,699,016)	43,602	2,513,819	200,800	2,714,619
Comprehensive income									
Profit for the year		—	—	—	—	1,535,274	1,535,274	121,235	1,656,509
Other comprehensive income									
— Currency translation differences		—	—	—	(63,074)	—	(63,074)	(1,233)	(64,307)
Total comprehensive income for the year		—	—	—	(63,074)	1,535,274	1,472,200	120,002	1,592,202
Transaction with owners in their capacity as owners									
Share-based compensation expenses	33	—	—	—	92,483	—	92,483	—	92,483
Exercise of share options		3	107,964	—	(33,595)	—	74,372	—	74,372
Vesting of awarded restricted share units		—	15,795	—	(15,795)	—	—	—	—
Appropriation to statutory reserves		—	—	—	19,710	(19,710)	—	—	—
Dividend distribution to shareholders	32	—	—	—	—	(179,353)	(179,353)	—	(179,353)
Repurchase of shares	24	—	—	(105,121)	—	—	(105,121)	—	(105,121)
Non-controlling interests on acquisition of subsidiary		—	—	—	—	—	—	161	161
Transaction with non-controlling interests	17(a), 25	—	—	—	(57,179)	—	(57,179)	(86,129)	(143,308)
Total transactions with owners in their capacity as owners for the year		3	123,759	(105,121)	5,624	(199,063)	(174,798)	(85,968)	(260,766)
As of 31 December 2025		339	7,341,217	(153,682)	(4,756,466)	1,379,813	3,811,221	234,834	4,046,055

The notes on pages 123 to 193 are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS



CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	34	1,759,417	1,281,144
Income tax paid		(46,814)	(774)
Net cash generated from operating activities		1,712,603	1,280,370
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,087)	(3,689)
Proceeds from disposals of property, plant and equipment		1,815	3,583
Purchase of intangible assets (including prepayments for intangible assets)		(311,947)	(23,915)
Purchase of long-term investments measured at fair value through profit or loss		(104,403)	—
Purchase of short-term investments		(352,047)	(664,000)
Proceeds from disposals of short-term investments		402,270	687,440
Proceeds from disposal of investments accounted for using the equity method		2,602	—
Dividends received from investments accounted for using the equity method	17(c)	18,000	18,000
Payment for acquisition of subsidiary, net of cash acquired		14,148	—
Loans to third parties	20	(20,042)	—
Net cash (used in)/generated from investing activities		(359,691)	17,419
Cash flows from financing activities			
Payment for interest of convertible bonds		—	(7,087)
Repurchase of convertible bonds		—	(422,676)
Redemption of convertible bonds		—	(1,137,335)
Payment for acquisition of additional equity interests in subsidiaries		(143,308)	(79,072)
Dividends paid to non-controlling shareholders		—	(16,202)
Dividends paid to shareholders	32	(179,353)	—
Payment for lease liabilities (including interests)	14	(42,667)	(43,539)
Interests paid for borrowings		—	(1,518)
Exercise of share options		74,372	11,602
Cash paid for repurchase of shares	24	(105,121)	(48,555)
Net cash used in financing activities		(396,077)	(1,744,382)
Net increase/(decrease) in cash and cash equivalents		956,835	(446,593)
Cash and cash equivalents at the beginning of the year		2,781,173	3,206,821
Effects of exchange rate changes on cash and cash equivalents		(48,633)	20,945
Cash and cash equivalents at the end of the year	23	3,689,375	2,781,173

The notes on pages 123 to 193 are an integral part of these consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

XD Inc. (the “Company”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 25 January 2019 and was listed on the Stock Exchange of Hong Kong Limited on 12 December 2019.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “Group”) are principally engaged in the development, operation, publishing and distribution of mobile and web games and operation of TapTap, a game community and platform, in the People’s Republic of China (the “PRC”) and other countries and regions.

The consolidated financial statements for the year ended 31 December 2024 and 2025 are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) unless otherwise stated.

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

Name	Place of establishment/ Principal place of operation and nature of legal entity	Particulars of issued/ paid-in capital	Effective interest held by the Group		Principal activities
			As of December 31, 2025	2024	
Subsidiaries					
Directly held:					
XD Holdings Limited	BVI, limited liability company	USD1	100.00%	100.00%	Investment holding
TapTap Holding Limited	BVI, limited liability company	USD1,032	88.57%	83.73%	Investment holding
XDG Holding Limited	BVI, limited liability company	USD1	100.00%	100.00%	Investment holding
Indirectly held:					
XD (HK) Limited	Hong Kong, limited liability company	HKD10,000	100.00%	100.00%	Investment holding
XD Interactive Entertainment Co., Ltd. (心動互動娛樂有限公司, the “WFOE”)	Chinese mainland, limited liability company	RMB100,000,000	100.00%	100.00%	Game development
XD Interactive Entertainment (Hainan) Co., Ltd. (心動互動娛樂(海南)有限公司)	Chinese mainland, limited liability company	RMB80,000,000	100.00%	100.00%	Game development
Shanghai Longcheng Network Technology Co., Ltd. (上海龍成網絡科技有限公司, “Longcheng”)	Chinese mainland, limited liability company	RMB1,000,000	65.00%	65.00%	Game operation
X. D. Global Limited	Hong Kong, limited liability company	HKD12,213,000	65.00%	65.00%	Game operation

Note: For the purpose of preparing the consolidated financial statements, Chinese mainland refers to the PRC excluding Hong Kong Special Administrative Region of the PRC (“Hong Kong”), Macau Special Administrative Region of the PRC (“Macau”) and Taiwan Province (“Taiwan”).

1 GENERAL INFORMATION (Continued)

Name	Place of establishment/ Principal place of operation and nature of legal entity	Particulars of issued/ paid-in capital	Effective interest held by the Group		Principal activities
			As of December 31, 2025	2024	
Indirectly held:					
Ganfan (Shanghai) Catering Service Co., Ltd. (淞飯(上海)餐飲服務有限公司)	Chinese mainland, limited liability company	RMB5,000,000	100.00%	100.00%	Catering
Hyper Times limited	BVI, limited liability company	USD50,000	100.00%	100.00%	Investment holding
Hyper Power Limited	Hong Kong, limited liability company	HKD10,000	100.00%	100.00%	Investment holding
Lean Cloud (Hong Kong) Limited ("Lean Cloud")	Hong Kong, limited liability company	HKD1	100.00%	100.00%	Taptap platform
Pinyuechuangzhi (Shanghai) Technology Consulting Co., Ltd. (品悅創智(上海)技術諮詢有限公司)	Chinese mainland, limited liability company	USD7,300,000	100.00%	100.00%	Taptap platform
XD Entertainment Pte. Ltd.	Singapore, limited liability company	Singapore Dollar ("SGD") 4,000,000	100.00%	100.00%	Game operation
Xindong Korea Co., Ltd.	Korea, limited liability company	Korea Won ("KRW") 1,142,000,000	100.00%	100.00%	Game operation
Xindong (Hong Kong) Company Limited	Hong Kong, limited liability company	HKD34,275,000	100.00%	100.00%	Game operation
Taptap Pte. Ltd.	Singapore, limited liability company	SGD500,000	88.57%	83.73%	TapTap platform
Tappay Pte. Ltd.	Singapore, limited liability company	SGD500,000	88.57%	83.73%	TapTap platform
X. D. Global (HK) Limited	Hong Kong, limited liability company	HKD10,000	100.00%	100.00%	Game operation
Taptap (HK) Limited	Hong Kong, limited liability company	HKD10,000	88.57%	83.73%	TapTap platform
Shanghai Yiwan Interactive Entertainment Co., Ltd. (上海易玩互動娛樂有限公司)	Chinese mainland, limited liability company	RMB10,000,000	88.57%	83.73%	TapTap platform
Shanghai Yiwan Mutual Network Technology Co., Ltd. (上海易玩互樂網絡科技有限公司)	Chinese mainland, limited liability company	RMB1,000,000	88.57%	83.73%	TapTap platform
FILO AI Pte. Ltd.	Singapore, limited liability company	SGD10,000	100.00%	—	Game development
Shanghai Yiwan Interactive Digital Technology Co., Ltd. (上海易玩互動數字科技有限公司)	Chinese mainland, limited liability company	RMB1,000,000	88.57%	83.73%	TapTap platform
Shanghai Ziye Network Technology Co., Ltd. (上海子葉網路科技有限公司)	Chinese mainland, limited liability company	RMB1,000,000	70.00%	—	Game development

1 GENERAL INFORMATION (Continued)

Name	Place of establishment/ Principal place of operation and nature of legal entity	Particulars of issued/ paid-in capital	Effective interest held by the Group		Principal activities
			As of December 31, 2025	2024	
Structured entities controlled via the Contractual Arrangements					
X. D. Network Inc.	Chinese mainland, limited liability company	RMB213,181,500	100.00%	100.00%	Game operation
Yiwan (Shanghai) Network Science and Technology Co., Ltd. (易玩(上海)網絡科技有限公司, "Yiwan")	Chinese mainland, limited liability company	RMB10,320,594	88.57%	83.73%	TapTap platform
Yiwan (Shenzhen) Entertainment Technology Co., Ltd. (易玩(深圳)娛樂科技有限公司)	Chinese mainland, limited liability company	RMB1,000,000	88.57%	83.73%	TapTap platform
Yiwan (Hainan) Entertainment Technology Co., Ltd. (易玩(海南)娛樂科技有限公司)	Chinese mainland, limited liability company	RMB1,000,000	88.57%	83.73%	TapTap platform
X. D. Investment Management Co., Ltd. (上海心動投資管理有限公司)	Chinese mainland, limited liability company	RMB100,000,000	100.00%	100.00%	Investment in game development entities
Delicious Bookmark (Shanghai) Information Technology Co., Ltd. (美味書籤(上海)資訊技術有限公司)	Chinese mainland, limited liability company	RMB1,081,157	100.00%	100.00%	TapTap platform
Shanghai Xincheng Information Technology Co., Ltd. (上海心誠資訊技術有限公司)	Chinese mainland, limited liability company	RMB338,000,000	100.00%	100.00%	Game development
Shanghai Dirichlet Digital Technology Co., Ltd. (上海艾得惹數字科技有限公司)	Chinese mainland, limited liability company	RMB5,000,000	70.00%	—	Game development

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) Amended standard adopted by the Group

The following amendment has been adopted by the Group for the first time for the financial year beginning on 1 January 2025:

Amendments to IAS 21	Lack of exchangeability
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The adoption of the amended standard does not have material impact on the consolidated financial statements of the Group.

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

The following new standards and amendments to standards have not come into effect for the financial year beginning 1 January 2025 and have not been early adopted by the Group in preparing these consolidated financial statements. None of these new standards and amendments to standards is expected to have a significant effect on the consolidated financial statements of the Group.

		Effective for accounting year beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to IFRS Accounting Standards-Volume 11	IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
Amendment to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Disclosures about Uncertainties in the Financial Statements	To be determined

The Group is commencing an assessment of the impact of these new or amended standards and interpretations, certain of which are relevant to the Group's operations. The adoption of IFRS 18 mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirements on management-defined performance measures within the consolidated financial statements. According to the preliminary assessment made by the Group, except for IFRS 18, none of these is expected to have significant effect on the consolidated financial statements of the Group.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries controlled through Contractual Arrangements

The wholly-owned subsidiary of the Company, the WFOE, has entered into a series of contractual arrangements (collectively, the “Contractual Arrangements”) with, among others, X.D. Network Inc., which enable the WFOE and the Group to:

- exercise effective control over X.D. Network Inc. and its PRC subsidiaries with restricted operation (collectively, the “PRC Consolidated Affiliated Entities”);
- exercise equity holders’ voting rights of the PRC Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the PRC Consolidated Affiliated Entities, in consideration for the business support by the WFOE, at the WFOE’s discretion;
- obtain an irrevocable and exclusive right to purchase all equity interests in X.D. Network Inc. from its registered equity holders at a nominal consideration unless the relevant government authorities request that another amount be used as the purchase consideration and in which case the purchase consideration shall be such amount. Where the purchase consideration is required by the relevant government authorities to be an amount other than a nominal amount, the registered equity holders of X.D. Network Inc. shall return the amount of purchase consideration they have received to the WFOE. At the WFOE’s request, the registered equity holders of X.D. Network Inc. will promptly and unconditionally transfer their respective equity interests in X.D. Network Inc. to the WFOE (or its designee within the Group) after the WFOE exercises its purchase right; and
- obtain a pledge over the entire ownership interests of X.D. Network Inc. from its registered equity holders to secure performance of their obligations under the Contractual Arrangements.

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Associates

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

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

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

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

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

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currencies of the Company and its subsidiaries in Hong Kong are USD. The functional currencies of the Company's subsidiaries in the Chinese mainland are RMB. The functional currencies of the Company's subsidiaries in Singapore are SGD. As the major operations of the Group during the reporting period are within the Chinese mainland, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in consolidated statement of comprehensive income on a net basis within "Other gains/(losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in consolidated statement of comprehensive income as part of the fair value changes on investments measured at fair value through profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

2.4.3 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:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

The Group has monetary items that are receivables from or payables to foreign operations. The items for which settlements are neither planned nor likely to occur in the foreseeable future are, in substance, part of the Group's net investment in foreign operations. Such monetary items include long-term receivables or loans. They do not include trade receivables or trade payables. On consolidation, foreign exchange gains or losses arising from the exchange of any net investment in foreign entities, are recognised in the consolidated statement of comprehensive income. When the Group's proportionate ownership interest in a foreign operation is changed, hence disposal or partial disposal, the related foreign exchange gains or losses are reclassified into consolidated statements of profit or loss proportionately. The translation differences arising from translation to the Group's presentation currency of the Group's subsidiaries with the same functional currency as the Company is presented as part of items of other comprehensive income that will not be reclassified to profit or loss.

2.5 Intangible assets

2.5.1 Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the aggregate purchase consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.5 Intangible assets (Continued)

2.5.2 Other intangible assets

Other intangible assets mainly include software, game license, domain name and trade name. They are initially recognized and measured at cost if they are separately acquired or at fair value if they are acquired in business combinations. Other intangible assets are amortized over their estimated useful lives using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

• Software	2–5 years
• Game license	2–7 years
• Domain name (a)	10 years
• Trade name (b)	8 years
• Technology (c)	10 years

When determining the length of useful life of an intangible asset, the management take into account the (i) estimated period during which such asset can bring economic benefits to the Group; and (ii) the useful life estimated by comparable companies in the market.

- (a) Management determined that the domain name related to one of the Group's major games, Ragnarok M, has a useful life of 10 years based on the estimated lifespan of such game, during which it could bring economic benefits to the Group.
- (b) Management determined that the trade name related to Yiwan has a useful life of 8 years based on the platform's popularity and great user base in the local market.
- (c) Management determined that the technology related to Lean Cloud has a useful life of 10 years based on the technology update cycle.

2.5.3 Research and development

Research expenditures are recognized as an expenses as incurred. Costs incurred on development projects are capitalized as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting these criteria and capitalized as intangible assets during the years ended 31 December 2024 and 2025.

2.6 Impairment of non-financial assets

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.7 Current and deferred income tax

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

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

2.7.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.7.2 Deferred income tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

2.7.3 Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.8 Share-based payments

The Group operates share incentive plan, under which it receives services from employees as consideration for equity instruments (options) of the Company.

(a) Share options

The fair value of options granted is recognized as an expense in the consolidated statement of comprehensive income with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of equity instruments (options) 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.

The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the share options are exercised, the Company issues new ordinary shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

(b) Restricted Share Unit (RSU)

For grant of RSUs, the total amount to be expensed is determined by reference to the fair value of the Company's shares at the grant date.

(c) Modifications

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as of the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

2.9 Revenue recognition

Revenue is recognized when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. The following is a description of the accounting policy for our principal revenue streams:

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.9 Revenue recognition (Continued)

2.9.1 Game operating revenue

The Group is a publisher of online games developed by third party game developers or itself. The Group licenses online games from game developers and earns game publishing service revenue by making a localized version of the licensed games and publishing them to the game players through distribution channels, e.g. online application stores (such as Apple Inc.'s App Store ("Apple App") and Google LLC's Google Play ("Google App")), as well as web-based and mobile game portals (collectively referred to as "Distribution Channels"), including the Group's own websites.

The games licensed to the Group, or developed by the Group are operated under (i) free-to-play model whereby game players can play the games free of charge and are charged for the purchase of in-game virtual items (the "Online Game") via payment channels, such as the third-party internet payment systems (the "Payment Channels"); or (ii) pay-to-play model whereby game players are charged for a fixed amount when downloading the games (the "Premium Game"). Upon the completion of download and installation of the games to the game players' devices, all functionalities of the games have been fully delivered. Players can then play the games on their device without real time connection to the internet.

Proceeds earned from selling in-game virtual items, are shared between the Group and the game developers, with the amount paid to the developers generally calculated based on amounts paid by players, after deducting the fees paid to Payment Channels and Distribution Channels, multiplied by a predetermined percentage for each game.

The Group evaluates agreements with the game players, game developers, Distribution Channels and Payment Channels in order to determine whether or not the Group acts as the principal or as an agent in the arrangement with each party respectively, which it considers in determining if relevant revenues should be reported gross or net of the predetermined amount of the proceeds shared with the other parties. The determination of whether to record the revenues gross or net is based on an assessment of various factors, including but not limited to whether the Group (i) is primarily responsible for fulfilling the promise to provide the specified good or service. This typically includes responsibilities for acceptability of the specified good or service (for example, primary responsibility for the good or service meeting customer specification); (ii) has inventory risk before the specified good or service has been transferred to a customer, or after transferring the control to the customer (for example, if the customer has a right of return); (iii) has discretion in establishing the prices for the specified goods or services.

(a) *The Group acts as principal*

During the reporting period, the Group self-developed mobile games or entered into game license arrangements with game developers, under which the Group takes primary responsibilities of game operation. The Group considered itself as a principal in these arrangements and recorded revenues on a gross basis.

Under the arrangements that the Group takes primary responsibilities, the Group considered that the (i) the Group is generally the initiator who raise ideas and plans for providing specification, modification or update of the game products or services desired by the game players; (ii) for certain licensed games that the Group made a localized version, the Group's costs incurred during developing the games are more than the game developer. The game developer is merely providing intellectual properties of character image and figures, the Group is providing game services and products relating to gaming experience to game players; (iii) besides publishing, providing payment solution and marketing promotion, the Group has the right to determine the pricing of in-game virtual items or downloading the pay-to-play games, as well as the selection of Distribution Channels and the Payment Channels. Thus, the Group views game players to be its customers and considers itself as the principal. Accordingly, the Group records the online game revenue under such arrangements on a gross basis. Commission fees paid to Distribution Channels and Payment Channels and license fees paid to third party game developer are recorded as cost of revenues.

Where the Group is acting as a principal under the free-to-play model, the Group has determined that it is obligated to provide on-going services to game players, who purchased virtual items to gain an enhanced game-playing experience, and accordingly, revenue is recognised over the estimated lifespans of the respective virtual items. The estimated lifespans of different virtual items are determined by the management based on the expected player relationship periods, on a game by game basis. The Group recognizes the revenues derive from sale of virtual items as below:

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.9 Revenue recognition (Continued)

2.9.1 Game operating revenue (Continued)

(a) *The Group acts as principal (Continued)*

Consumable virtual items represent items that are extinguished after consumption in the form of fixed charges levied on each round of games played. The paying players will not continue to benefit from the virtual items thereafter. Revenue is recognised (as a release from deferred revenue) when the items are consumed and the related services are rendered.

Durable virtual items represent items that are accessible and beneficial to paying players over an extended period of time. Revenue is recognised ratably over the average life of durable virtual items for the applicable game, which the Group makes best estimates to be the average playing period of paying players ("Player Relationship Period").

The Group estimates the Player Relationship Period on a game-by-game basis. If there is insufficient data to determine the Player Relationship Period, such as in the case of a newly launched game, it estimates the Player Relationship Period based on other similar types of games developed by the Group or by third-party developers until the new game establishes its own patterns and history. The Group considers (i) the games profile, including historical players' consumption patterns, churn rates, and games life-cycle, (ii) target audience, and its appeal to players of different demographics groups, and (iii) the Group's marketing strategy in estimating the Player Relationship Period. While the Group believes its estimates to be reasonable based on available game player information, it may revise such estimates in the future as the games' operation periods change, sufficient individual game data become available, or there is indication that the similarities in characteristics and playing patterns of paying players of the games change. Any adjustments arising from changes in Player Relationship Period would be applied prospectively on the basis that such changes are caused by new information indicating a change in game player behaviour patterns.

Where the Group is acting as a principal under the pay-to-play model, the Group has determined all revenue recognition criteria are met upon players' confirmation of the purchase request and completion of download of the games. The Group has no additional performance obligations to the game players after the completion of the corresponding game purchase and downloading. Therefore, the Group recognizes revenue from game players upon the purchases and completion of downloading for this type of arrangement. Commission fees paid to Distribution Channels and Payment Channels and license fees paid to third party game developers are recorded.

(b) *The Group acts as agents of game developer*

Under those arrangements that the developer take primary responsibilities mentioned above, the Group considers that the (i) game developers are responsible for providing the game products desired by the game players; (ii) the costs incurred by the developers to develop the games are more than the licensing costs and game localizations costs incurred by the Group; (iii) the hosting and maintenance of game servers for running the online mobile games is the responsibility of the developers, the developers have the right to review and approve the pricing of in-game virtual items and the specification, modification or update of the game made by the Group. The Group's responsibilities are publishing, providing payment solution and market promotion service for the license game, and thus the Group views the game developers to be its customers and considers itself as the agent of the game developers in the arrangements with game players. The Group considers it provides a series of distinct services that are substantially the same and that have the same pattern of transfer to the game developers, and allocated the variable consideration based on certain percentage of sales of in-game virtual items to each day of distinct services and recognizes revenues in the month when related sales occur.

As the Group is responsible for identifying, contracting with and maintaining the relationships of the Distribution Channels and Payment Channels, commission fees paid to the Distribution Channels and Payment Channels are presented on a gross basis and included in cost of revenues. The Group considers it provides services to the game developers for the reasons identified above as it has been given latitude by the game developers in selecting Distribution Channels and Payment Channels for its service to the game developers.

Different from the above analysis, for games cooperated with Apple/Google App, the game developers are fully aware of Apple/Google App's roles and responsibilities. The Group considered that Apple/Google App and itself provide services to the game developers together, as the Group does not have the latitude in selecting and negotiating with Apple/Google App and does not have the primary responsibility to game developers for the service provided by them. Commissions charged by Apple/Google App are deducted from revenue.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.9 Revenue recognition (Continued)

2.9.1 Game operating revenue (Continued)

(c) *The Group acts as agents of game publishers*

The Group also engaged in providing game maintenance and game operation services to game publishers, including game promotion services, customer services, technical support services and game localization services. The Group considers it provides a series of distinct services that are substantially the same and that have the same pattern of transfer to the game publisher, and allocated the variable consideration based on certain percentage of sales of in-game virtual items to each day of distinct services and recognizes game maintenance and game operation services to the game publisher in the month when related sales occur.

2.9.2 Online marketing service revenue

Online marketing service revenue mainly comprise revenues derived from performance based online marketing service provided to game developers, game publishers and their agencies.

Online marketing service revenue is mainly performance based and revenue is recognized when relevant specific performance measures (such as delivery of pay-for-click, pay-for-download etc.) are fulfilled.

2.9.3 Other revenues

The Group also generates revenue from providing data storage and instant data transmission services and selling game-related merchandise. Revenue is recognized when the service is rendered or control of merchandise is transferred.

2.9.4 Practical expedients applied

The Group generally expenses contract acquisition cost when incurred because the amortization period would have been one year or less. Accordingly, the Group does not capitalize any incremental costs to obtain a contract.

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of one year or less.

2.10 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The Group leases properties as lessee. Rental contracts are typically made for fixed periods of 1 to 6 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Contracts may contain both lease and non-lease components, such as maintenance services provided by the landlord. The Group elects not to separate lease and non-lease components and instead accounts for each 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
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.10 Leases (Continued)

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

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

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.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

Both deferred tax assets and deferred tax liabilities are recognized on the initial recognition of right-of-use assets and lease liabilities and are offset in the consolidated statements of financial position.

2.11 Convertible bonds

The component parts of the convertible bonds issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained earnings. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

The Group assesses if the embedded derivatives in respect of the early redemption features are deemed to be clearly and closely related to the host debt contract. Embedded derivatives need not be separated if they are regarded as closely related to its host contract. If they are not, they would be separately accounted for.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortized over the period of the convertible bonds using the effective interest method.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

3.1 Financial risk factors

(a) Market risk

Foreign exchange risk

The Group operates internationally through overseas publishers and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the functional currency of the respective subsidiaries. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

The functional currency of the Group's subsidiaries in Chinese mainland is RMB and the functional currency of the Group's subsidiaries in Hong Kong is USD. If USD had strengthened/weakened by 5% against RMB with all other variables held constant, net profit would have been approximately RMB40.2 million and RMB36.04 million, higher/lower for the years ended 31 December 2024 and 2025 respectively, as a result of net foreign exchange gains/losses on translation of net monetary assets.

Price risk

The Group is exposed to price risk in respect of long-term and short-term investments measured at fair value through profit or loss held by the Group. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. Each investment is managed by senior management on a case by case basis. The sensitivity analysis is performed by management, see Note 3.3 for detail.

Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents and short-term investments measured at amortized cost, and details of which have been disclosed in Note 23 and Note 22, respectively.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, short-term investments, trade receivables, deposits and other assets. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) *Credit risk of cash and cash equivalents and short-term investments*

To manage risk arising from cash and cash equivalents and short-term investments, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss is immaterial.

(ii) *Credit risk of trade receivables*

Trade receivables at the end of each reporting period were due from Distribution Channels and game publishers, online marketing service customers, as well as due from related parties. If the strategic relationship with Distribution Channels and game publishers and online marketing service customers are terminated or scaled-back; or if Distribution Channels and game publishers and online marketing service customers alter the co-operative arrangements; or if they experience financial difficulties in paying the Group, the Group's corresponding trade receivables might be adversely affected in terms of recoverability. To manage this risk, the Group maintains frequent communications with Distribution Channels and game publishers and online marketing service customers to ensure the effective credit control. In view of the history of cooperation with Distribution Channels and game publishers and online marketing service customers and the sound collection history of receivables due from them, the directors of the Group believe that the credit risk inherent in the Group's outstanding trade receivable balances due from Distribution Channels and game publishers and online marketing service customers is low.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk of deposits and other assets

For deposits and other assets, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other assets based on historical settlement records and past experiences.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counter party's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counter party;
- significant increases in credit risk on other financial instruments of the same counter party;
- significant changes in the expected performance and behaviour of the counter party, including changes in the payment status of debtor in the Group and changes in the operating results of the counter party.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment/repayable demanded.

A default on a financial asset is when the counterparty fails to make contractual payments/repayable demanded within 360 days of when they fall due.

The Group makes periodic assessment on the credit risk of the deposits and other assets based on the history of cooperation with customers, settlement records and past experience, the directors believe that the credit risk inherent in the outstanding deposits and other assets due from the debtors is not material.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises deposits and other assets for write off when a debtor fails to make contractual payments/repayable demanded greater than 720 days past due. Where deposits and other assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

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

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings 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.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Over 2 years RMB'000	Total RMB'000
As at 31 December 2025				
Trade payables	194,382	—	—	194,382
Advance from customers	58,927	—	—	58,927
Other payables and accruals (excluding salaries and benefits payable, and other tax payables)	23,832	—	—	23,832
Lease liabilities	45,646	44,785	40,838	131,269
	322,787	44,785	40,838	408,410
As at 31 December 2024				
Trade payables	186,340	—	—	186,340
Advance from customers	48,165	—	—	48,165
Other payables and accruals (excluding salaries and benefits payable, and other tax payables)	21,517	—	—	21,517
Lease liabilities	44,626	48,277	81,912	174,815
	300,648	48,277	81,912	430,837

3.2 Capital management

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management (Continued)

The Group monitors capital on basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. As at 31 December 2024 and 2025, the gearing ratio of the Group is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Total liabilities	1,173,582	1,208,582
Total assets	5,219,637	3,923,201
Gearing ratio (%)	22.5%	30.8%

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements.

(a) Fair value hierarchy

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2024 and 2025, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2024 and 2025, none of the Group's financial liabilities are measured at fair value, and none of the Group's financial assets are measured at fair value using level 1 or level 2 inputs. The following table presents the Group's financial assets that are measured at fair value using level 3 inputs:

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
Long-term investments measured at fair value through profit or loss	19	107,346	10,879
Short-term investments measured at fair value through profit or loss	22	81,033	78,984
		188,379	89,863

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items including investments in unlisted companies and wealth management products issued by commercial banks for the years ended 31 December 2024 and 2025.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(b) Fair value measurements using significant unobservable inputs (level 3) (Continued)

(i) Investments in unlisted companies

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	10,879	18,840
Additions	104,403	—
Changes in fair value*	(7,933)	(7,963)
Currency translation differences	(3)	2
At the end of the year	107,346	10,879
* includes unrealized losses recognised in profit or loss attributable to balances held at the end of the year	(7,933)	(7,963)

(ii) Wealth management products issued by commercial banks

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	78,984	147,657
Additions	352,047	614,000
Changes in fair value*	1,947	4,767
Disposal	(351,945)	(687,440)
At the end of the year	81,033	78,984
* includes unrealized gains recognised in profit or loss attributable to balances held at the end of the year	5,886	4,984

(c) Valuation process and techniques

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

As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including:

- the use of quoted market prices or dealer quotes for similar instruments;
- the 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; and
- a combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There were no change to valuation techniques during the reporting period.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(d) Valuation inputs and relationship to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value as at 31 December		Unobservable inputs	Range of inputs as at 31 December		Relationship of unobservable inputs to fair value
	2025	2024		2025	2024	
	RMB'000	RMB'000				
Wealth management products issued by commercial banks	81,033	78,984	Expected rate of return	2.07%-3.10%	1.75%-3.50%	The higher the expected rate of return, the higher the fair value

If expected rate of return is 10% higher/lower, the fair value of wealth management products issued by commercial banks will be RMB0.58million and RMB0.78 million higher/lower for the years ended 31 December 2024 and 2025 respectively, and profit after tax will be RMB0.58 million and RMB0.78 million higher/lower respectively.

Other than wealth management products issued by commercial banks, certain investments in unlisted companies are also recurring measured by level 3 fair value:

As at 31 December 2024, the fair value of investments in unlisted companies (Note 19) measured by level 3 fair value was RMB10,879 thousand. The significant unobservable inputs including: expected volatility and discount for lack of marketability ("DLOM"), which was 62.12% and 25.00%, respectively. If expected volatility is 10% higher, the fair value of investments in unlisted companies will be RMB0.38 million higher for the year ended 31 December 2024, and profit after tax will be RMB0.38 million lower; If expected volatility is 10% lower, the fair value of investments in unlisted companies will be RMB0.40 million lower for the year ended 31 December 2024, and profit after tax will be RMB0.40 million higher. If DLOM is 10% higher/lower, the fair value of investments in unlisted companies will be RMB0.38 million lower/higher for the year ended 31 December 2024, and profit after tax will be RMB0.38 million higher/lower.

As at 31 December 2025, the fair value of investments in unlisted companies (Note 19) measured by level 3 fair value was RMB107,346 thousand, the vast majority of which consist of the new investments made during the third quarter or fourth quarter of the year ended 31 December 2025. Given the short period between the investment date and 31 December 2025, and the absence of any significant events or changes in circumstances, the fair value of the investees at 31 December 2025 was assessed to approximate its cost.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1 Estimates of lifespan of in-game virtual items in the Group's online game services

As described in Note 2.9, the Group recognizes certain revenue from sale of virtual items in online game services rateably over the lifespan of in-game virtual items. The determination of lifespan of in-game virtual items with reference of Player Relationship Period is made based on the Group's best estimate that takes into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on a semi-annual basis. Any adjustments arising from changes in the lifespan of in-game virtual items as a result of new information will be accounted for as a change in accounting estimate.

4.2 Determination of fair value of long-term and short-term investments

The fair value of long-term and short-term investments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets (Note 3.3).

4.3 Principal versus agent considerations

Pursuant to game publishing and operation arrangements signed between the Group and the third party game developers or Distribution Channels, the Group's responsibilities in publishing and operating the licensed games vary for each game. The determination of whether to record these revenues using gross or net basis is based on an assessment of various factors, including but not limited to whether the Group (a) is the primary obligor to the game developers and game players in the arrangements; (b) has latitude in establishing the selling price of virtual items; (c) changes the products or performs part of the services; (d) has involvement in the determination of product and service specifications; and (e) has the rights to determine Distribution Channels and Payment Channels.

4.4 Income tax

The Group is subject to income taxes in Chinese mainland and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.5 Recoverability of non-financial assets

The Group tests whether goodwill has suffered any impairment on an annual basis or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Judgment is required (i) to identify any impairment indicators existing for any of the Group's goodwill or other non-financial assets (ii) to determine appropriate impairment approaches for impairment review purposes, and (iii) to select key assumptions applied in the adopted valuation models, including discounted cash flows and market approach. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated income statement.

4.6 Share-based compensation

The Group has granted share options to its employees and directors. The fair value of the options is determined by the Binominal option-pricing model at the grant date, which is to be expensed over the respective vesting periods. Significant estimates on assumptions, including risk-free interest rate, expected volatility, dividend yield, and expected term, are made by the directors and third-party valuer.

5 SEGMENT INFORMATION AND REVENUE

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the Group determined that it has operating segments as follows:

Game segment

The game segment offers game publishing and operating services on its own and via other Distribution Channels. Revenues from the game segment are primarily derived from game publishing and operating services.

TapTap platform segment

The TapTap platform segment offers online marketing services to game developers, game publishers or their agents through the Group's self-developed leading game community and platform. Revenues from the TapTap platform segment are primarily derived from performance-based online marketing services.

The CODM assesses the performance of the operating segments mainly based on segment revenues and cost of revenues of each operating segment. Thus, segment result would present revenues, cost of revenues and gross profit for each segment, which is in line with CODM's performance review.

The Group's cost of revenues for the game segment primarily consists of (a) commission paid to Payment Channels and Distribution Channels; (b) sharing of proceeds to game developers; (c) cloud service, bandwidth and server custody fees; (d) amortization of intangible assets; and (e) employee benefit expenses.

5 SEGMENT INFORMATION AND REVENUE (Continued)

The Group's cost of revenues for the TapTap platform segment primarily consists of (a) cloud service, bandwidth and server custody fees; (b) employee benefits expenses; and (c) amortization of intangible assets.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

As at 31 December 2024 and 2025, substantially all of the non-current assets of the Group were located in the PRC.

The reconciliation of gross profit to profit before income tax is shown in the consolidated statement of comprehensive income.

The segment information provided to the Group's CODM for the reportable segments is as follows:

	Year ended 31 December 2025		
	Game segment RMB'000	TapTap platform segment RMB'000	Total RMB'000
Game operating revenues			
— Online Games (free-to-play)	3,596,400	—	3,596,400
— Premium Games (pay-to-play)	128,019	—	128,019
Subtotal	3,724,419	—	3,724,419
Online marketing service revenue	—	1,910,806	1,910,806
Others	71,648	56,866	128,514
Total revenues	3,796,067	1,967,672	5,763,739
Cost of revenues	(1,237,147)	(272,037)	(1,509,184)
Gross profit	2,558,920	1,695,635	4,254,555
Gross margin	67%	86%	74%
Amortization of intangible assets	(16,799)	(2,618)	(19,417)
Depreciation of right-of-use assets	(338)	(5,816)	(6,154)
Depreciation of property, plant and equipment	(205)	(3,080)	(3,285)

5 SEGMENT INFORMATION AND REVENUE (Continued)

	Year ended 31 December 2024		
	Game segment RMB'000	TapTap platform segment RMB'000	Total RMB'000
Game operating revenues			
— Online Games (free-to-play)	3,316,789	—	3,316,789
— Premium Games (pay-to-play)	110,731	—	110,731
Subtotal	3,427,520	—	3,427,520
Online marketing service revenue	—	1,527,168	1,527,168
Others	6,541	50,878	57,419
Total revenues	3,434,061	1,578,046	5,012,107
Cost of revenues	(1,285,876)	(247,701)	(1,533,577)
Gross profit	2,148,185	1,330,345	3,478,530
Gross margin	63%	84%	69%
Amortization of intangible assets	(31,073)	(4,756)	(35,829)
Depreciation of right-of-use assets	(753)	(4,993)	(5,746)
Depreciation of property, plant and equipment	(117)	(2,268)	(2,385)

Revenues of approximately RMB1,522 million and RMB2,311 million for the years ended 31 December 2024 and 2025, respectively, were from five largest single external customers.

The following table summarizes the percentage of revenue from a single customer individually exceeding 10% of the Group's revenue during the year ended 31 December 2024 and 2025, respectively.

	Year ended 31 December	
	2025	2024
Online marketing service revenue		
Customer A	18%	14%

5 SEGMENT INFORMATION AND REVENUE (Continued)

The table below sets forth a breakdown of the Group's revenue by timing of recognition for the years ended 31 December 2024 and 2025, respectively:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Over time	2,676,134	2,485,719
At a point of time	3,087,605	2,526,388
	5,763,739	5,012,107

The table below sets forth a breakdown of the Group's revenue by geographical areas for the years ended 31 December 2024 and 2025, respectively:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Game operating revenues		
Chinese mainland	1,965,410	2,134,300
Other areas (Note a)	1,759,009	1,293,220
Total	3,724,419	3,427,520
Online marketing service revenue		
Chinese mainland	1,910,806	1,527,168

- (a) Other areas revenue mainly include game revenue from local versions operated in Southeast Asia, Hong Kong, Macao, Taiwan, North America, Japan and South Korea.

6 EXPENSES BY NATURE

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Promotion and advertising expenses	1,237,172	1,265,727
Employee benefits expenses (Note 7)	1,225,609	1,195,894
Commissions charged by Payment Channels and Distribution Channels	606,259	668,947
Cloud service, bandwidth and server custody fee	299,643	249,765
Sharing of proceeds to game developers	283,738	329,216
Professional and technical services fee	257,616	193,625
Tax surcharges	65,665	39,713
Office expenses	45,815	38,729
Depreciation of right-of-use assets (Note 14)	38,211	39,558
Amortization of intangible assets (Note 15)	24,252	39,893
Depreciation of property, plant and equipment (Note 13)	15,359	21,768
Net impairment losses/(reversal) on financial assets	7,014	(1,073)
Impairment of non-financial assets (Note 15, 20)	5,895	6,816
Auditor's remuneration		
— Audit service	3,500	3,520
— Non-audit service	2,190	870
Others	28,230	23,150
Total	4,146,168	4,116,118

7 EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	905,518	911,179
Pension and other social security costs (Note a)	167,007	150,361
Share-based compensation expenses (Note 33)	92,483	59,235
Other benefits	60,601	75,119
Total	1,225,609	1,195,894

(a) Pension-defined contribution plans

Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the governmental authorities. The Group contributes funds which are calculated on certain percentages of the employees' salary subject to certain ceilings imposed by governmental authorities to each scheme locally.

There was no forfeited contribution available as of 31 December 2024 and 2025, to reduce the level of contributions. During the years ended 31 December 2024 and 2025, no forfeited contribution was utilized.

7 EMPLOYEE BENEFITS EXPENSES (Continued)

(b) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

	Year ended 31 December 2025					
	Fees RMB'000	Wages, salaries and bonuses RMB'000	Pension and other social security costs RMB'000	Share-based compensation expenses RMB'000	Other benefits RMB'000	Total RMB'000
Chairman						
Huang Yimeng	—	480	17	10,029	—	10,526
Executive directors						
Dai Yunjie	—	5,331	100	—	—	5,431
Fan Shuyang	—	1,504	17	—	—	1,521
Non-Executive director						
Wu Meng	—	—	—	—	—	—
Independent non-executive directors						
Pei Dapeng	137	—	—	—	—	137
Xin Quandong	137	—	—	—	—	137
Liu Qianli	137	—	—	—	—	137
Total	411	7,315	134	10,029	—	17,889

7 EMPLOYEE BENEFITS EXPENSES (Continued)

(b) Directors' and chief executive's emoluments (Continued)

	Year ended 31 December 2024					
	Fees RMB'000	Wages, salaries and bonuses RMB'000	Pension and other social security costs RMB'000	Share-based compensation expenses RMB'000	Other benefits RMB'000	Total RMB'000
Chairman						
Huang Yimeng	—	373	21	3,301	—	3,695
Executive directors						
Dai Yunjie	—	4,707	77	1,866	—	6,650
Fan Shuyang	—	1,030	16	—	—	1,046
Non-Executive director						
Wu Meng	—	—	—	—	—	—
Independent non-executive directors						
Pei Dapeng	137	—	—	—	—	137
Xin Quandong	137	—	—	—	—	137
Liu Qianli	137	—	—	—	—	137
Total	411	6,110	114	5,167	—	11,802

During the year ended 31 December 2024 and 2025, no discretionary bonus, inducement fee to join or upon joining the Group or compensation for loss of office was paid to or receivable by the directors.

(i) Directors' retirement and termination benefits

No director's retirement or termination benefit subsisted at the end of each year disclosed or at any time during the years ended 31 December 2024 and 2025.

(ii) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available director's services subsisted at the end of the each year disclosed or at any time during the years ended 31 December 2024 and 2025.

(iii) Information about borrowings, quasi-borrowings and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.

No borrowings, quasi-borrowings and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of each year disclosed or at any time during the years ended 31 December 2024 and 2025.

(iv) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of or at any time during the years ended 31 December 2024 and 2025.

7 EMPLOYEE BENEFITS EXPENSES (Continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2024 and 2025, did not include any directors. The bonuses of five highest paid individuals are fixed in labor contracts and did not have bonuses which are discretionary or are based on the Company's, the Group's or any member of the Group's performance during the financial year. The aggregate amounts of emoluments for the 5 individuals for each of the years ended 31 December 2024 and 2025, are set out below:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits	113,158	69,610
Contribution to pension scheme	99	89
Discretionary bonuses	—	—
Inducement fee to join or upon joining the Group	—	—
Compensation for loss of office:		
— contractual payment	—	—
— other payment	—	—
Total	113,257	69,699

	Year ended 31 December	
	2025	2024
Emolument bands (in HKD)		
HKD7,500,001–HKD8,000,000	—	1
HKD8,500,001–HKD9,000,000	—	1
HKD10,500,001–HKD11,000,000	—	1
HKD12,000,001–HKD12,500,000	—	1
HKD16,500,001–HKD17,000,000	1	—
HKD18,000,001–HKD18,500,000	1	—
HKD22,500,001–HKD23,000,000	1	—
HKD31,500,001–HKD32,000,000	1	—
HKD34,000,001–HKD34,500,000	1	—
HKD36,000,001–HKD36,500,000	—	1
Total	5	5

8 OTHER INCOME

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Government subsidies	48,042	28,574
Interest income from loan receivable	1,355	—
Interest income from term deposits above three months (Note 22(b))	325	—
Total	49,722	28,574

There are no unfilled conditions or contingencies related to the above government subsidies.

9 OTHER GAINS/(LOSSES), NET

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net foreign exchange gains/(losses)	15,611	(19,662)
Fair value changes of wealth management products issued by commercial banks (Note 22(a))	1,947	4,767
Net gain on disposal of non-current assets	1,674	2,686
Gains on disposal of investments accounted for using the equity method	1,300	—
Net gain on repurchase of convertible bonds	—	4,975
Fair value changes of long-term investments measured at fair value through profit or loss (Note 19)	(7,933)	(7,963)
Others	16	5,423
Total	12,615	(9,774)

10 FINANCE INCOME, NET

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Finance income		
Interest income from bank deposits	46,668	38,219
Finance costs		
Interest expenses on lease liabilities	(6,711)	(8,505)
Bank charges	(1,112)	(5,360)
Interest expenses on convertible bonds	—	(8,701)
Interest expenses on borrowing	—	(1,518)
Finance income, net	38,845	14,135

11 INCOME TAX

Cayman Islands

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are not subject to tax on their income or capital gains.

Hong Kong

Hong Kong profits tax rate is 8.25% for the first HKD2 million assessable profits, and 16.5% for assessable profits in excess of HKD2 million.

Singapore

Singapore profits tax rate is 17%.

PRC corporate income tax ("CIT")

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the years ended 31 December 2024 and 2025.

Certain subsidiaries of the Group in the PRC, accordingly, is qualified as "high and new technology enterprise" and entitled to a preferential income tax rate of 15% during the years ended 31 December 2024 and 2025.

Certain subsidiaries are accredited as a "software enterprise" under the relevant PRC laws and regulations. They are exempt from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years, commencing from the first year of profitable operation after offsetting tax losses generating from prior years (the "tax holiday").

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2018 onwards, enterprises engaged in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). According to the relevant laws and regulations that was effective from 2022, the tax deductible ratio was increased to 200%. The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during all the years presented.

11 INCOME TAX (Continued)

PRC Withholding Tax (“WHT”)

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between China and the jurisdiction of the foreign investors.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current income tax	64,063	14,959
Deferred income tax (Note 16)	(1,656)	29,932
Total income tax expenses	62,407	44,891

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended 31 December 2024 and 2025, being the tax rate of the major subsidiaries of the Group.

The difference is analysed as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before income tax	1,718,916	935,382
Tax calculated at statutory income tax rate of 25% in Chinese mainland	429,729	233,846
Tax effects of:		
Effect of different tax rates available to different jurisdictions	(19,063)	21,993
Preferential income tax rates applicable to subsidiaries	(243,460)	(146,110)
Expenses not deductible for income tax purposes	2,565	11,010
Non-taxable income	(10,230)	—
Super Deduction for research and development expenses	(65,821)	(62,273)
Utilization of previously unrecognized tax losses and temporary differences	(41,314)	(59,265)
Tax losses for which no deferred income tax assets were recognized	7,676	30,090
Temporary differences for which no deferred income tax assets were recognized, net	2,325	15,600
Total income tax expenses	62,407	44,891

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of shares in issue during the respective years.

	Year ended 31 December	
	2025	2024
Earnings attributable to equity holders of the Company (RMB'000)	1,535,274	811,530
Weighted average number of shares in issue (thousands)	480,865	474,249
Basic earnings per share (in RMB)	3.19	1.71

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2024, the Group had potential dilutive ordinary shares arising from convertible bonds, share options and restricted share units.

For the year ended 31 December 2025, the Group had potential dilutive ordinary shares arising from share options and restricted share units.

	Year ended 31 December 2025	Year ended 31 December 2024
Profit attributable to equity holders of the Company (RMB'000)	1,535,274	811,530
Interest cost savings on convertible bonds (RMB'000)	—	3,756
Profit attributable to equity holders of the Company for the calculation of diluted earnings per share (RMB'000)	1,535,274	815,286
Weighted average number of shares in issue (thousands)	480,865	474,249
Adjustments for convertible bonds (thousands)	—	5,744
Adjustments for share options and restricted share units (thousands)	18,908	3,237
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	499,773	483,230
Diluted earnings per share (in RMB)	3.07	1.69

13 PROPERTY, PLANT AND EQUIPMENT

	Servers and other equipment RMB'000	Furniture and appliances RMB'000	Vehicles RMB'000	Assets under construction RMB'000	Leasehold improvements RMB'000	Total RMB'000
Year ended 31 December 2025						
Opening net book amount	3,081	7,634	959	—	13,313	24,987
Additions	8,810	107	308	628	234	10,087
Depreciation	(2,783)	(4,519)	(278)	—	(7,779)	(15,359)
Transfers	—	—	—	(537)	537	—
Disposal	(2)	(1)	(138)	—	—	(141)
Currency translation differences	56	31	—	—	—	87
Closing net book amount	9,162	3,252	851	91	6,305	19,661
At 31 December 2025						
Cost	90,392	39,130	1,212	91	188,287	319,112
Accumulated depreciation	(81,230)	(35,878)	(361)	—	(181,982)	(299,451)
Net book amount	9,162	3,252	851	91	6,305	19,661

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Servers and other equipment RMB'000	Furniture and appliances RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
Year ended 31 December 2024					
Opening net book amount	7,202	14,029	291	22,171	43,693
Additions	2,383	182	1,124	—	3,689
Depreciation	(6,291)	(6,362)	(244)	(8,871)	(21,768)
Transfers	—	—	—	—	—
Disposal	(213)	(215)	(212)	—	(640)
Currency translation differences	—	—	—	13	13
Closing net book amount	3,081	7,634	959	13,313	24,987
At 31 December 2024					
Cost	84,978	39,749	2,208	187,516	314,451
Accumulated depreciation	(81,897)	(32,115)	(1,249)	(174,203)	(289,464)
Net book amount	3,081	7,634	959	13,313	24,987

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Servers and other equipment 3 years
- Furniture and appliances 5 years
- Vehicles 4 years
- Leasehold improvements Estimated useful lives or remaining lease terms, whichever is shorter

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of revenues	3,285	2,385
Selling and marketing expenses	1,970	3,692
Research and development expenses	4,005	5,614
General and administrative expenses	6,099	10,077
	15,359	21,768

14 RIGHT-OF-USE ASSETS

Properties	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year		
Cost	238,441	284,056
Accumulated depreciation	(94,648)	(91,376)
Net book amount	143,793	192,680
Opening net book amount	143,793	192,680
Additions	292	6,956
Depreciation (Note 6)	(38,211)	(39,558)
Termination	(1,130)	(16,266)
Currency translation differences	121	(19)
Closing net book amount	104,865	143,793
At the end of the year		
Cost	236,999	238,441
Accumulated depreciation	(132,134)	(94,648)
Net book amount	104,865	143,793

The consolidated statement of comprehensive income and the consolidated statement of cash flows contain the following amounts relating to leases:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets (Note 6)	38,211	39,558
Interest expenses (Note 10)	6,711	8,505
Expenses relating to short-term leases	2,756	1,344
The cash outflow for leases payment related to short-term lease as operating activities	2,756	1,344
The cash outflow for leases as financing activities	42,667	43,539

15 INTANGIBLE ASSETS

	Game license RMB'000	Technology RMB'000	Software RMB'000	Trade name RMB'000	Domain name RMB'000	Goodwill RMB'000	Total RMB'000
Year ended 31 December 2025							
Opening net book amount	35,601	16,800	8,300	—	308	167,104	228,113
Additions	304,427	—	7,947	—	—	—	312,374
Amortization	(16,976)	(2,618)	(4,350)	—	(308)	—	(24,252)
Impairment	(4,515)	—	—	—	—	—	(4,515)
Currency translation differences	(130)	—	(2)	—	—	—	(132)
Closing net book amount	318,407	14,182	11,895	—	—	167,104	511,588
At 31 December 2025							
Cost	434,660	26,181	78,886	17,100	5,289	167,104	729,220
Accumulated amortization	(111,738)	(11,999)	(66,991)	(17,100)	(5,289)	—	(213,117)
Impairment	(4,515)	—	—	—	—	—	(4,515)
Net book amount	318,407	14,182	11,895	—	—	167,104	511,588
Year ended 31 December 2024							
Opening net book amount	34,108	19,418	9,812	2,137	837	167,104	233,416
Additions	30,530	—	3,901	—	—	—	34,431
Amortization	(29,188)	(2,618)	(5,421)	(2,137)	(529)	—	(39,893)
Currency translation differences	151	—	8	—	—	—	159
Closing net book amount	35,601	16,800	8,300	—	308	167,104	228,113
At 31 December 2024							
Cost	132,703	26,181	71,099	17,100	5,289	167,104	419,476
Accumulated amortization	(97,102)	(9,381)	(62,799)	(17,100)	(4,981)	—	(191,363)
Impairment	—	—	—	—	—	—	—
Net book amount	35,601	16,800	8,300	—	308	167,104	228,113

Amortization expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of revenues	19,417	35,829
Selling and marketing expenses	74	78
Research and development expenses	32	214
General and administrative expenses	4,729	3,772
	24,252	39,893

15 INTANGIBLE ASSETS (Continued)

Impairment of goodwill

The Group carries out its annual impairment test on goodwill by comparing the recoverable amount of a CGU to the carrying amount. The recoverable amount of a CGU was determined based on the higher of (i) its value-in-use and (ii) its fair value less costs to sell. Value-in-use is calculated based on discounted cash flows expected to be derived from the respective CGU using pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flow beyond the 5-year period is extrapolated using the estimated terminal growth rates stated below. The Group believes that it is appropriate to cover a 5-year period in its cash flow projection, because it captures the development stage of the Group's businesses during which the Group expects to experience a high growth rate. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. Management leveraged their extensive experiences in the industry and projected forecast based on past performance and their expectation of future business plans and market developments.

Management reviews the business performance based on type of business and monitors the goodwill at the operating segment level. The following is a summary of goodwill allocation for each operating segment:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Game segment	56,524	56,524
TapTap platform segment	110,580	110,580
	167,104	167,104

Impairment review on the goodwill of the Group has been conducted by Management as at 31 December 2024 and 2025 according to IAS 36 "Impairment of assets". The key assumptions used in the value-in-use calculations for significant CGUs allocated with goodwill are as follows:

	As at 31 December	
	2025	2024
Game segment		
Annual revenue growth rate for the 5-year period (%)	-11.5%~-6.4%	-10.5%~6.0%
Gross profit rate (%)	64.1%~64.6%	61.2%~62.6%
Terminal revenue growth rate (%)	2.0%	2.0%
Pre-tax discount rate (%)	16.7%	16.0%
TapTap platform segment		
Annual revenue growth rate for the 5-year period (%)	2.1%~9.2%	2.2%~10.7%
Gross profit rate (%)	82.0%	80.1%
Terminal revenue growth rate (%)	2.0%	2.0%
Pre-tax discount rate (%)	19.1%	18.5%

The budgeted gross margins and revenue growth rates used in the goodwill impairment testing, were determined by Management based on past performance, extensive experiences in the industry and its expectation for business plans and market developments. Discount rates reflect market assessments of the time value and the specific risks relating to the industry.

As of 31 December 2025, the recoverable amounts of Game segment and TapTap platform segment calculated based on value in use exceeded carrying value by RMB1,486 million and RMB5,132 million, respectively (31 December 2024: 2,379 million and 2,798 million).

16 DEFERRED INCOME TAXES

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

Deferred tax assets

	As at 31 December	
	2025 RMB'000	2024 RMB'000
The balance comprises temporary differences attributable to:		
— Lease liabilities	21,183	28,163
— Tax losses	—	5,430
— Contract liabilities	21,309	21,786
— Long term investments accounted for using the equity method and measured at fair value through profit or loss	5,864	5,864
— Expected credit loss provision	1,179	358
— Unrealized profits	3,672	7
Total gross deferred tax assets	53,207	61,608
Set-off of deferred tax liabilities pursuant to set-off provisions	(21,906)	(28,813)
Net deferred tax assets	31,301	32,795
Deferred tax assets:		
— to be recovered within 12 months	33,045	34,963
— to be recovered after 12 months	20,162	26,645
	53,207	61,608

Deferred tax liabilities

	As at 31 December	
	2025 RMB'000	2024 RMB'000
The balance comprises temporary differences attributable to:		
— Right-of-use assets	19,780	26,912
— Long-term investments accounted for using the equity method and measured at fair value through profit or loss	7,751	10,210
— Intangible assets arising from business combinations	3,545	4,200
— Short-term investments measured at fair value through profit or loss	1,471	1,246
Total gross deferred tax liabilities	32,547	42,568
Set-off of deferred tax assets pursuant to set-off provisions	(21,906)	(28,813)
Net deferred tax liabilities	10,641	13,755
Deferred tax liabilities:		
— to be settled within 12 months	8,979	9,856
— to be settled after 12 months	23,568	32,712
	32,547	42,568

16 DEFERRED INCOME TAXES (Continued)

The movement on the gross deferred income tax assets and liabilities are as follows:

Deferred tax assets

	Tax losses	Contract liabilities	Lease liabilities	Promotional and advertising expenses	Expected credit loss provision	Intangible assets	Long-term investments accounted for measured using the equity method and measured at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	22,001	24,732	37,684	14,482	930	11	4,860	104,700
Recognized in profit or loss	(16,623)	(2,946)	(9,517)	(14,482)	(573)	(4)	1,004	(43,141)
Currency translation differences	52	—	(4)	—	1	—	—	49
At 31 December 2024	5,430	21,786	28,163	—	358	7	5,864	61,608
Recognized in profit or loss	(5,395)	(477)	(6,999)	—	850	3,665	—	(8,356)
Currency translation differences	(35)	—	19	—	(29)	—	—	(45)
At 31 December 2025	—	21,309	21,183	—	1,179	3,672	5,864	53,207

Deferred tax liabilities

	Right-of-use assets	Long-term investments accounted for measured using the equity method and measured at fair value through profit or loss	Intangible assets arising from business combinations	Short-term investments measured at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	36,581	11,896	5,389	1,914	55,780
Recognized in profit or loss	(9,666)	(1,686)	(1,189)	(668)	(13,209)
Currency translation differences	(3)	—	—	—	(3)
At 31 December 2024	26,912	10,210	4,200	1,246	42,568
Recognized in profit or loss	(7,123)	(2,459)	(655)	225	(10,012)
Currency translation differences	(9)	—	—	—	(9)
At 31 December 2025	19,780	7,751	3,545	1,471	32,547

16 DEFERRED INCOME TAXES (Continued)

The Group only recognizes deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at 31 December 2024 and 2025, the Group did not recognize deferred income tax assets of RMB752 million and RMB691 million, in respect of cumulative tax losses amounting to RMB4,558 million and RMB4,186 million. Unrecognized tax losses of RMB3,682 million will expire from 2026 to 2035 and the remaining unrecognized tax losses can be carried forward indefinitely. As of 31 December 2024 and 2025, the deductible temporary differences for which no deferred tax assets are recognised amounting to RMB26 million and RMB18 million, respectively.

As of December 31, 2025, no withholding tax had been provided for the earnings of approximately RMB1,664 million (2024: RMB269 million) expected to be retained by the PRC subsidiaries and not to be remitted to a foreign investor in the foreseeable future based on several factors, including management's estimation of overseas funding requirements.

17 INTERESTS IN OTHER ENTITIES

(a) Transactions with non-controlling interests

In 2025, the Group purchased certain non-controlling interests from non-controlling shareholders ("NCI holders") with cash considerations. The Company derecognized the non-controlling interests held by NCI holders of RMB86 million accordingly with a corresponding adjustment of RMB57 million to other reserves.

In 2024, the Group purchased certain non-controlling interests from NCI holders with share and cash considerations. The Company derecognized the non-controlling interests held by NCI holders of RMB21 million accordingly with a corresponding adjustment of RMB222 million to other reserves.

(b) Non-controlling interests

During the year ended 31 December 2024 and 2025, in the opinion of the directors, none of the subsidiary that has non-controlling interests material to the Group.

(c) Investments in associates using the equity method

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	111,039	122,561
Share of results of associates	163	6,458
Dividends distribution	(18,000)	(18,000)
Disposal	(1,302)	—
Currency translation differences	(9)	20
At the end of the year	91,891	111,039

In the opinion of the directors, none of the associates is material to the Group. The Group has interests in a number of individually immaterial associates that are accounted for using the equity method.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial associates	91,891	111,039
Aggregate amounts of the Group's share of:		
— Profit from operations	163	6,458

18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Assets as per consolidated statement of financial position		
Financial assets at fair value through profit or loss:		
— Long-term investments measured at fair value through profit or loss (Note 19)	107,346	10,879
— Short-term investments measured at fair value through profit or loss (Note 22)	81,033	78,984
	188,379	89,863
Financial assets at amortized costs:		
— Trade receivables (Note 21)	411,198	333,413
— Loan receivable	19,957	—
— Deposits and other assets	21,553	9,030
— Short-term investments measured at amortized cost (Note 22)	—	50,000
— Cash and cash equivalents (Note 23)	3,689,375	2,781,173
	4,142,083	3,173,616

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortized costs:		
— Trade payables (Note 27)	194,382	186,340
— Lease liabilities (Note 26)	122,378	159,172
— Advance from customers (Note 28)	58,927	48,165
— Other payables (excluding salaries and benefits payable and other tax payables) (Note 29)	23,832	21,517
	399,519	415,194

19 LONG-TERM INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Movements in long-term investments measured at fair value through profit or loss during the year ended 31 December 2024 and 2025, are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	10,879	18,840
Additions	104,403	—
Change in fair value (Note 9)	(7,933)	(7,963)
Currency translation differences	(3)	2
At the end of the year	107,346	10,879

As of 31 December 2024 and 2025, all long-term investments measured at fair value through profit or loss are equity investments in unlisted companies held by the Group. The Group has determined the fair value of these financial assets based on certain valuation techniques as disclosed in Note 3.3.

Long-term investments measured at fair value through profit or loss included:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Investments in associates at fair value through profit or loss (Note a)	102,640	10,170
Other investments at fair value through profit or loss (Note b)	4,706	709
	107,346	10,879

- (a) During the years ended 31 December 2024 and 2025, the Group made investments in associates in the form of redeemable instruments and designated them at fair value through profit or loss. The Group has significant influence in these companies.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	10,170	18,133
Additions (i)	100,403	—
Change in fair value (ii)	(7,933)	(7,963)
At the end of the year	102,640	10,170

19 LONG-TERM INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

- (i) In August 2025, the Group acquired 7,086,420 newly issued redeemable preferred shares in MiAO (Cayman) Limited ("MiAO") for a cash consideration of USD14 million, representing a 5.30% equity interest. As a result, the Group has obtained the right to appoint one director and exercises significant influence over MiAO. As the Group is entitled to require MiAO to redeem these preferred shares at a predetermined price upon the occurrence of certain specified trigger events, the investment is measured at fair value through profit or loss.
- (ii) The fair value losses recognized during the year ended 31 December 2025, are arising from certain investments with continuous losses and net liability position, the carrying amount of them have been reduced to Nil as at 31 December 2025.
- (b)** The Group also has interests in certain investee companies in form of ordinary shares without significant influence, control or joint control, which are managed and their performance are evaluated on a fair value basis. The Company designated these instruments as long-term investments measured at fair value through profit or loss.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	709	707
Additions	4,000	—
Change in fair value	—	—
Currency translation differences	(3)	2
At the end of the year	4,706	709

As at 31 December 2024 and 2025, the balance of the Group's long-term investments measured at fair value through profit or loss comprised a number of individual investments, none of the investment is material to the Group.

20 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Non-current		
Rental and other deposits	16,088	11,913
Loan receivable (Note a)	12,880	—
Prepayments for game licenses (Note b)	11,197	13,003
	40,165	24,916
Current		
Prepayment for share repurchase to be held for share award schemes	37,814	7,084
Prepayments for game proceeds (Note c)	18,099	13,403
Rental and other deposits	23,131	13,086
Game merchandise	13,673	18,627
Prepayments to other service providers	9,521	14,913
Tax prepayments	8,260	8,380
Loan receivable (Note a)	7,077	—
Prepayments for advertisements and marketing services	5,257	18,854
Others	9,531	9,114
Less: allowance for impairment	(1,149)	(352)
	131,214	103,109

- (a) In November 2025, the Group entered into a facilities agreement (the “Facilities Agreement”) with Project Golden Arc, Inc. (the “Golden Arc”), pursuant to which the Group agreed to provide and has provided term loan facilities of USD40,000,000 in aggregate to Golden Arc. In December 2025, the Group entered into an asset transfer agreement with Runic Games Inc. and Arc Games, Inc. (together the “Sellers”) and Golden Arc (the parent company of the Sellers), pursuant to which the Group acquired from the Sellers all right, title and interest in and to the assigned assets, including the Torchlight games, technology, documentation, IP and etc. with total consideration of USD37,180,000. The consideration was satisfied in full by way of credit and set-off against the Group’s rights as lender under the Facilities Agreement in respect of the corresponding amount (USD37,180,000) of outstanding loan and accrued but unpaid interest thereunder. As at 31 December 2025, the receivable balance of loan principal was USD2,820,000, with interest rate of 6% per annum and maturity installments over 5 years.
- (b) The Group licenses online games from game developers and pays game license fees to game developers. The prepayments for game license fees are transferred to intangible assets when the Group receives related licensed games.
- (c) The Group operates TapTap platform whereby game players can download games published by game developers. The Group provides payment solution to game developers free of commission for their games published on TapTap platform operated under a “pay to play” model. In order to attract game developers to TapTap platform, the Group makes prepayments to game developers and the prepayments will be offset against proceeds received from game players for downloading games.

The Group regularly assesses the possibility whether relevant games could be successfully published and estimates the future return from these games to assess impairment indicator of those prepayments. During the year ended 31 December 2024 and 2025, the Group made impairment provision for and write-off certain prepayments to game developers of RMB7 million and 1 million, respectively, due to underperformance of the related games.

21 TRADE RECEIVABLES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Distribution Channels and game publishers	212,701	214,598
Online marketing service customers	205,366	120,283
Others	—	21
	418,067	334,902
Less: allowance for impairment	(6,869)	(1,489)
	411,198	333,413

- (a) Distribution Channels and game publishers and online marketing service customers usually settle the amounts within 30–120 days. Related parties are granted with a credit period of 90 days. Aging analysis of trade receivables based on the recognition date of the gross trade receivables at the respective reporting dates are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 3 months	384,905	291,499
3 months to 6 months	28,341	41,300
6 months to 1 year	4,226	1,992
1 to 2 years	489	106
Over 2 years	106	5
	418,067	334,902

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics and the days past due of each type of the trade receivables to measure the expected credit losses. As of 31 December 2024 and 2025, the expected credit loss rates are determined as follows:

	As of 31 December	
	2025	2024
Distribution Channels and game publishers		
Within 3 months	0.05%	0.08%
3 months to 6 months	0.92%	1.03%
6 months to 1 year	8.34%	11.40%
1 to 2 years	56.90%	52.36%
Over 2 years	100.00%	100.00%
Online marketing service customers and others	1.24%~1.55%	0.63%~1.25%

21 TRADE RECEIVABLES (Continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2024 and 2025 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the CPI and GDP of the countries in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Movements on the Group's allowance for impairment of trade receivables are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	1,489	4,322
Provision/(Reverse)	6,207	(1,215)
Write-off	(826)	(1,623)
Currency translation differences	(1)	5
At the end of the year	6,869	1,489

The provisions and reversal of provisions for impaired receivables have been included in "Net impairment losses/(reversal) on financial assets" in the consolidated statement of comprehensive income.

- (c) The directors of the Group considered that the carrying amounts of the trade receivables balances approximated their fair value as of 31 December 2024 and 2025.
- (d) The maximum exposure to credit risk as of 31 December 2024 and 2025 was the carrying value of the trade receivables. The Group did not hold any collateral as security.
- (e) The carrying amount of the Group's trade receivables is denominated in the following currencies:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
USD	170,970	160,039
RMB	226,257	136,787
HKD	8,851	23,821
Others	11,989	14,255
	418,067	334,902

22 SHORT-TERM INVESTMENTS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Wealth management products issued by commercial banks (Note a)	81,033	78,984
Term deposits above three months and within one year (Note b)	—	50,000
	81,033	128,984

- (a) Returns on these wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss. The fair values are based on discounted cash flow using the expected return based on management estimate (Note 3.3). Changes in fair value of these financial assets had been recognized in "Other gains/(losses), net" in the consolidated statement of comprehensive income.
- (b) Term deposits above three months and within one year are measured at amortized cost. The interest rates of these deposits per annum were 1.30% and the terms are six months.

The carrying amount of the Group's short-term investments is denominated in the following currencies:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
RMB	81,033	128,984

23 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cash on hand and cash in bank	1,863,493	1,878,739
Term deposits with initial terms within three months	1,755,175	845,766
Cash held by other financial institutions (Note i)	70,707	56,668
	3,689,375	2,781,173

- (i) As at 31 December 2024 and 2025, the Group had certain amounts of cash held in accounts managed by other financial institutions, such as Alipay and WeChat Pay in connection with the provision of online and mobile payment services which have been classified as cash and cash equivalents on the consolidated statement of financial position.

23 CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
RMB	2,299,752	1,664,404
USD	1,190,962	954,318
HKD	82,428	49,977
Others	116,233	112,474
	3,689,375	2,781,173

24 SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR SHARE AWARD SCHEMES

	Number of shares '000	Nominal value of shares USD'000	Equivalent nominal value of shares RMB'000	Share premium RMB'000	shares held for share award schemes (a) RMB'000
Authorized					
Ordinary shares of USD0.0001 each; 25 January 2019 (date of incorporation)	1,000,000	100	—	—	—
As at 31 December 2024 and 2025	1,000,000	100	—	—	—
Issued and fully paid					
As at 1 January 2024	480,453	48	329	7,036,290	(6)
Exercise of share options	996	—*	1	17,083	—
Transaction with non-controlling interests	9,600	—*	6	164,085	—
Repurchase of shares	—	—	—	—	(48,555)
As at 31 December 2024	491,049	49	336	7,217,458	(48,561)
As at 1 January 2025	491,049	49	336	7,217,458	(48,561)
Exercise of share options	3,841	—*	3	107,964	—
Vesting of awarded restricted share units	—	—	—	15,795	—*
Repurchase of shares	—	—	—	—	(105,121)
As at 31 December 2025	494,890	49	339	7,341,217	(153,682)

* The amount is less than 1,000

- (a) On 17 June 2019, the Company allotted and issued an aggregate of 8,437,540 shares to Heart Assets Limited, which holds shares on trust for and on behalf of the Company. As at 31 December 2025, 1,597,136 shares have been granted by the Group for share-based compensation to employees.

During the years ended 31 December 2024 and 2025, the Trustee bought back a total of 2,785,400 and 3,060,600 ordinary shares that are listed on the Stock Exchange, with considerations of RMB49 and RMB105 million, respectively, and such shares are accounted and recorded as "Shares held for share award schemes".

25 OTHER RESERVES

	Capital reserve RMB'000	Statutory reserves RMB'000	Currency translation differences RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
As at 1 January 2024	(4,640,551)	73,056	(76,902)	153,480	(4,490,917)
Repurchase of convertible bond	(20,869)	—	—	—	(20,869)
Redemption of convertible bond	(55,513)	—	—	—	(55,513)
Share-based compensation expenses (Note 33)	—	—	—	59,235	59,235
Appropriation to statutory reserves	—	7,097	—	—	7,097
Exercise of share options	—	—	—	(5,482)	(5,482)
Transaction with non-controlling interests (Note 17(a))	(221,626)	—	(397)	—	(222,023)
Currency translation differences	—	—	29,456	—	29,456
As at 31 December 2024	(4,938,559)	80,153	(47,843)	207,233	(4,699,016)
As at 1 January 2025	(4,938,559)	80,153	(47,843)	207,233	(4,699,016)
Share-based compensation expenses (Note 33)	—	—	—	92,483	92,483
Appropriation to statutory reserves	—	19,710	—	—	19,710
Exercise of share options	—	—	—	(33,595)	(33,595)
Transaction with non-controlling interests (Note 17(a))	(56,644)	—	(535)	—	(57,179)
Vesting of awarded restricted share units	—	—	—	(15,795)	(15,795)
Currency translation differences	—	—	(63,074)	—	(63,074)
As at 31 December 2025	(4,995,203)	99,863	(111,452)	250,326	(4,756,466)

26 LEASE LIABILITIES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Minimum lease payments due		
— Within 1 year	45,646	44,626
— Between 1 and 2 years	44,785	48,277
— Between 2 and 5 years	40,838	81,912
	131,269	174,815
Less: future finance charges	(8,891)	(15,643)
Present value of lease liabilities	122,378	159,172

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Minimum lease payments due		
— Within 1 year	44,772	43,753
— Between 1 and 2 years	41,471	44,616
— Between 2 and 5 years	36,135	70,803
	122,378	159,172

27 TRADE PAYABLES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade payables	194,382	186,340

Trade payables are primarily related to the purchase of services for server custody, advertisement and sharing of proceeds due to game developers. The credit terms of trade payables granted to the Group are usually 0 to 90 days.

Aging analysis of trade payables based on the recognition date of the trade payables at the respective reporting dates are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 3 months	189,882	170,902
Over 3 months	4,500	15,438
	194,382	186,340

27 TRADE PAYABLES (Continued)

The carrying amount of the Group's trade payables is denominated in the following currencies:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
RMB	120,861	99,397
USD	44,882	67,871
SGD	28,639	19,072
	194,382	186,340

As of 31 December 2024 and 2025, the fair value of trade payables approximated to their carrying amount.

28 ADVANCE FROM CUSTOMERS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Advance from customers	58,927	48,165

Advance from customers mainly represents advance related to online marketing services, which are usually received before displaying and will be refunded if not used.

29 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries and benefits payables	355,992	322,983
Other tax payables	43,506	38,001
Professional service fee payables	17,221	17,498
Others	6,611	4,019
	423,330	382,501

As at 31 December 2024 and 2025, other payables and accruals were denominated in RMB and the fair values of these balances approximated to their carrying amounts.

30 CONTRACT LIABILITIES

Contract liabilities primarily consists of the unamortised revenue from sales of virtual items for mobile games, where there is still obligation to be provided by the Group to game players.

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Contract liabilities	248,156	321,872

The following table shows the amount of revenue recognized in the consolidated statement of comprehensive income for the respective years relating to contract liabilities brought forward:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	321,872	180,780

31 CONVERTIBLE BONDS

Issue of convertible bonds

On 12 April 2021, the Company issued convertible bonds (the "2021 Convertible Bonds") at a par value of USD200,000 each with the aggregate principal amounts of USD280 million. The 2021 Convertible Bonds bear an interest of 1.25% per annum payable semi-annually and will mature on 12 April 2026.

Bondholders have the right, at such holder's option, to require the Company to redeem all or some only of such holder's bonds on 12 April 2024 at their principal amount, together with accrued and unpaid interest thereon (the "Early Redemption Option").

Bondholders may convert their bonds into ordinary shares at any time on or after 23 May 2021 up to the close of business on the seventh day prior to 12 April 2026. Conversion shares will be issued upon full conversion of the 2021 Convertible Bonds based on the conversion price of HKD63.45 with a fixed exchange rate of 7.7746 HKD/USD.

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each bond at its principal amount, together with accrued and unpaid interest thereon, on 12 April 2026 or in certain circumstances specified in the agreements.

The 2021 Convertible Bonds is a compound instrument included a liability component and an equity component. There are embedded derivatives in respect of the early redemption features of the 2021 Convertible Bonds. Such embedded derivatives are deemed to be clearly and closely related to the host contract and therefore do not need to be separately accounted for.

Subsequent to the initial recognition, the liability component of the 2021 Convertible Bonds was carried at amortized cost using the effective interest method. The effective interest rate of the liability component of the 2021 Convertible Bonds was 2.4% per annum as at 31 December 2024. The equity component will remain in convertible bond equity reserve until the embedded conversion option is exercised or the 2021 Convertible Bonds mature.

31 CONVERTIBLE BONDS (Continued)

Early Redemption Option

Management constantly monitors and assesses the likelihood whether the Early Redemption Option will be exercised. On 13 March 2024, the Company received notice of redemption from the holders to redeem all outstanding 2021 Convertible Bonds with an aggregate principal amount of USD159,600,000 (equivalent to RMB1,137.3 million). As of 31 December 2024, all of the outstanding convertible bonds have been redeemed and cancelled, and there are no outstanding convertible bonds in issue.

Repurchase

In January 2024, the Company repurchased convertible bonds with principal amounts of USD60.0 million. The repurchase price and transaction costs were allocated between the liability component and the equity component on the same basis that was used in the original allocation process. The allocated liability component amount was RMB422.0 million and the carrying amount of the liability component upon the repurchase was RMB427.0 million. The difference of RMB5.0 million between the carrying amount and the allocated repurchase price and transaction costs was recognised as "other gains/(losses), net" in the statement of comprehensive income (Note 9). The allocated equity component amount was RMB0.7 million and the carrying amount of the equity component upon the repurchase was RMB20.9 million. The difference of RMB20.2 million between the carrying amount and the allocated repurchase price and transaction costs was recognised in retained earnings accordingly.

The movement of the liability component and the equity component of the 2021 Convertible Bonds for the years ended 31 December 2024 is set out below:

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
As at 1 January 2024	1,553,147	76,382	1,629,529
Interest charged (Note 10)	8,701	—	8,701
Interest paid	(7,087)	—	(7,087)
Repurchase	(426,961)	(20,869)	(447,830)
Redemption	(1,137,335)	(55,513)	(1,192,848)
Currency translation differences	9,535	—	9,535
As at 31 December 2024	—	—	—

32 DIVIDENDS DISTRIBUTION

In June 2025, pursuant to the resolution of the shareholders' meetings of the Company held in May 2025 a total dividend of HKD196,670,095 (equivalent to approximately RMB179,353,293) was approved and paid.

In April 2024, pursuant to the resolution of the shareholders' meetings of X.D. Global (HK) Limited, a subsidiary of the Group, a total dividend of USD6.5 million was approved and paid, USD2.3 million (equivalent to RMB16 million) of which was paid to non-controlling shareholders.

33 SHARE-BASED COMPENSATION EXPENSES

(a) Share Option Scheme

On 25 June 2021, shareholders of the Company approved the Share Option Scheme, an equity-settled share-based compensation plan with the purpose of attracting, motivating, retaining and rewarding certain employees and directors. The Share Option Scheme is valid and effective for 10 years from the date of approval by the shareholders. The total number of ordinary shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other option scheme involving the issue or grant of options over shares or other securities by the Company or any of its subsidiaries shall not in aggregate exceed 48,043,070 shares without shareholders' approval subject to a limit of 10% to the total number of issued shares at the date of approval of the refreshed limit. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Plan and any other options granted and yet to be exercised under any other option scheme shall not exceed 30% of the issued share capital of the Company from time to time.

As of 31 December 2025, the Group has authorized and reserved a total of 48,043,070 ordinary shares under the Share Option Scheme for awards of options of the Company's ordinary shares.

There is typically no performance target or minimum period for which an option must be held before it can be exercised, except for certain options which have graded vesting terms and vest in tranches from the grant date over the vesting period, on condition that employee remain in service without performance requirements. The option must be exercised no more than 10 years from the grant date.

Movements in the number of share options granted and their related weighted average exercise prices are as follows:

	Number of share options	Weighted average exercise price per share option (HKD)
Outstanding as of 1 January 2024	14,173,697	30.01
Granted during the year	7,620,917	13.49
Exercised during the year	(996,162)	12.56
Forfeited during the year*	(3,657,935)	37.01
Outstanding as of 31 December 2024	17,140,517	22.19
Vested and exercisable as of 31 December 2024	17,140,517	22.19
Outstanding as of 1 January 2025	17,140,517	22.19
Granted during the year	706,394	40.60
Exercised during the year	(3,840,293)	21.36
Outstanding as of 31 December 2025	14,006,618	23.35
Vested and exercisable as of 31 December 2025	14,006,618	23.35

* During the year ended 31 December 2025, certain employees forfeited unvested options upon resignation.

The weighted average remaining contractual life of outstanding share options are 8.37 and 7.24 years as of 31 December 2024 and 2025, respectively.

33 SHARE-BASED COMPENSATION EXPENSES (Continued)

(a) Share Option Scheme (Continued)

The Group has used Binominal model to determine the fair value of the share option as of the grant date. Key assumptions are set as below:

	Year ended 31 December	
	2025	2024
Risk-free interest rates	2.69%–3.56%	2.87%–3.62%
Expected term — exercise multiples	2.2–2.8	2.2–2.8
Expected volatility	49.15%–50.11%	50.29%–50.56%
Fair value of share options (HKD)	11.73–35.15	4.63–10.67
Exercise price (HKD)	23.27–69.9	9.31–21.54

The weighted average fair value of options granted during the years ended 31 December 2024 and 2025 were HKD6.83 and 20.43 per share option.

(b) Restricted Share Unit Scheme

On 3 June 2019 (the “2019 adoption date”), the Company adopted the 2019 Restricted Share Unit (RSU) Scheme (the “2019 RSU scheme”) to attract and retain the services of elite employees or persons who contributed to the Group. Pursuant to the 2019 RSU scheme, the Company allotted and issued an aggregate of 8,437,540 shares to Heart Assets Limited, which hold shares on trust for and on behalf of the grantees or the Company. The RSU Scheme is valid and effective for 10 years from the 2019 adoption date.

Pursuant to the board of directors resolution passed on 7 May 2024 (the “2024 adoption date”), the Company adopted the 2024 RSU Scheme. The 2024 RSU Scheme is valid and effective for 10 years from the 2024 adoption date. The maximum number of awards which was authorized to grant under the 2024 RSU Scheme shall not exceed 14,417,517 shares.

The RSUs awarded vest in tranches from the vesting commencement date over the designated service period, subject to the terms applicable to each grant. Once the vesting conditions of the RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

During the year ended 31 December 2025, 13,633,786 RSU was granted to eligible grantees. Movements in the number of RSUs and their related weighted average grant date fair value are as follows:

	2019 RSU Scheme		2024 RSU Scheme		Total number of RSUs
	Number of RSUs	Weighted average grant date fair value (HKD)	Number of RSUs	Weighted average grant date fair value (HKD)	
Outstanding as of 1 January 2025	2,498,020	12.68	10,080,000	22.05	12,578,020
Granted during the period	1,597,136	33.81	—	—	1,597,136
Vested and transferred during the period	(1,481,580)	11.76	—	—	(1,481,580)
Forfeited during the period	(541,370)	19.17	—	—	(541,370)
Outstanding as of 31 December 2025	2,072,206	28.91	10,080,000	22.05	12,152,206

The fair value of each RSU at the grant dates is determined by reference to the fair value of the underlying ordinary shares on the date of grant.

33 SHARE-BASED COMPENSATION EXPENSES (Continued)

(c) Expenses arising from share-based payment transactions

The share-based compensation expenses have been charged to the consolidated statements of comprehensive income for the year ended 31 December 2024 and 2025 as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of revenues	984	460
Selling and marketing expenses	11,618	5,277
Research and development expenses	64,415	38,773
General and administrative expenses	15,466	14,725
	92,483	59,235

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Profit before income tax		1,718,916	935,382
Adjustments for			
Depreciation and amortization	6	77,822	101,219
Net impairment losses/(reversal) on financial assets	6	7,014	(1,073)
Impairment of non-financial assets	6	5,895	6,816
Share of results of investments accounted for using equity method	17	(163)	(6,458)
Share-based compensation expenses	33	92,483	59,235
Interest income from term deposits above three months	8	(325)	—
Fair value changes on investments measured at fair value through profit or loss	9	5,986	3,196
Net gain on repurchase of convertible bonds	9	—	(4,975)
Net exchange differences	9	(15,611)	19,662
Net gain on disposal of non-current assets	9	(1,674)	(2,686)
Interest expenses on convertible bonds	10	—	8,701
Interest expenses on lease liabilities	10	6,711	8,505
Gains on disposal of investments accounted for using the equity method	9	(1,300)	—
Other gains, net	9	(375)	—
Interest income from loan receivable	8	(1,355)	—
Interests paid for borrowings		—	1,518
		175,108	193,660
Changes in working capital			
— Trade receivables		(62,496)	(45,389)
— Prepayments, deposits and other assets		(24,320)	(37,454)
— Trade payables		(13,866)	(8,566)
— Advance from customers		1,983	(4,843)
— Contract liabilities		(73,716)	141,092
— Other payables and accruals		37,808	107,262
Cash generated from operations		1,759,417	1,281,144

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Net debt reconciliation

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cash and cash equivalents (Note 23)	3,689,375	2,781,173
Lease liabilities (Note 26)	(122,378)	(159,172)
Net debt	3,566,997	2,622,001

	Cash and cash equivalents RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000	Total RMB'000
At 1 January 2024	3,206,821	(203,259)	(1,553,147)	1,450,415
Cash flows	(446,593)	43,539	1,567,098	1,164,044
Equity component of the repurchase price	—	—	(690)	(690)
Increase of right-of-use assets	—	(6,956)	—	(6,956)
Gain on repurchase of convertible bonds (Note 9)	—	—	4,975	4,975
Interest accrued (Note 10)	—	(8,505)	(8,701)	(17,206)
Foreign exchange adjustments	20,945	—	(9,535)	11,410
Early termination of lease	—	16,009	—	16,009
At 31 December 2024	2,781,173	(159,172)	—	2,622,001
At 1 January 2025	2,781,173	(159,172)	—	2,622,001
Cash flows	956,835	42,667	—	999,502
Increase of right-of-use assets	—	(292)	—	(292)
Interest accrued (Note 10)	—	(6,711)	—	(6,711)
Foreign exchange adjustments	(48,633)	—	—	(48,633)
Early termination of lease	—	1,130	—	1,130
At 31 December 2025	3,689,375	(122,378)	—	3,566,997

35 COMMITMENTS

(a) Capital commitments

The Group made capital expenditure in respect of purchase of game licenses which are in development as at 31 December 2024 and 2025. The Group has commitments to make the following future installments under non-cancellable game purchase agreements are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Game licenses	1,000	500

(b) Operating lease commitments

The Group has non-cancellable operating lease agreements with initial terms of 12 months or less. The portfolio of short-term leases to which the Group was committed as at 31 December 2024 and 2025 is similar to the portfolio of short-term leases to which the short-term lease expense is disclosed in Note 14.

36 RELATED PARTY TRANSACTIONS

The following significant transactions were carried out between the Group and its related parties during the years presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. The Group's pricing policies on the transactions with related parties are based on mutually agreed terms.

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the years ended 31 December 2024 and 2025.

Name of related parties	Relationship
Gamecores (Beijing) Culture Communication Co., Ltd.	Associate
Shanghai Bianyue Culture Communication Co., Ltd.	Associate
Shanghai Chatie Network Science and Technology Co., Ltd.	Associate
Shanghai Fantablade Network Science and Technology Co., Ltd.	Associate
Xiamen So Funny Information Technology Co., Ltd.	Associate
ShenZhen Shanshi Interactive Technology Co., Ltd.	Associate
Shanghai Framing Network Technology Co., Ltd.	Associate
Shanghai Kena Information Technology Co., Ltd.	Associate
Shenzhen Emi Network Technology Development Co., Ltd.	Associate
Shanghai Jixin Network Science and Technology Co., Ltd.	Associate
Mr. Dai Yunjie	Shareholder and director
Jiexin Holdings Limited	Shareholder
Happy Today Holding Limited	Shareholder
Shanghai Maichuang Network Technology Limited	Associate of Mr. Dai Yunjie's spouse

36 RELATED PARTY TRANSACTIONS

(b) Significant transactions with related parties

(i) Sales of services

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Gamecores (Beijing) Culture Communication Co., Ltd.	109	109

(ii) Purchase of services

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Xiamen So Funny Information Technology Co., Ltd.	139,428	189,791
Shanghai Chatie Network Science and Technology Co., Ltd.	2,122	6,737
Shanghai Fantablade Network Science and Technology Co., Ltd.	1,284	1,984
Shanghai Bianyue Culture Communication Co., Ltd.	849	12,877
Shanghai Jixin Network Science and Technology Co., Ltd.	557	664
Gamecores (Beijing) Culture Communication Co., Ltd.	159	2,251
Shanghai Maichuang Network Technology Limited	—	401
Shanghai Framing Network Technology Co., Ltd.	—	493
Others	260	781
	144,659	215,979

(c) Year end balances with related parties

(i) Prepayments for game license to related parties

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Shanghai Kena Information Technology Co., Ltd.	1,159	1,179
Shenzhen Emi Network Technology Development Co., Ltd.	850	1,310
Gamecores (Beijing) Culture Communication Co., Ltd.	94	—
	2,103	2,489

36 RELATED PARTY TRANSACTIONS (Continued)

(c) Year end balances with related parties (Continued)

(ii) Other receivables from related parties

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Jiexin Holdings Limited	262	268
Happy Today Holding Limited	9	9
	271	277

The receivables from related parties are unsecured, interest-free and repayable on demand.

(iii) Trade payables to related parties

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Xiamen So Funny Information Technology Co., Ltd.	1,990	11,194
Shanghai Chatie Network Science and Technology Co., Ltd.	1,253	2,846
Shanghai Fantablade Network Science and Technology Co., Ltd.	417	329
Shanghai Jixin Network Science and Technology Co., Ltd.	223	—
Others	15	46
	3,898	14,415

The payables due to related parties are unsecured, interest-free and are repayable on demand.

(d) Key management compensation

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	12,201	9,198
Post-employment benefits	215	130
Long-term benefits	—	—
Termination benefits	—	—
Share-based compensation expenses	10,029	5,167
	22,445	14,495

Key management includes directors and other senior executives.

37 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Financial position of the Company

	As at 31 December	
	2025 RMB'000	2024 RMB'000
ASSETS		
Non-current assets		
Investment in subsidiaries	5,364,055	5,386,072
Amounts due from subsidiaries	2,213,538	2,498,770
	7,577,593	7,884,842
Current assets		
Prepayments and other assets	37,857	11,748
Cash and cash equivalents	38,497	53,762
	76,354	65,510
Total assets	7,653,947	7,950,352
EQUITY		
Share capital	339	336
Share premium	7,341,217	7,217,458
Treasury shares	(153,682)	(48,561)
Other reserves	443,978	578,346
Retained earnings	6,136	186,454
Total equity	7,637,988	7,934,033
LIABILITIES		
Current liabilities		
Other payables and accruals	15,959	16,319
Total liabilities	15,959	16,319
Total equity and liabilities	7,653,947	7,950,352

The balance sheet of the Company was approved by the Board of Directors on 27 March 2026 and was signed on its behalf.

Dai Yunjie
Director

Fan Shuyang
Director

37 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Capital reserve RMB'000	Currency translation difference RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
As at 1 January 2024	76,382	254,553	153,480	484,415
Currency translation differences	—	116,560	—	116,560
Share-based compensation expenses (Note 33)	—	—	59,235	59,235
Repurchase of convertible bond	(20,869)	—	—	(20,869)
Redemption of convertible bond	(55,513)	—	—	(55,513)
Exercise of share options	—	—	(5,482)	(5,482)
As at 31 December 2024	—	371,113	207,233	578,346
As at 1 January 2025	—	371,113	207,233	578,346
Currency translation differences	—	(177,461)	—	(177,461)
Share-based compensation expenses (Note 33)	—	—	92,483	92,483
Exercise of share options	—	—	(33,595)	(33,595)
Vesting of awarded restricted share units	—	—	(15,795)	(15,795)
As at 31 December 2025	—	193,652	250,326	443,978

38 CONTINGENCIES

The Group did not have any material contingent liabilities as of 31 December 2024 and 2025.

39 SUBSEQUENT EVENTS

On January 14, 2026, a total of 151,021 share options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company.

40 SUMMARY OF OTHER ACCOUNTING POLICIES

40.1 Subsidiaries

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

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

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

40.1.1 Business combination

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

40.1.2 Changes in ownership interests in subsidiaries without change of control

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

40 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

40.1 Subsidiaries (Continued)

40.1.3 Disposal of subsidiaries

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

40.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

40.3 Segment reporting

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

40.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Property, plant and equipment arising from business acquisition is depreciated over the remaining useful life.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains, net" in the statement of comprehensive income.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

40.5 Financial assets

40.5.1 Classification

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

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

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

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

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

40.5.2 Recognition and derecognition

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

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

40.5.3 Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/ (losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

40.5 Financial assets (Continued)

40.5.3 Measurement (Continued)

Debt instruments (Continued)

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses), net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), net and impairment expenses are presented as separate line item in the statement of comprehensive income.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "Other gains/(losses), net" 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 recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets measured at FVPL are recognised in other gains/(losses), net in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

40.5.4 Impairment

The Group has 2 types of financial assets subject to IFRS 9's new expected credit loss model:

- trade receivables; and
- other receivables

While cash and cash equivalents, restricted cash and short term investments at amortized cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at an amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group uses practical expedients when estimating life time expected credit losses on trade receivables, which is calculated using a provision matrix where a fixed provision rate applies depending on the number of days that a trade receivable is outstanding.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

40.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

40.7 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

40.8 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

40.9 Share capital

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

40.10 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

40.11 Employee benefits

40.11.1 Pension and other social welfare obligations

The Group's companies incorporated in the PRC contribute on a monthly basis to a defined contribution retirement benefit plan and other defined contribution social security plans organised by the relevant governmental authorities. The Group's liability in respect of these plans is limited to the contributions payable in each period. The Group's 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. During the reporting period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

40.11.2 Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

40.11 Employee benefits (Continued)

40.11.3 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.

40.12 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

40.13 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

40.14 Government subsidies

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

Government subsidies relating to costs are deferred and recognized in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government subsidies relating to the purchase of property, plant and equipment, and other non-current assets are included in non-current liabilities as deferred income and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

40.15 Dividends distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

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FINANCIAL
SUMMARY



FINANCIAL SUMMARY

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenues	5,763,739	5,012,107	3,389,144	3,430,936	2,703,173
Cost of revenues	(1,509,184)	(1,533,577)	(1,320,774)	(1,595,677)	(1,476,930)
Gross profit	4,254,555	3,478,530	2,068,370	1,835,259	1,226,243
Selling and marketing expenses	(1,435,931)	(1,397,251)	(865,237)	(922,683)	(780,184)
Research and development expenses	(981,400)	(919,446)	(1,015,657)	(1,283,824)	(1,242,174)
General and administrative expenses	(212,639)	(266,917)	(224,613)	(233,848)	(235,105)
Net impairment (losses)/reversal on financial assets	(7,014)	1,073	(517)	(2,564)	262
Other income	49,722	28,574	48,941	51,020	44,993
Other gains/(losses), net	12,615	(9,774)	(16,509)	(11,230)	30,444
Operating profit/(loss)	1,679,908	914,789	(5,222)	(567,870)	(955,521)
Finance income	46,668	38,219	90,058	27,677	13,533
Finance costs	(7,823)	(24,084)	(119,924)	(57,838)	(40,264)
Finance income/(costs), net	38,845	14,135	(29,866)	(30,161)	(26,731)
Share of results of investments accounted for using equity method	163	6,458	19,884	38,197	28,387
Impairment of investments accounted for using equity method	—	—	(14,894)	—	(2,023)
Profit/(loss) before income tax	1,718,916	935,382	(30,098)	(559,834)	(955,888)
Income tax expenses	(62,407)	(44,891)	(35,264)	(14,179)	38,600
Profit/(loss) for the year	1,656,509	890,491	(65,362)	(574,013)	(917,288)
Profit/(loss) for the year attributable to:					
Equity holders of the Company	1,535,274	811,530	(83,039)	(553,495)	(863,811)
Non-controlling interests	121,235	78,961	17,677	(20,518)	(53,477)
Profit/(loss) for the year	1,656,509	890,491	(65,362)	(574,013)	(917,288)

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Assets, Liabilities and Equity					
TOTAL ASSETS	5,219,637	3,923,201	4,409,442	4,796,054	5,044,132
TOTAL LIABILITIES	1,173,582	1,208,582	2,540,691	2,890,405	2,661,725
TOTAL EQUITY	4,046,055	2,714,619	1,868,751	1,905,649	2,382,407

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DEFINITIONS AND GLOSSARY



DEFINITIONS AND GLOSSARY

“2024 Award(s)”	means an award of restricted share unit(s) granted to a Participant pursuant to the 2024 RSU Scheme. An award may include, if so specified by the Board in its absolute discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares from the date that the 2024 Award is granted to the date that it vests;
“2024 RSU Scheme”	the restricted share unit scheme adopted by the Company on May 7, 2024;
“Acquisition”	the acquisition of the Target Shares by the Purchaser from the Vendors in accordance with the terms of the Sale and Purchase Agreement;
“AI”	artificial intelligence;
“ARPG”	action role playing game;
“Articles of Association”	the third amended and restated articles of association of our Company, conditionally adopted on and with effect from May 29, 2025, and as amended from time to time;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Audit Committee”	the audit committee of the Company;
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company;
“Board”	the board of Directors of the Company;
“Board Committees”	the four committees established and delegated to by the Board, including the audit committee, the remuneration and appraisal committee, the strategy and development committee and the nomination committee;
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules;
“Companies Act”	the Companies Act (2022 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time;
“Company” or “our Company”	XD Inc. (心动有限公司), an exempted company incorporated in the Cayman Islands with limited liability on January 25, 2019, the shares of which are listed on the Stock Exchange under stock code 02400;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules;
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, WFOE, X.D. Network and the Registered Shareholders, details of which are described in the section headed “Contractual Arrangements”;

“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Huang and Happy Today Holding Limited;
“Director(s)”	the director(s) of the Company;
“Foreign Investment Law”	the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) adopted by the National People’s Congress on March 15, 2019 with effect from January 1, 2020;
“GAPP”	General Administration of Press and Publication of the PRC (中華人民共和國新聞出版總署), currently known as National Administration of Press and Publication (國家新聞出版總署) since March 2018;
“Group”, “our Group”, “we” or “us”	the Company, its subsidiaries and its PRC Consolidated Affiliated Entities from time to time;
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“IFRS Accounting Standards”	International Financial Reporting Standards, which include standards and interpretations as issued from time to time by the International Accounting Standards Board;
“Independent Third Party(ies)”	an individual or a company who, to the best of our Directors’ knowledge, information and belief, having made reasonable enquiries, is not a connected person (within the meaning of the Listing Rules);
“IP”	intellectual property;
“Latest Practicable Date”	March 26, 2026, being the latest practicable date for the purpose of ascertaining certain information in this report prior to its publication;
“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;
“Longcheng”	Shanghai Longcheng Network Technology Co., Ltd. (上海龍成網絡科技有限公司), a company established in the PRC on September 14, 2015, and a non-wholly owned subsidiary of our Company, or together with one or more of its subsidiaries, as the context may require;
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange;
“MAU(s)”	monthly active user(s), which refers to the number of users who log into a particular game or all of our games, as applicable, in the relevant calendar month for games, and refers to the number of users who access the TapTap mobile app in the relevant calendar month for TapTap, both of which include multiple accounts held by one single user. Average MAUs for a particular period are calculated by dividing the aggregate of the MAUs during that period by the number of months of that period;

“MMORPG”	massively multiplayer online role-playing game;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules;
“MPU(s)”	monthly paying users, which refers to the number of paying users in the relevant calendar month in our games;
“Negative List”	Special Administrative Measures for the Access of Foreign Investment (Negative List) (2019 Edition) (外商投資准入特別管理措施(負面清單)(2019年版));
“Nomination Committee”	the nomination committee of the Company;
“pay-to-play”	a business model used in the online game industry, under which users are required to pay in order to play games;
“PC”	personal computer;
“PRC” or “China”	the People’s Republic of China, but for the purposes of this report only, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan;
“PRC Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely X.D. Network and its respective subsidiaries;
“premium games”	games for which gamers need to pay a fixed price before downloading such games, after which the users will have unlimited access to play such games;
“Prospectus”	the prospectus of the Company dated November 29, 2019;
“Purchase”	the transactions contemplated under the Share Purchase Agreement;
“Purchaser”	XD (HK) Limited, an indirect wholly-owned subsidiary of the Company;
“Ragnarok M”	Ragnarok M: Eternal Love (仙境傳說:守護永恆的愛);
“Registered Shareholders”	Xindong Holding Co., Ltd. (心動控股有限公司), Shanghai Jiexin Investment Management Partnership (Limited Partnership), Fuzhou Tianmeng Digital Company Limited (福州天盟數碼有限公司), Shanghai Muxinyinxi Investment Management Partnership (Limited Partnership), Dongfang Xinghui (Shanghai) Investment Center (Limited Partnership) (東方星輝(上海)投資中心(有限合夥)), Shanghai Yousu Investment Management Co., Ltd. (上海游素投資管理有限公司), Tibet Taifu Culture Media Co., Ltd. (西藏泰富文化傳媒有限公司), Xiamen Qunce Chuangying Equity Investment Partnership (Limited Partnership), Xiamen Jixiang Equity Investment Co., Ltd. (廈門吉相股權投資有限公司), Tianjin Jinwutong Investment Management Partnership (Limited Partnership) and the Relevant Individual Shareholders (including Mr. Huang Yimeng, Mr. Dai Yunjie, Mr. Zhao Yuyao, Mr. Hong Shen, Mr. Shen Sheng, Mr. Wang Chenguang, Mr. Pan Zuqiang, Ms. Zhang Aifen, Ms. Chen Ying, Mr. Jia Shaochi, Mr. Huang Yecheng, Ms. Pan Chenping and Mr. Huang Xiwei);
“Relevant Entities”	certain entities in which X.D. Network also directly or indirectly holds investment in the PRC in addition to the restricted and/or prohibited business of our Company;
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Company;
“Reporting Period”	the financial period for the year ended December 31, 2025;
“RMB”	Renminbi, the lawful currency of the PRC;
“RSU(s)”	restricted share unit(s);

“RSU Holding Entity”	Heart Assets Limited, a company incorporated in the British Virgin Islands holding our Shares pursuant to the RSU Scheme on trust or on behalf of the grantees of our Company;
“RSU Scheme”	the restricted share unit Scheme of our Company adopted on June 3, 2019;
“Senior Management”	the senior management of the Company;
“Series B1 Preferred Share(s)”	the Target Company’s Series B1 preferred shares of par value US\$0.0001 each;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“SGD”	Singapore dollars, the lawful currency of Singapore;
“Shanghai Maichuang”	Shanghai Maichuang Network Technology Limited (上海脈創網絡科技有限公司), which is currently held by Mr. Dai Yunjie’s spouse and Independent Third Parties as to 32.00% and 68.00%, respectively, and is therefore an associate of Mr. Dai Yunjie and a connected person of our Company under Rule 14A.07(4) of the Listing Rules;
“Share(s)”	ordinary shares in the share capital of our Company with a par value of US\$0.0001;
“Shareholder(s)”	holder(s) of the Share(s);
“Share Purchase Agreement”	The Series B1 Preferred Share Purchase Agreement entered into among the Company, the Target Company, the Founder Parties and the Major Subsidiaries on August 4, 2025, pursuant to which the Company conditionally agreed to subscribe and purchase, and the Target Company has conditionally agreed to allot and issue, 7,086,420 Series B1 Preferred Shares of the Target Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Strategy and Development Committee”	the strategy and development committee of the Company;
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance;
“Target Company”	MIAO (Cayman) Limited, a company incorporated with limited liability in the Cayman Islands on January 7, 2022;
“USD” or “US\$”	United States dollars, the lawful currency of the United States;
“virtual items”	in-game non-physical items available for purchase, including consumables, avatars, skills, privileges, or other in-game features or functionality;
“web games”	games that are played in a web browser on PC without downloading any client or app;
“WFOE”	XD Interactive Entertainment Co., Ltd. (心動互動娛樂有限公司), a wholly foreign-owned enterprise established in the PRC on June 6, 2019 held by XD (HK) Limited, an indirect wholly-owned company of our Company;
“X.D. Network”	X.D. Network Inc. (心動網絡股份有限公司), a company established in the PRC on July 29, 2011 and our PRC Consolidated Affiliated Entity;
“Yiwan”	Yiwan (Shanghai) Network Science and Technology Co., Ltd. (易玩(上海)網絡科技有限公司), a company established in the PRC on March 28, 2016, and our PRC Consolidated Affiliated Entity; and
“%”	per cent.

