中旭未来

ANNUAL REPORT 2024

ZX Inc. 中旭未来

Stock Code： 9890

（Incorporated in the Cayman Islands with limited liability）

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WU Xubo *(Chairman)*
Ms. WU Xuan *(Chief Operating Officer)*

Independent Non-executive Directors

Ms. SONG Siyun
Mr. QIN Yongde
Ms. ZHENG Yi

AUDIT COMMITTEE

Ms. ZHENG Yi *(Chairlady)*
Ms. SONG Siyun
Mr. QIN Yongde

REMUNERATION COMMITTEE

Ms. SONG Siyun *(Chairlady)*
Mr. WU Xubo
Ms. ZHENG Yi

NOMINATION COMMITTEE

Mr. WU Xubo *(Chairman)*
Ms. SONG Siyun
Ms. ZHENG Yi

CHIEF EXECUTIVE OFFICER

Ms. LIANG Wenhong (since August 30, 2024)*
Mr. WU Xubo (until August 30, 2024)*

COMPANY SECRETARY

Ms. TSANG Wing Man

COMPLIANCE ADVISER

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

AUTHORIZED REPRESENTATIVES

Mr. WU Xubo
Ms. TSANG Wing Man

AUDITOR

Ernst & Young
Certified Public Accountant and Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

HONG KONG LEGAL ADVISER

Kirkland & Ellis
26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

REGISTERED OFFICE

190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN THE PRC

Floors 41, 62 to 66
Canton Financial Center ("**CFC Huijin Center**")
656 Huangpu Avenue
Tianhe District, Guangzhou
Guangdong
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 AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG SHARE REGISTRAR

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

INVESTOR RELATIONS

Email: IR@ZX.COM

COMPANY'S WEBSITE

http://www.zx.com/

STOCK CODE

9890

Note: For the purpose of achieving better corporate governance of the Company, with effect from August 30, 2024, Mr. WU Xubo ceased to be the CEO with Ms. LIANG Wenhong being appointed to succeed his position. Please refer to the Company's announcement dated August 30, 2024 for further details.

Five-Year Financial Summary

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the Year Ended December 31,				
	2024	2023	2022	2021	2020
	(RMB in thousands)				
Revenue	**5,580,112**	6,514,585	8,817,221	5,735,718	2,872,393
Gross profit	**4,024,343**	4,573,318	6,409,690	4,738,359	2,439,364
Profit/(Loss) before tax	**98,415**	413,391	601,575	680,131	(1,223,845)
Profit/(Loss) for the year	**44,019**	273,289	491,522	616,441	(1,301,103)
(Loss)/Earnings per share attributable to ordinary equity holders of the parent					
Basic (RMB)	**(—*)**	0.47	9.65	N/A	N/A
Diluted (RMB)	**(—*)**	0.46	9.60	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of December 31,				
	2024	2023	2022	2021	2020
	(RMB in thousands)				
Total non-current assets	**1,599,422**	3,204,232	4,181,409	2,766,389	1,573,353
Total current assets	**3,964,252**	4,063,978	5,617,497	3,792,038	2,288,759
Total non-current liabilities	**39,466**	156,228	199,904	194,218	137,477
Total current liabilities	**3,101,143**	4,836,197	7,889,966	5,189,978	3,062,453
Total Equity	**2,423,065**	2,275,785	1,709,036	1,174,231	662,182

* Less than 0.01

Letter to Shareholders

Dear Shareholders,

On behalf of the Board (the "**Board**") of Directors (the "**Directors**") of ZX Inc. (the "**Company**"), I am pleased to present to all Shareholders the annual performance report of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2024.

EMBARKATION AND EXPLORATION

In today's landscape of intricate geopolitical dynamics, rapid technological iteration, and increasingly fierce market competition, we deeply recognize that to embrace a prosperous and sustainable future, we cannot rest solely on past achievements and experience, but must also keep pace with the times and continuously innovate and progress. Therefore, we have resolutely ventured beyond our comfort zone and embarked a profound "AI+gaming" strategic transformation, expanding overseas market development, restructuring our product matrix, adjusting our talent structure, promoting the integration of AI across business operations, actively exploring the development path of innovative fields and emerging markets, and accumulating strength for opening a new chapter.

CLASSIC CONTINUATION, CONSTANT INNOVATION

Classic IP game products have always been our core operational offerings. Driven by a commitment to innovation-driven development, our team continuously strengthens our IP ecosystem layout and deepen user community engagement through iterating product content and optimizing multi-platform game distribution strategies. At the same time, we leverage intelligent data analysis to make precise decisions, dynamically adjusting operational strategies and responding to market changes with agile and efficient execution.

In 2024, building upon our existing classic IP resources of "Legend" (「傳奇」), "Soul Land" (「鬥羅大陸」), "Yulgang" (「熱血江湖」), and "MU" (「奇跡」), we successfully introduced a series of high-quality IP resources to further enrich our product portfolio. Various heavyweight games with diverse themes and rich genres are also under intensive development, aiming to shine brightly in 2025.

STRATEGIC TRANSFORMATION, FUTURE MOMENTUM

In 2024, building upon our past experience of publishing ARPG (action role-playing games) and MMORPG (massively multiplayer online role-playing games), we entered the SLG (simulation games) track for the first time, and officially launched the first real animal exploration strategy online mobile game "Beast Lord: The New Land" (《野獸領主：新世界》) in Chinese Mainland in June. This game offers players an unprecedented gaming experience with its unique creativity and deep strategic gameplay. In October, we launched the dual platform casual game "Tiny Troopers" (《小兵大作戰》) for mobile and mini programs, further enriching our product portfolio and satisfying the diverse gaming needs of players.

SAILING OVERSEAS AND SPREADING CULTURE

As practitioners of the globalization strategy of China's gaming industry, we are always committed to building a professional gaming ecosystem platform for game export. After years of technological accumulation and deep market cultivation, our overseas business has achieved breakthrough growth through deepening the "global distribution+local cultural adaptation" dual-wheel strategy, combined with the comprehensive collaboration through overseas market KOL cultivation and in-depth community cooperation. During the Reporting Period, revenue from overseas business reached RMB623.4 million, representing a year-on-year increase of 44.9% compared to 2023, accounting for 11.2% of total revenue for the same year. As of December 31, 2024, we had successfully released and operated over 30 multilingual games in 11 different language versions in multiple international markets, and had achieved impressive rankings for multiple game products.

EMBRACING AI COMPREHENSIVELY, USHERING IN A NEW ERA OF GAMING

We fully recognize that AI technology is a key driving force for the future development of the gaming industry. Therefore, we are taking the lead in strategic layout in the field of AI. Our independently developed "Hetu" (河圖) and "Luoshu" (洛書) systems effectively help us achieve efficiency improvement in precise targeting and traffic optimization. In early 2024, we launched the "X" intelligent marketing platform, which uses AI technology to predict industry trends, improve advertising accuracy, and meet the needs of the game advertising and marketing.

In June 2024, we established Hong Kong Yuanda Future Limited (香港遠達未來有限公司) in Hong Kong, a wholly-owned subsidiary focused on AI technology research and application.

In February 2025, we completed the comprehensive integration of the domestic open-source model DeepSeek, deeply empowering core businesses including game publishing, operation, and research and development, which will help improve operational efficiency, reduce costs, and optimize player experience.

In March 2025, Yuanda Future entered into a memorandum of cooperation with Hangzhou Kaixing Internet Technology Company Limited (杭州愷興網絡科技有限公司), a wholly-owned subsidiary of Kingnet Network Co., Ltd. (愷英網絡股份有限公司), to jointly invest in AI technology companies and promote the development of AI big model technology in the gaming field.

Through introducing AI technology, we have effectively improved the efficiency of art design, enhanced the rendering effect and fluidity of game graphics, and enriched the creative operation content. In addition, we encourage employees to propose and practice new game ideas, enabling us to continuously bring high-quality and creative game content to the market. We believe that only through continuous innovation can we stand out in the fierce market competition.

OPTIMIZING TALENT STRUCTURE AND ENHANCING CORE COMPETITIVENESS

Talents are the most valuable assets of a company. To address the challenges of the transition period, we continuously optimize our talent structure and strengthen internal training to enhance employees' professional skills and innovation abilities, ensuring that our team can keep up with industry development trends to continuously improve our core competitiveness. We believe that a dynamic and innovative young team will be the key to our future success.

FUTURE PROSPECTS

The year of 2025 is a year full of anticipation and also marks the tenth anniversary of the establishment of our "Tanwan" (貪玩遊戲) brand.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all the Directors and employees for their efforts and contributions. At the same time, I would like to sincerely thank all customers, business partners, and Shareholders for their full trust and firm support.

ZX Inc.
Chairman
Wu Xubo

Management Discussion and Analysis

BUSINESS OVERVIEW AND OUTLOOK

1. INDUSTRY

1.1 Industry Overview

According to the 2024 China Gaming Industry Global Expansion Research Report (《2024中國遊戲出海研究報告》) released by Gamma Data in January 2025, the global gaming market size reached RMB1,216.34 billion in 2024, representing a year-on-year increase of 3.31%. Among it, the global mobile gaming market size in 2024 was RMB635.57 billion, representing a year-on-year increase of 4.83%. The trend of slowing growth of the global mobile gaming market was becoming increasingly prominent.

According to the 2024 China Gaming Industry Report (《2024年中國遊戲產業報告》) jointly released by the Game Publishing Committee of China Audio-video and Digital Publishing Association (中國音數協遊戲工委) and the Expert Committee on Game Industry Research (遊戲產業研究專家委員會), in 2024, the actual sales revenue of Chinese domestic gaming market was RMB325.78 billion, representing a year-on-year increase of 7.53%. In 2024, the number of game users in China reached RMB674 million, representing a year-on-year increase of 0.94% and reaching a historical high.

1.2 Regulatory Overview

In August 2024, the State Council issued the Opinions on Promoting High Quality Development of Service Consumption (《關於促進服務消費高質量發展的意見》) (the "**Opinions**"), which outlined key tasks in improving consumption vitality, including stimulating cultural and entertainment sectors, and further proposed new requirements to encourage the development of new formats such as "improving the quality of online literature, online performances, online games, radio and television, and online audio-visual content." The release of the Opinions is conducive to stimulate the endogenous driving force of service consumption through innovation, providing favorable support for the high-quality development of the gaming industry, and better meeting the personalized, diversified, and high-quality service consumption needs of consumers.

On January 1, 2024, the Regulations on the Online Protection of Minors (《未成年人網絡保護條例》) officially came into effect, focusing on improving the system and mechanism for the online protection of minors, promoting minors' internet literacy, strengthening the construction of online content, protecting minors' personal information, and preventing minors from becoming addicted to the internet. In May 2024, the Internet Society of China further issued the group standards (draft for comments) of the Management Requirements for Online Game Services for Minors (《未成年人網絡遊戲服務管理要求》團體標注(徵求意見稿)) (the "**Management Requirements**"), proposed detailed refund standards and suggestions for the first time, and clearly divided the proportion of responsibility among online game service providers, guardians and other responsible parties based on their respective degrees of fault. Our Company has developed corresponding mechanisms for managing underage consumption in accordance with the standards of the Management Requirements, including process management mechanisms, amount management mechanisms, notification management mechanisms, complaint and refund management mechanisms, to create a clear and healthy online space for minors.

In March 2024, the State Council issued the Implementation Regulations of the Consumer Rights and Interests Protection Law of the People's Republic of China (《中華人民共和國消費者權益保護法實施條例》), which clarified that the state will increase efforts to protect the legitimate rights and interests of consumers, establish and enhance a comprehensive governance system for consumer rights protection that combines business operators' legal compliance, industry self-discipline, consumer participation, government supervision, and social supervision. The Company attaches great importance to compliance management in game operation and promotion, and continuously improves internal governance and risk control systems to safeguard consumer rights.

2. MAIN STRATEGIES AND BUSINESS OVERVIEW OF THE COMPANY

We are a leading online game publisher committed to providing high-quality games to players around the world. We distribute and operate online games (especially mobile games) developed by our clients through the "Tan Wan" (貪玩遊戲) brand.

During the Reporting Period, the Group achieved a revenue of RMB5,580.1 million (2023: RMB6,514.6 million). The net profit of the Group for the year was RMB44.0 million (2023: RMB273.3 million), and the Group recorded net loss of RMB385.0 million for the six months ended June 30, 2024. The overseas business revenue was RMB623.4 million in 2024, representing a year-on-year increase of 44.9% compared to RMB430.3 million in 2023, accounting for 11.2% of total revenue in 2024, representing an increase by 4.6 percentage points from 6.6% in 2023.

Our Group's core strategy focuses on product matrix innovation (diversified and refined product matrix strategy), technology-driven development ("AI+" strategy), and overseas expansion (globalization strategy).

2.1 Diversified and refined product matrix strategy

Our Company follows a "diversification + refinement" core strategy to build a game product matrix covering all categories and user groups, forming a differentiated competitive advantage. Our Company's game product matrix is mainly divided into four categories: classic IP games, boutique new IP games, multi-track innovative games, and multi-platform mini program games.

(1) Long-term operation of classic IP, continuous iteration to stimulate new vitality

Relying on the continuous iteration and content renewal of classic IPs, the core game products operated by our Company, such as flagship IP games like "Legend"「傳奇」, "MU"「奇蹟」" and "Yulgang"「熱血江湖」have maintained stable user activity, demonstrating our continuous enhancement in game lifecycle management capabilities.

During the Reporting Period, the "Legend" IP games operated by our Company mainly included "Legend of Origin" (《原始傳奇》), "Legend of Guyun" (《古雲傳奇》), and "City of Dragontrail" (《龍跡之城》). In addition, "Legend of Longteng" (《龍騰傳奇》) was released on January 14, 2025. The "Legend" game series are mainly MMORPGs (massively multiplayer online role-playing games). Such game category has a high degree of freedom in gameplay, with core gameplay including killing monsters to level up, equipment collection, character development and PK competition. It also provides rich PVE (player versus environment) gameplay (such as dungeons, missions, etc.) and exciting PVP (player versus player) gameplay (such as arenas, guild sieges, etc.). In addition, the "Legend" game series consistently maintain innovative concepts, continuously launching new versions and gameplay, which has enabled the "Legend" game series to maintain strong vitality for 20 years. At the same time, "Legend of Origin" has been released across multiple platforms, including mobile App, mini program and PC, providing more choices for players with different needs. According to relevant reports, the "Legend" game series market size was of RMB20 to 30 billion in recent years[1]. Among the total China's gaming industry of RMB325.783 billion in 2024, the "Legend" game series accounted for approximately 6.1% to 9.2%.

"MU" and "Yulgang" are both classic IPs. In keeping classic games evergreen, we consistently provide front-line promotion services. Our team constantly iterates product versions, introduces new content, and activates the vitality of classic IPs. We not only cultivate classic IPs domestically, but also deeply explore the maximum value of these IPs and expand the overseas development potential of classic IPs.

[1] Source: DataEye, March 4, 2021, Issue 106, "The 'Legend' Game Series — Special Research Report"; iResearch, "The white paper on the 'Legend' Game Market in China in 2024".

(2) New IP boutique development, exploring unlimited potential

We cooperate with numerous well-known IP holders, use the two-pronged approach of "investment + cooperation" to vigorously release high-quality IP games, deeply understand the essence of IPs, and explore the unlimited potential of IPs.

In January 2024, we jointly released "Soul Land: Shrek Academy" (《鬥羅大陸：史萊克學院》) with CMGE Technology Group Limited (中手遊科技集團有限公司), a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 00302). As the first large open world team battle massive multiplayer online mobile game operated by our Group, this game topped the App Store iOS Free List and TapTap's Hot Game List on its first day of release.

Currently, we are also conducting game testing for "Soul Land: Legend of Evil Slayer" (《鬥羅大陸：誅邪傳説》). "Soul Land: Legend of Evil Slayer" is a domestic online game developed by Kingnet Network Co., Ltd. (愷英網絡股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 002517), which integrates a large open world, multiplayer online experience, rich storyline, and diverse gameplay. On the TapTap platform, the game reached the top position on the Android ("**安卓**") Game Reservation List, with a high reservation volume of 160,000 times.

(3) Using innovation as a pivot, laying out new game tracks

We have been trying to innovate and break through in multi-track games, releasing various types of games such as simulation games ("**SLG**"), simulation management, cards, tower defense, role playing games ("**RPG**"), casual fusion RPG, etc.

In June 2024, we launched the blockbuster online mobile SLG "Beast Lord: The New Land" (《野獸領主：新世界》), which topped multiple charts including the iOS Free List upon its launch. This game is also the first online mobile exploration SLG featured with real animals themes in Chinese Mainland, which is a new breakthrough for us to layout multi-category game tracks and create a diversified game product matrix.

(4) Customer first, exploring core player needs through multi-platform distribution

We actively seek multi-platform layout, expanding to the mini-game market include heavy and light leisure game. The game products that we operate include "Tiny Troopers" (小兵大作戰), "Legend of Origin" (原始傳奇), and "The Dragon Slashes in A Vages" (狂龍怒斬). Among them, "Tiny Troopers" is a multi-player fast-paced casual competitive mobile game released by us. On its first day of launch, it topped the App Store iOS Free List. It was also released on the mini-program platform, reaching the top 4 of the WeChat ("**微信**") Mini-Game Best-Selling List.

2.2 "AI+" strategic system

We take data-driven as the core and build a full chain digital intelligence system covering research and development, operation, and user services. Based on our independently-developed platforms — the independently-developed intelligent end-user engagement platform Luoshu (洛書) and the business intelligence analysis system Hetu (河圖), we launched the "X" intelligent marketing platform in 2024. Since their launch, these platforms have accumulated hundred billions times of machine learning training sets. In addition, we have established a wholly-owned subsidiary, Hong Kong Yuanda Future Limited (香港遠達未來有限公司) in Hong Kong, mainly engaged in the application and development of AI technology in the gaming industry, and is dedicated to integrating AI technology into in-game art production, creative copywriting, video generation, intelligent assistance, collaborative work and other areas of operations, and further applying AI algorithms and AI-generated content technology to optimize game operation and promotion, creating new gameplay and experiences for players.

2.3 Deepening the layout of globalization

After years of accumulation, we have achieved breakthrough growth in our overseas business during the Reporting Period by deepening the dual engine of "global distribution + local cultural adaptation" and collaborating deeply with overseas KOLs and communities. As of December 31, 2024, we had successfully released and operated over 30 multilingual games in 11 different language versions in multiple international markets including Southeast Asia, Hong Kong, Macao and Taiwan regions of China, Japan, South Korea, Europe and the United States. Several of our game products have achieved outstanding rankings on top charts. In addition, we have 17 game reserve products ready for release.

"MU: Dragon Harvoc" (《奇蹟MU：無限金蛋》), a classic IP game within the "MU" series, gained 800 thousand new users in its first month of release in Vietnam. It ranked first on both Google Play and App Store iOS Free List and Best-Selling List in Taiwan region and Vietnam, and continued to dominate the lists for over three months.

The classic IP "Yulgang" martial arts fighting mobile game "Yulgang: Return" (《熱血江湖：歸來》) was downloaded 100 thousand times on its first day of release in Taiwan region, ranking first on the Google Play and App Store iOS Free Lists, first on App Store iOS Best-Selling List, and top 5 on Google Play Best-Selling List. The Thai version of "Yulgang", "Yulgang: จุติยุทธภพเลือดใหม่", topped both the Thai App Store iOS and Google Play Lists, with a total of 800 thousand pre-registered and pre-booked users on channels including Meta, Google Play, and Tiktok.

3. OUTLOOK

We always prioritize player experience, deepen strategic collaboration with research and development partners, continuously explore the value of game IPs, and promote the upgrading of the global gaming industry through high-quality content output.

Product matrix layout: We still adhere to a high-quality and diversified product matrix, laying out new game categories and introducing more high-quality IPs. We have multiple IP reserves including "Legend", "MU", "Yulgang", and "The Smiling Proud Wanderer", covering different tracks such as open-world, Chinese style martial arts, and action adventure. Corresponding game products are also being developed in an orderly manner.

Upgrade of intelligent operation system: We will maintain closer cooperation with game developers, jointly exploring the core needs of players, creating comprehensive integrated promotion, and bringing players a novel gaming experience.

AI technology integration: The application of AI technology has enabled a deeper level of intelligence in the user acquisition process of game publishing, helping us efficiently and accurately reach end users, and improving the return of investment (ROI) ratio of traffic acquisition. We will continue to explore the important applications of AI in NPC dialogue and scene generation, and further integrate AI technology with existing businesses to promote our move towards digitization and high-quality development.

Deepen the promotion of globalization strategy: We will promote diversified layout towards globalization, bringing high-quality game products from China to Southeast Asia, Europe and America, and then to the Middle East market.

Obtaining game publication numbers: We have successfully obtained game publication numbers for multiple high-quality games that we distribute as a publisher, including "Free Jianghu" (《自在江湖》), "Kingdom Crisis" (《王國危機》), "The Smiling Proud Wanderer: The Legend of Heroes" (《笑傲江湖：群俠傳》), and "Yulgang: Awakening" (《熱血江湖：覺醒》). Our rich game reserves have laid a solid foundation for our development.

Management Discussion and Analysis

FINANCIAL DISCUSSION AND ANALYSIS

Revenue

Our revenue is generated primarily from (i) marketing and operating online games developed by game developers and marketing online literature products and video clips developed by content creators; and (ii) our consumer product business, primarily including sales of our private-label and local-flavor rice noodle products and other fast consumer foods under the brand "Zha Zha Hui" (渣渣灰).

The following table sets forth a breakdown of our revenue both in absolute amount and as a percentage of our total revenue for the years indicated:

	For the Year Ended December 31,			
	2024		2023	
	(RMB'000)	**%**	*(RMB'000)*	%
Online Game Publishing Business and Other Marketing Business				
Game products operated under the self-run model	**4,118,801**	**73.9%**	4,264,462	65.4%
— Collaboration with game developers	**3,844,380**	**69.0%**	3,747,693	57.5%
— Collaboration with game publishers	**11,438**	**0.2%**	58,818	0.9%
— Self-owned game	**262,983**	**4.7%**	457,951	7.0%
Game products operated under the joint-run model	**1,329,845**	**23.8%**	1,944,848	29.9%
— Collaboration with game developers	**1,168,932**	**20.9%**	1,548,414	23.8%
— Self-owned game	**160,913**	**2.9%**	396,434	6.1%
Others	**29,265**	**0.5%**	91,618	1.5%
Subtotal	**5,477,911**	**98.2%**	6,300,928	96.7%
Consumer Product Business	**102,201**	**1.8%**	213,657	3.3%
Total	**5,580,112**	**100.0%**	6,514,585	100.0%

Our Group's revenue for the year ended December 31, 2024 was RMB5,580.1 million, representing a decrease of 14.3% from RMB6,514.6 million in 2023. The decrease was mainly due to (i) a decrease in revenue generated from the game products we marketed and operated under the joint-run model as certain existing game products entered into a later stage of their lifecycle; (ii) new games launched for the layout of the new game category tracks being in the early stages of their payback period, which had not yet fully realized revenue contribution potential; and (iii) a decrease in revenue generated from consumer product business and other non-game business, mainly due to our Group's strategical focus on our core business of marketing and operating game products.

Online Game Publishing Business and Other Marketing Business

For the year ended December 31, 2024, revenue generated from the game products we market and operate under the self-run model was RMB4,118.8 million, representing a decrease of 3.4% from RMB4,264.5 million in 2023. The decrease was mainly due to (i) new games launched for the layout of the new game category tracks being in the early stages of their payback period, which had not yet fully realized revenue contribution potential; and (ii) a decrease in revenue as certain existing game products entered into a later stage of their lifecycle. In 2024, revenue generated from the game products we market and operate under the joint-run model was RMB1,329.8 million, representing a decrease of 31.6% from RMB1,944.8 million in 2023. The decrease was mainly because certain existing game products entered a later stage of their lifecycle.

Revenue generated from other marketing business, primarily revenue from marketing online literature products and video clips, decreased by 68.0% from RMB91.6 million for the year ended December 31, 2023 to RMB29.3 million for the year ended December 31, 2024, which was mainly due to our Group's strategical focus on our core business of marketing and operating game products.

Consumer Product Business

Revenue generated from consumer product business, primarily including sales of our private-label and local-flavor rice noodle products and other fast consumer foods under the brand "Zha Zha Hui", decreased by 52.2% from RMB213.7 million for the year ended December 31, 2023 to RMB102.2 million for the year ended December 31, 2024. The decrease was mainly due to (i) our Group's strategical focus on our core business of marketing and operating game products; and (ii) the intense market competition in the consumer product sector.

Cost of Sales

In 2024, the Group's cost of sales was RMB1,555.8 million, representing a decrease of 19.9% from RMB1,941.3 million in 2023, mainly due to a decrease in gross billings generated by game products under the joint-run model, leading to a reduction in commissions to third-party distribution channels.

Gross Profit and Gross Profit Margin

In 2024, the Group's total gross profit was RMB4,024.3 million, representing a decrease of 12.0% from RMB4,573.3 million in 2023, primarily due to greater decrease in revenue than decrease in cost of sales.

The Group's gross profit margin remained relatively stable at 70.2% and 72.1% in 2023 and 2024, respectively.

Other Income and Gains

In 2024, the Group's other income and gains were RMB162.9 million, representing a decrease of 65.2% from RMB468.1 million in 2023, primarily due to a decrease in investment income from financial assets at fair value through profit or loss ("**FVTPL**") in relation to disposal of shares of other listed company held by the Group.

Selling and Distribution Expenses

In 2024, the Group's selling and distribution expenses were RMB3,516.7 million, representing a decrease of 9.4% from RMB3,880.2 million in 2023. This was mainly because although we enhanced promotion for our new game products in the first half of 2024, we did not launch new blockbuster games requiring significant marketing and promotional efforts in the second half of 2024.

Management Discussion and Analysis

Administrative Expenses

In 2024, the Group's administrative expenses were RMB192.1 million, representing a decrease of 27.6% from RMB265.3 million in 2023. This was mainly because (i) no listing expenses were recorded in 2024, and (ii) the share-based compensation relevant to administrative personnel recorded in 2024 decreased.

R&D Costs

In 2024, the Group's R&D costs were RMB127.7 million, representing a decrease of 25.4% from RMB171.2 million in 2023, mainly due to a decrease in employee benefits relevant to R&D personnel, including share-based compensation recorded in 2024.

Other Expenses

In 2024, the Group's other expenses were RMB107.4 million, representing a decrease of 48.4% from RMB208.3 million in 2023. The change was primarily due to (i) an increase in impairment losses on assets relating to prepayments of licensing fees to game developers, which were incurred as a result of the delay in the launch schedules of certain licensed games; (ii) a decrease in fair value gains on financial assets at FVTPL in relation to shares of other listed company held by the Group; (iii) an increase in impairment losses on fixed assets; and (iv) impairment losses on goodwill relating to one of our wholly-owned subsidiaries.

Finance Costs

In 2024, the Group's finance costs were RMB42.5 million, representing a decrease of 55.0% from RMB94.3 million in 2023. The decrease was mainly due to a decrease in the finance cost of bills payable, which was in line with a decrease in the Group's bills payable.

Share of Profits of Joint Ventures

In 2024, the Group recorded share of profits of RMB10.9 million, representing an increase of 70.3% from RMB6.4 million in 2023. This change was mainly due to an increase in share of profits recorded from our joint venture, Zhejiang Xuwan Technology Co., Ltd. (浙江旭玩科技有限公司).

Share of Profits and Losses of Associates

In 2024, the Group recorded share of profits of RMB21.9 million, as compared to share of losses of RMB13.3 million in 2023. The change was mainly due to an increase in share of profits recorded from our associate Shanghai Dehan Technology Co., Ltd. (上海德寒科技有限公司) in 2024.

Income Tax Expense

In 2024, the Group recorded income tax expense of RMB54.4 million, representing a decrease of 61.2% from RMB140.1 million in 2023. The decrease was mainly due to a decrease in profit before tax, resulting in a decrease in the provision for income tax for the relevant period.

Profit for the Year

As a result of the foregoing, the Group's net profit was RMB44.0 million in 2024, representing a decrease of 83.9% from RMB273.3 million in 2023.

Goodwill

As of December31, 2024, the Group's goodwill was nil (December 31, 2023: RMB27.9 million). The decrease in goodwill was mainly because the goodwill of the Group's wholly-owned subsidiary Guangzhou Chichi Network Technology Co., Ltd. (廣州吃吃網絡科技有限公司) had been written down to nil due to (i) the unsatisfactory operation of the Group's consumer product business during the Reporting Period; and (ii) the Group's strategical focus on its core business of marketing and operating game products.

Trade Receivables

As of December 31, 2024, the Group's net trade receivables were RMB237.2 million, representing a decrease of 23.7% from RMB310.7 million as of December 31, 2023, which was in line with the decrease in the Group's revenue.

Trade Payables

The Group's trade payables remained relatively stable at RMB466.1 million and RMB475.5 million as of December 31, 2023 and 2024, respectively.

Bills Payable

As of December 31, 2024, the Group's bills payable were RMB1,530.1 million, representing a decrease of 45.5% from RMB2,806.6 million as of December 31, 2023, mainly due to a reduction in payments to suppliers settled using bank acceptance bills during the Reporting Period.

Liquidity and Capital Resources

As of December 31, 2024, the Group had cash and cash equivalents of RMB515.0 million (December 31, 2023: RMB486.9 million), representing cash and bank balance, net of restricted cash. Cash and cash equivalents were held in RMB, HK dollars, US dollars, Japanese yen and Euro. Going forward, the Group believes that its liquidity requirements will be satisfied by using a combination of cash generated from operating activities, funds raised from the capital markets from time to time and the net proceeds received from the Global Offering. The Group currently does not have any other plans for material additional external financing.

Bank Borrowings

As of December 31, 2024, the Group had interest-bearing bank and other borrowings of RMB199.6 million (December 31, 2023: RMB213.7 million). The Group's interest-bearing bank and other borrowings were discounted bills and bank loans provided by commercial banks to the Group, both of which were fully secured by pledges during the ordinary course of business. The interest-bearing bank and other borrowings were denominated in RMB and bore interests at rates ranging from 1.0% to 2.8% per annum.

Gearing Ratio

The Group monitored its capital sufficiency using gearing ratio. As of December 31, 2024, the Group's gearing ratio (debt, including interest-bearing bank borrowings and lease liabilities, as a percentage of total equity as of the end of the relevant reporting period) was 0.10 (December 31, 2023: 0.18).

Current Ratio

As of December 31, 2024, the Group's current ratio (total current assets divided by total current liabilities as of the end of the relevant reporting period) was 1.28 (December 31, 2023: 0.84).

Significant Investments, Material Acquisitions and Disposals

As of December 31, 2024, the Group held no significant investments (including any investments in target companies with a value equal to or exceeding 5% of the Group's total assets).

For the year ended December 31, 2024, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

Future Plans for Material Investments and Capital Assets

As of December 31, 2024, the Group had no specific plan for material investments and acquisition or disposal of capital assets.

Management Discussion and Analysis

Capital Expenditure

For the year ended December 31, 2024, total capital expenditure amounted to approximately RMB50.7 million (2023: RMB23.0 million), which was used for the purchase of properties and equipments and other intangible assets.

Contingent Liabilities

As of December 31, 2024, the Group did not have any material contingent liabilities, guarantees of any litigations or claims of material importance, pending or threatened against any member of the Company. In March 2024, the Group settled previous civil litigation disclosed in its annual report for the year of 2023 with ChuanQi IP Co., Ltd., as the plaintiff, with respect to collaboration and other ancillary documents on and the website established for the PC version of The Legend of Mir II (熱血傳奇). ChuanQi IP Co., Ltd. withdrew the lawsuit from the High People's Court of Fujian Province in March 2024.

Foreign Exchange Risk and Hedging

The Group's financial statements were expressed in RMB, but the Group undertook certain transactions in foreign currencies, which exposed the Group to foreign currency risk. The Group currently does not hold any financial instruments for hedging purposes. The Group manages its currency risks by closely monitoring the movement of the foreign currency rates and considers hedging significant foreign currency exposure should the need arise.

Employee, Remuneration and Option Scheme

As of December 31, 2024, the Group had 912 employees (December 31, 2023: 1,305), all of whom were based in China. The total remuneration cost incurred by the Group in 2024 was RMB366.5 million, representing a decrease of 26.9% compared to RMB501.7 million in 2023.

The Group compensates its employees with salaries, allowances and benefits in kind, equity-settled share payment expenses and pension scheme contributions. The Group determines employees' compensation packages on the basis of work performance and the market standard of remuneration. The Group also makes sufficient provisions for the social insurance and housing provident fund contributions as required by the PRC laws and regulations.

The Group has also adopted a pre-IPO share option plan to provide incentives for eligible participants who contribute to the success of the Group's operations, including among others, employees of the Group. Please refer to the section headed "Statutory and General Information — D. Pre-IPO Share Option Plans" in Appendix IV to the Prospectus for further details.

For the year ended December 31, 2024, the Group did not experience any material labor disputes or strikes that may have a material and adverse effect on its business, financial condition or results of operations, or any difficulty in recruiting employees.

Charge on Assets

As of December 31, 2024, the Group had pledged (i) time deposits of RMB2,176.3 million (December 31, 2023: RMB4,183.4 million) and (ii) fixed assets and investment properties with a total carrying amount of RMB56.6 million (December 31, 2023: nil), which had been acting as a security for the discounted bills, bills payable and bank loans made available to the Group.

EXECUTIVE DIRECTORS

Mr. WU Xubo (吳旭波), aged 39, is the co-founder, executive Director, chairman. He has been a deputy to the 14th People's Congress of Jiangxi Province (江西省第十四屆人民代表大會代表) since 2023. Mr. WU has extensive experience of over 18 years in the internet technology industry. He was awarded or listed for several honors, including among others, The 19th China Brand Leaders Annual Conference (CBLS 2024) "Top 10 Chinese Brand Leaders of 2024"（第十九屆中國品牌領袖年會（CBLS 2024）「2024中國十大品牌領袖」）, Hurun China Under 40s 2023 (2023胡潤U40中國創業先鋒), 2023 Guangzhou Good Netizen Selection Activity — the Society Big Beloved Netizen (2023廣州好網民評選活動社會大愛好網民), Honour Award — 2023 "Outstanding Caring Entrepreneur" (奧納獎—2023年度"傑出愛心企業家"), "Excellent Entrepreneur of China Game Industry 2022" in the China Game Industry Annual Conference (中國遊戲行業年會"2022年中國遊戲行業優秀企業家"), "Philanthropist of the Year" (年度公益人物) of the 12th Philanthropy Festival (第十二屆公益節), Top 10 Entrepreneurs in Shangrao (上饒十大企業家), The 15th "Top Ten Outstanding Youths in Shangrao" (第十五屆"上饒十大傑出青年") and 40 People and 40 Events in 40 Years of Reform and Opening Up in Shangrao (上饒改革開放40年40人40事).

Mr. WU has been the chairman and a director of Jiangxi Tanwan since he founded the Group in May 2015. Prior to that, Mr. WU worked in Guangzhou Weidong Network Technology Co., Ltd. (廣州維動網絡科技有限公司) ("**Guangzhou Weidong**"), a company focusing on web game operation and marketing, with his last position being the marketing director, from December 2008 to January 2015, responsible for overall marketing affairs, where he co-founded the 91wan Web Game Platform (91wan網頁遊戲平台).

Mr. WU obtained a college diploma of judicial police from Jiangxi Judicial Police Vocational College (江西司法警官職業學院) in the PRC in July 2006.

Ms. WU Xuan (吳璇), aged 40, is the co-founder, executive Director and chief operating officer. Ms. WU has extensive experience of over 17 years in the internet technology industry. Ms. WU was recognized as 2021 Industry Influencers (2021行業影響力人物) by the 10th China Finance Summit in July 2021 and recognized on 2020 China's New Growth Pioneers List (2020中國新增長先鋒人物榜) by Harvard Business Review in December 2020. Ms. WU has been a board member of Effie Performance Marketing Award (艾菲效果營銷獎) since September 2020 and served as a judge of the 2021 Effie Performance Marketing Award Finals (艾菲效果營銷獎終審).

Ms. WU has been a director of Jiangxi Tanwan since May 2015. Prior to that, Ms. WU worked in Guangzhou Weidong from December 2008 to March 2015 with her last position being a marketing director, where she co-founded the 91wan Web Game Platform (91wan網頁遊戲平台).

Ms. WU obtained a bachelor degree in human resource management from South China Normal University (華南師範大學) in the PRC through part-time study in January 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. SONG Siyun (宋司筠), aged 37, was appointed as an independent non-executive Director on March 30, 2023.

Ms. SONG served as a partner of Golden Vision Capital from August 2020 to October 2021. Prior to that, Ms. SONG served as (i) a director in the investment banking department of GF Securities Co., Ltd., a public company listed on the Stock Exchange (stock code: 01776) and the Shenzhen Stock Exchange (stock code: 000776), where she was responsible for equity financing services including corporate initial public offerings and private placements, from August 2008 to May 2015; (ii) a managing director of Zhongrong International Trust Co., Ltd. (中融國際信託有限公司) from July 2016 to December 2017, where she was responsible for the equity investment and listed company business; and (iii) the general manager of Guangzhou Mintou Industry Investment Management Co., Ltd. (廣州民投產業投資管理有限公司) from December 2017 to December 2019, where she was responsible for equity investment in the healthcare industry.

Ms. SONG obtained a bachelor degree in finance from Southwestern University of Finance and Economics (西南財經大學) in the PRC in June 2008. Winding-up Order against Guangdong Keywa Chemical Trading Center Co., Ltd. (廣東奇化化工交易中心股份有限公司) ("**Guangdong Keywa**") of which Ms. SONG Siyun was one of the five directors.

Under Rule 13.51(2)(l) of the Listing Rules, a director must disclose his/her directorship in any company which has been dissolved or put into liquidation (otherwise than by a member's voluntary winding-up when the company, in the case of a Hong Kong company, was solvent) or bankruptcy or been the subject of an analogous proceeding during the period when he/she was one of its directors.

Ms. SONG was appointed as a non-executive director of Guangdong Keywa on December 12, 2018. Guangdong Keywa was established in the PRC on December 18, 2013 and its principal activities were operating online platforms for investments in the chemical trading markets. Compulsory winding-up proceeding was initiated against Guangdong Keywa upon a petition filed by Guangzhou Pinzhong Tax Agent Office Co., Ltd (廣州品中稅務師事務所有限公司) (the "**Petitioner**") to Guangzhou Intermediate People's Court on October 13, 2021 seeking a court order to wind up Guangdong Keywa on the grounds that Guangdong Keywa was indebted to the Petitioner and that Guangdong Keywa was insolvent and unable to pay its debts (the "**Claim**"). The winding-up proceeding against Guangdong Keywa was on-going as of the date of this annual report.

Ms. SONG confirmed that (i) she was merely a non-executive director of Guangdong Keywa and was not involved on any day-to-day management of Guangdong Keywa. Each board meeting Ms. SONG attended since her appointment was on corporate logistic matters such as change in corporate filing and registration; (ii) Ms. SONG and her associates were not related to any other director, shareholder, senior management of Guangdong Keywa or their respective associates; and (iii) since the Claim and up to the date of this annual report, there was no outstanding liability or ongoing claim or litigation against Ms. SONG Siyun in her capacity as a director of Guangdong Keywa.

Mr. QIN Yongde (覃永德), aged 60, was appointed as an independent non-executive Director on March 30, 2023.

Mr. QIN obtained the PRC legal professional qualification in 1989 and has accumulated experiences of more than thirty years in legal practice. Mr. QIN has been a partner and lawyer of Guangdong Neo-ark Law Firm (廣東洛亞律師事務所) since July 2021. Prior to that, Mr. QIN served as (i) the director in Guangdong Neo-ark Law Firm from September 2011 to July 2021; (ii) an independent non-executive director of Guangxi Wuyi Pipe Industry Co., Ltd. (廣西五一管業股份有限公司) from October 2017 to May 2021; (iii) a partner and associate of Guangdong United Intellectus Law Firm (廣東智洋律師事務所) from July 2001 to August 2011; (iv) a partner and associate of Guangxi Sunward Law Firm (廣西欣和律師事務所) from May 1998 to December 2000; and (v) a lecturer at the Law School of Guangxi University (廣西大學) in the PRC from July 1991 to August 1993.

Mr. QIN obtained a bachelor degree of arts in English from Guangxi Normal University (廣西師範大學) in the PRC in July 1985 and a master degree of laws in international law from Sun Yat-sen University (中山大學) in the PRC in July 1990.

Ms. ZHENG Yi (鄭怡), aged 53, was appointed as an independent non-executive Director on March 30, 2023.

Ms. ZHENG is a certified public accountant in the PRC. She served as a government procurement evaluation expert of Sichuan province from September 2022 to December 2024, and has been engaged as an off-campus graduate student tutor at the Accounting School of Southwestern University of Finance and Economics (西南財經大學) in December 2011. Ms. ZHENG also obtained the Board Secretary Qualification of Shanghai Stock Exchange in September 2004.

Ms. ZHENG has been a certified public accountant of Sichuan Tongde Certified Public Accountants Firm Co., Ltd. (四川同德會計師事務所有限公司) since October 2017, focusing on audit and consultation services. Prior to that, Ms. ZHENG served as (i) several senior roles at Chengdu Peoples Department Store (Group) Co., Ltd. (成都人民商場(集團)股份有限公司) (subsequently known as Chengshang Group Co., Ltd. (成商集團股份有限公司) and currently known as Maoye Commercial Co., Ltd. (茂業商業股份有限公司) ("**Maoye Commercial**"), a public company listed on the Shanghai Stock Exchange (stock code: 600828)) from May 1997 to July 2017 with her last position being the financial controller of Maoye Commercial, where she was responsible for overall financial management and accounting matters; and (ii) the board secretary of Maoye Commercial from April 2009 to July 2017 where she was responsible for the information disclosure and maintaining the relationship with investors. Ms. ZHENG was also a director of Maoye Commercial from April 2009 to July 2017.

Ms. ZHENG obtained a bachelor degree in accounting from the Central Broadcast and Television University (中央廣播電視大學) (currently known as The Open University of China (國家開放大學)) and Beijing Technology and Business University (北京工商大學) in the PRC jointly through part-time study in July 2003.

SENIOR MANAGEMENT

In addition to the executive Directors, the senior management team of the Group also includes Ms. Liang Wenhong (梁文紅) Mr. LUO Xihu (羅錫虎).

Ms. Liang Wenhong (梁文紅), aged 36, appointed as CEO on August 30, 2024. From December 2022 to the date immediate before her appointment as the CEO, she served as the vice president of the Group, responsible for the multi-category product development and the overseas game distribution business. From May 2019 to November 2022, she served as the general manager of Hainan Tan Wan Information Technology Co., Ltd. (海南貪玩信息技術有限公司), one of the PRC Operating Entities of the Group, responsible for the game distribution business. From October 2015 to April 2019, she was the marketing director of Jiangxi Tan Wan Information Technology Co., Ltd. (江西貪玩信息技術有限公司), one of the PRC Operating Entities of the Group, responsible for the mobile game advertising business.

Ms. LIANG obtained a bachelor's degree in tourism management from Jinan University (暨南大學) in the PRC in July 2012.

Mr. LUO Xihu (羅錫虎), aged 36, has been the head of operating of the Group since he joined the Group in June 2015. Prior to that, Mr. LUO served as a marketing director in Guangzhou Weidong from July 2010 to March 2015, where he was responsible for external marketing.

Mr. LUO obtained a bachelor degree in management from South China Agricultural University (華南農業大學) in the PRC in July 2010.

Save as disclosed above, none of the Directors and senior management held any directorship in any public companies whose securities were listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

To the best of the Board's knowledge, information and belief, save as disclosed in the annual report, the Directors and senior management do not have any relationship amongst them.

CHANGES TO DIRECTORS' INFORMATION

During the year ended December 31, 2024, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' Report

The Board of the Company is pleased to present this report of Directors together with the consolidated financial statements of the Group for the year ended December 31, 2024.

BOARD OF DIRECTORS

The Board currently comprises two executive Directors and three independent non-executive Directors.

The Directors during the year ended December 31, 2024 and up to the date of this report were:

Executive Directors:

Mr. WU Xubo *(Chairman)*
Ms. WU Xuan *(Chief Operating Officer)*

Independent Non-Executive Directors:

Ms. SONG Siyun
Mr. QIN Yongde
Ms. ZHENG Yi

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on March 18, 2021 as an exempted company with limited liability under the laws of the Cayman Islands. The Company's Shares were listed on the Main Board of the Stock Exchange on September 28, 2023.

PRINCIPAL ACTIVITIES

The Group is a publisher of online game products in China, devoted to marketing and operating online games (in particular mobile games) in China.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 60 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance, including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Letter to Shareholders" and "Management Discussion and Analysis" of this annual report. All such discussions form part of this Directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

- the mobile game industry is highly competitive and the Company's business may be continually affected by newly-launched game products. If the Company is unable to compete effectively with existing or new competitors, its business, financial condition, results of operations and prospectus could be materially and adversely affected;

- the Company operates in a fast-evolving industry and cannot guarantee that it will continually innovate, adapt and respond timely to the rapid changes in end-user preferences. The Company cannot guarantee that it will generate sustainable revenues and profit;

- the historical financial and operating results may not be indicative of the Company's future performance, and it may not be able to achieve and sustain the historical level of revenue and profitability;

- the Company may be subject to IP infringement claims, which may disrupt its business and operations and could be expensive to defend;

- a substantial portion of the revenue was generated from the Company's major clients for marketing and operating game products. If its game products fail to attract and retain users, its business, financial condition and results of operation may be materially and adversely affected;

- the Company is subject to risks associated with its collaborating business partners. Any delay or failure by such parties to successfully perform their obligations, provide reliable or satisfactory services, or operate their businesses could adversely affect the Company's business and results of operations;

- the Company relies on its Hetu (河圖) and Luoshu (洛書) systems to generate certain key operating metrics, and any malfunction or interruption of the technical infrastructure of its Hetu (河圖) and Luoshu (洛書) systems may affect the accuracy of the Company's data analytics;

- our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks. Changes in geopolitical environment, including international trade policies, trade restrictions and sanctions, may adversely impact our business, financial condition and results of operations.

- any failure to maintain or improve the Company's technology system could harm its business and prospects;

- the Group's business generates and processes a large amount of data, and the Company is required to comply with PRC and other applicable laws relating to privacy and cybersecurity. The improper use or disclosure of data could have a material and adverse effect on its business and prospects; and

- if the content contained within the game product is considered inappropriate, the Company's business, financial condition and results of operation may be materially and adversely affected.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

ENVIRONMENTAL POLICIES AND PERFORMANCE

It is the Company's corporate and social responsibility in promoting a sustainable environment, contributing to employee benefits and giving back to community. The Company strives to operate its workplace and data centers in a manner that protects the environment and the health and safety of its employees and communities. During the Reporting Period, the Company was not subject to any material fines or other penalties due to non-compliance with health, safety or environmental regulations.

The 2024 Environmental, Social and Governance Report of the Company is published on the websites of the Stock Exchange and the Company on the same date as the publication of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. For the year ended December 31, 2024, there was no material breach of laws and regulations by the Group.

EMPLOYEE AND REMUNERATION POLICIES

As of December 31, 2024, the Group had 912 employees, all of whom were based in China (including Taiwan and the special administrative regions of Hong Kong and Macau here). The number of employees employed by the Group varies from time to time depending on need. The Company offers its employees competitive compensation packages and a collaborative working environment and, as a result, it has generally been able to attract and retain qualified personnel and maintain a stable, core management team. The Company compensates its employees with salaries, allowances and benefits in kind, equity-settled share payment expenses and pension scheme contributions.

In accordance with the laws and regulations in the PRC, the Group has arranged its PRC employees to join defined contribution plans, including pension, medical, housing and other welfare benefits, organized by the PRC government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees. No forfeited contribution under this scheme is available to reduce the contribution payable in future years. The Group also provides social insurance, including pension insurance, unemployment insurance, work-related injury insurance and medical insurance for the employees of the Group as required by PRC laws and regulations. Particulars of the pension scheme of the Group are set out in note 6 to the consolidated financial statements.

The Group operates a mandatory provident fund scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees.

The Group has also adopted the Pre-IPO Share Option Plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Please refer to the section headed "Pre-IPO Share Option Plan" in this annual report for further details.

The total remuneration cost incurred by the Group for the year ended December 31, 2024 was RMB366.5 million, as compared to RMB501.7 million for the year ended December 31, 2023.

For the year ended December 31, 2024, the Group did not experience any material labor disputes or strikes that may have a material and adverse effect on its business, financial condition or results of operations, or any difficulty in recruiting employees.

MAJOR CLIENTS

For the year ended December 31, 2024, the Company's major clients primarily consisted of developers of game products.

During the Reporting Period, the Company's revenue generated from its five largest clients accounted for 65.4% of its total revenue (2023: 67.6%). During the Reporting Period, the Company's revenue generated from its largest client accounted for 27.2% of its total revenue (2023: 29.0%).

None of the Directors, their respective close associates, or any Shareholder who, to the best of the Directors' knowledge, owns more than 5% of the Company's issued capital, had any interest in any of the five largest clients during the fiscal year ended December 31, 2024.

For the year ended December 31, 2024, the Company did not experience any significant disputes with its clients.

MAJOR SUPPLIERS

For the year ended December 31, 2024, the Company's major suppliers primarily consisted of third-party advertising, marketing and channel distribution service agencies or providers.

During the Reporting Period, the Company's purchase amount from its five largest suppliers accounted for 45.0% of its total purchases (2023: 47.5%). During the Reporting Period, the Company's purchase amount from its largest supplier accounted for 11.8% of its total purchases (2023: 16.6%).

None of the Directors, their respective close associates, or any Shareholder who, to the best of the Directors' knowledge, owns more than 5% of the Company's issued capital, had any interest in any of the five largest suppliers during the fiscal year ended December 31, 2024.

For the year ended December 31, 2024, the Company did not experience any significant disputes with its suppliers.

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group recognizes that various stakeholders including suppliers, employees, Shareholders, and other business associates are key to Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationship with them.

Relationship with Employees

The Group embraces its employees as the most valuable assets of the Group. The objective of the Group's human resources management is to reward and recognize outstanding employees by providing competitive remuneration packages and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group by providing adequate training and opportunities.

Relationship with Clients

The Group maintained good and stable relationship with its existing clients, primarily consisting of developers of game products. As a game product publisher, the Group needs to source and obtain license of game products with great potential to become popular among users from game developers. The Company's operation department and marketing department will routinely monitor the game products newly launched by its major clients and reach out for potential cooperation opportunities from time to time.

Relationship with Suppliers

The Group maintained good and stable relationship with its existing suppliers, primarily consisting of third-party advertising, marketing and channel distribution service agencies or providers. The Group publishes and promotes game products through such major channels. The Company's new media department routinely monitors profit sharing ratio among different channels for benchmarking and cost control purposes.

Relationship with Shareholders

The Group recognizes the importance of protecting the interests of the Shareholders and of having effective communication with them. The Company believes communication with the Shareholders is a two-way process and has thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been done through general meetings, corporate communications, interim and annual reports and results announcements.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 3 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 1 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment of the Group for the year ended December 31, 2024 are set out in Note 13 to the consolidated financial statements.

During the Reporting Period, the percentage ratios of the Company's properties held for development and/or sale or for investment purposes did not exceed 5%.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended December 31, 2024 and details of the Shares issued for the year ended December 31, 2024 are set out in Note 30 to the consolidated financial statements.

DONATION

For the year ended December 31, 2024, the Group made charitable donations of RMB5.2 million (2023: RMB12.9 million).

DEBENTURE ISSUED

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

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Pre-IPO Share Option Plan" in this annual report, no equity-linked agreement was entered into by the Group, or existed for the year ended December 31, 2024.

DIVIDENDS

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2024 (2023: Nil).

PERMITTED INDEMNITY

Pursuant to Article 194 of the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities which they or any of them incurred or sustained, other than by reason of such Director's own dishonesty, willful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his/her duties, powers, authorities or discretions. Such permitted indemnity provision for the benefit of the Directors has been in force during the Reporting Period. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DISTRIBUTABLE RESERVES

The Company may pay dividends out of the share premium account, retained earnings and any other reserves provided that immediately following the payment of such dividends, the Company will be in a position to pay off its debts as and when they fall due in ordinary course of business. As of December 31, 2024, the Company had distributable reserves amounting to RMB545.9 million (December 31, 2023: RMB431.1 million).

Details of movements in the reserves of the Group during the year ended December 31, 2024 are set out in the consolidated statement of changes in equity on page 63 of this annual report.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as of December 31, 2024 are set out in the section headed "Management Discussion and Analysis" in this annual report and Note 27 and Note 33 to the consolidated financial statements on page 125 and pages 134 to 135 of this annual report.

CONVERTIBLE BONDS

During the year ended December 31, 2024, the Company has not issued any convertible bonds.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

During the year ended December 31, 2024, the Company has not entered into any loan agreement which contains covenants requiring specific performance of the Controlling Shareholders that is required to be disclosed under Rule 13.18 of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company on August 31, 2023. The initial term for their appointment shall be three years with effect from the date the appointment or until the third annual general meeting of the Company since the Listing Date, whichever is sooner (subject always to re-election as and when required under the Article of Association). Either party has the right to give not less than three months' written notice to terminate the agreement.

Each of the independent non-executive Directors has entered into an appointment letter with the Company on August 31, 2023, the initial term of which shall be three years with effect from the date of appointment until the third annual general meeting of the Company since the Listing Date, 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 three months' prior notice in writing.

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

No Director proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions—Contractual Arrangements" of Directors' Report in this annual report, none of the Directors or any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the Reporting Period.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section headed "Connected Transactions—Contractual Arrangements" of Directors' Report in this annual report, no contract of significance or contract of significance for the provision of services has been entered into among the Company or any of its subsidiaries or PRC Operating Entities and the Controlling Shareholders or any of their subsidiaries during the Reporting Period.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Each of the Director and Controlling Shareholder confirms for the year ended December 31, 2024, he or she did not have any interest in any business which competes or is likely to compete, directly or indirectly, with the businesses of the Group, and requires disclosure under Rule 8.10 of the Listing Rules.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed for the year ended December 31, 2024.

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

As of December 31, 2024, the interests and short positions of the Directors or chief executives of the Company and their associates in any of the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

Interest in Shares and underlying Shares

Name of Director/chief executive	Nature of interest	Number of ordinary shares	Approximate percentage of shareholding in the total issued share capital of the Company
Mr. WU Xubo(1)(2)	Settlor of a discretionary trust; beneficiary of a trust; interest in controlled corporation(1)	264,263,000 (L)	49.45% (L)
	Beneficial interest(2)	4,255,157 (L)	0.80% (L)
Ms. WU Xuan(3)	Settlor of a discretionary trust; beneficiary of a trust; interest in controlled corporation(3)	38,487,000 (L)	7.20% (L)
Ms. LIANG Wenhong(4)	Interest in controlled corporation(4)	7,500,000 (L)	1.40% (L)

(L) denotes a long position

Notes:

(1) Mr. WU Xubo holds his 264,263,000 Shares through WXB BVI 2, which is owned by WXB BVI 1 and WXB Holdco as to 50.0% and 50.0%, respectively. WxLand Trust was established by Mr. WU Xubo as the settlor and TMF (Cayman) Ltd. as the trustee. WxLand Trust is a discretionary trust and its beneficiaries are Mr. WU Xubo and WXB BVI 1. Mr. WU Xubo is also a director of each of WXB BVI 1 and WXB BVI 2.

(2) Mr. WU Xubo was granted options under the Pre-IPO Share Option Plan on November 16, 2022, March 16, 2023, March 31, 2023, June 30, 2023, July 31, 2023 and September 7, 2023 to subscribe for 3,819,592 Shares, 61,855 Shares, 10,309 Shares, 167,525 Shares, 41,237 Shares and 154,639 Shares, respectively.

(3) Ms. WU Xuan holds her Shares through WxZela International Ltd, which is wholly-owned by Zela Holding Limited, and is in turn wholly-owned by WxZela Trust. WxZela Trust is a discretionary trust established by Ms. WU Xuan (as settlor) for the benefit of WxZela Holding Limited, a BVI company wholly-owned by Ms. WU Xuan, and is managed by Hanssen Trust Limited ("**Hanssen Trust**"). Ms. WU Xuan is also a director of each of WxZela International Ltd and Zela Holding Limited.

(4) Ms. LIANG Wenhong holds her Shares through WxFire Holding Limited, a company wholly controlled by her.

Interest in associated corporation

Name of Director/chief executive	Nature of interest	Associated corporations	Number of ordinary shares (registered share capital (RMB))	Approximate percentage of shareholding in the associated corporation
Mr. WU Xubo	Interest in controlled corporation(1)	Jiangxi Tanwan	4,550,000 (L)	45.50% (L)
	Beneficial Owner(1)		635,260 (L)	6.35% (L)
Ms. WU Xuan	Interest in controlled corporation(2)	Jiangxi Tanwan	1,164,740 (L)	11.65% (L)
	Beneficial Owner(2)		300,000 (L)	3.00% (L)

(L) denotes a long position

Notes:

(1) Mr. WU Xubo holds approximately 6.35% equity interests in Jiangxi Tanwan directly. Shangrao Hongbang, the general partner of which is Mr. WU Xubo, holds 45.50% equity interests in Jiangxi Tanwan.

(2) Ms. WU Xuan holds 3.00% equity interests in Jiangxi Tanwan directly. Shangrao Qichuang, the general partner of which is Ms. WU Xuan, holds approximately 11.65% equity interests in Jiangxi Tanwan.

As of December 31, 2024, save as disclosed above, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (b) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As of December 31, 2024, so far as the Directors are aware, the persons who held interests and/or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO, are set out below:

Name of Shareholder	Nature of interest	Number of Ordinary Shares	Approximate percentage of shareholding in the total issued share capital
Mr. WU Xubo(1)(2)	Settlor of a discretionary trust; beneficiary of a trust; interest in a controlled corporation(1)	264,263,000 (L)	49.45% (L)
	Beneficial interest(2)	4,255,157 (L)	0.80% (L)
WXB BVI 2(1)	Beneficial interest	264,263,000 (L)	49.45% (L)
WXB BVI 1(1)	Interest in a controlled corporation	264,263,000 (L)	49.45% (L)
WXB Holdco(1)	Interest in a controlled corporation	264,263,000 (L)	49.45% (L)
TMF (Cayman) Ltd.(1)	Trustee of a trust	264,263,000 (L)	49.45% (L)
Ms. WU Xuan(3)	Settlor of a discretionary trust; beneficiary of a trust; interest in controlled corporation(3)	38,487,000 (L)	7.20% (L)
WxZela International Ltd(3)	Beneficial interest	38,487,000 (L)	7.20% (L)
Zela Holding Limited(3)	Interest in a controlled corporation	38,487,000 (L)	7.20% (L)
Hanssen Trust(4)	Trustee of a trust	63,487,000 (L)	11.88% (L)

(L) denotes a long position

Notes:

(1) Mr. WU Xubo holds his 264,263,000 Shares through WXB BVI 2, which is owned by WXB BVI 1 and WXB Holdco as to 50.0% and 50.0%, respectively. WxLand Trust was established by Mr. WU Xubo as the settlor and TMF (Cayman) Ltd. As the trustee. WxLand Trust is a discretionary trust and its beneficiaries are Mr. WU Xubo and WXB BVI 1.

(2) Mr. WU Xubo was granted options under the Pre-IPO Share Option Plan on November 16, 2022, March 16, 2023, March 31, 2023, June 30, 2023, July 31, 2023 and September 7, 2023 to subscribe for 3,819,592 Shares, 61,855 Shares, 10,309 Shares, 167,525 Shares, 41,237 Shares and 154,639 Shares, respectively.

(3) Ms. WU Xuan holds her Shares through WxZela International Ltd, which is wholly-owned by Zela Holding Limited, and is in turn wholly-owned by WxZela Trust. WxZela Trust is a discretionary trust established by Ms. WU Xuan (as settlor) for the benefit of WxZela Holding Limited, a BVI company wholly-owned by Ms. WU Xuan, and is managed by Hanssen Trust.

(4) Hanssen Trust serves as the trustee of the relevant trust. Among them, 38,487,000 shares are held by WxZela International Ltd, which is ultimately held by Ms. Wu Xuan as the relevant trust grantor. 25,000,000 shares are held by W.xH International Ltd, which is controlled by an employee of the Company as the relevant trust grantor.

As of December 31, 2024, save as disclosed above, the Directors and the chief executives of the Company are not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PRE-IPO SHARE OPTION PLAN

The following is a summary of the principal terms of the Pre-IPO Share Option Plan of the Company as approved and adopted by the resolution of the Board dated November 4, 2022.

Purpose

The purpose of the Pre-IPO Share Option Plan is to enable the Company to grant options to eligible participants ("**Eligible Participants**", each an "**Eligible Participant**") as incentives or rewards for their contribution or potential contribution to the Group.

Eligible Participants

Eligible Participants mean any persons belonging to any of the following classes of persons:

(i) any full-time employees of the Group or any of the company in which the Company or any subsidiary has any equity interest ("**Invested Entity**");

(ii) any non-executive directors of the Group or any of the Invested Entities but excluding any independent non-executive directors;

(iii) consultants and advisers, provided that such consultants and advisers render bona fide services and that such services are not in connection with the offer and sale of securities in a capital-raising transaction; and

(iv) general partners.

The options under this Pre-IPO Share Option Plan can be granted to any company wholly-owned by one or more Eligible Participants, or any discretionary trust where any eligible participant is a discretionary object.

Total Number of Shares Available for Issue

A maximum of 17,463,918 Shares granted under the Pre-IPO Share Option Plan has been issued to the ESOP BVIs to hold on trust for the Pre-IPO Share Option Plan on November 22, 2022. As such, no Share is available for issue under the Pre-IPO Share Option.

As of December 31, 2024, the aggregate number of underlying Shares pursuant to the outstanding options granted under the Pre-IPO Share Option Plan is 9,189,445 Shares, representing approximately 1.72% of the total issued Shares as of December 31, 2024. Details of the Pre-IPO Share Option Plan are set out in Note 31 to the consolidated financial statements.

Maximum Entitlement of Eligible Participant

The Pre-IPO Share Option Plan did not contain any restriction on the maximum entitlement of each Eligible Participant.

Period within Which the Option may be Exercised under the Pre-IPO Share Option Plan

The exercise period of the share options granted under the Pre-IPO Share Option Plan is ten (10) years commencing from the date upon which the share options are deemed to be granted and accepted pursuant to the terms of the Pre-IPO Share Option Plan.

Subject to the terms of the Pre-IPO Share Option Plan, an option shall be exercised in one board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof or such other number as agreed by the Board, by the grantee by giving notice in writing to the Company stating that the option is thereby exercised and the number of Share is respect of which it is exercised.

Vesting Period of Options Granted under the Pre-IPO Share Option Plan

If the Board determines to offer an option to an Eligible Participant in accordance with the Pre-IPO Share Option Plan, the Company shall deliver a written offer notice (the "**Offer Notice**") to the relevant Eligible Participant in such form as the Company may deem appropriate. The Board may specify in the Offer Notice any conditions which must be satisfied before the Option may be exercised, including without limitation minimum periods for which an option must be held before it can be exercised during a certain period of time, as the Board may determine from time to time.

Acceptance of the Option

An option shall be deemed to have been granted to and accepted by the Grantee and to have taken effect when (a) the Offer Notice has been duly delivered to the Eligible Participant; and (b) the Option to which the Offer Notice related has been duly accepted by the Eligible Participant through the ESOP System. As such, no amount is payable on the acceptance of the option.

Basis of Determining the Exercise Price of Options

The exercise price in relation to each option offered to an Eligible Participant shall, subject to the adjustments in the event of any capital restructuring as stipulated in the Per-IPO Share Option Plan, be a price that is set out in the Offer Notice representing not less than the par value of a Share, as determined by the Board at its sole discretion.

The Remaining Life of the Pre-IPO Share Option Plan

The Pre-IPO Share Option Plan is terminated on the Listing Date and therefore it has no remaining life. Any option granted under the Pre-IPO Share Option Plan shall become exercisable after the Listing Date after which no further options shall be granted under the Pre-IPO Share Option Plan but the provisions of the Pre-IPO Share Option Plan shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Plan and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Pre-IPO Share Option Plan.

Further details of the Pre-IPO Share Option Plan are set out in section headed "Statutory and General Information — D. Pre-IPO Share Option Plan" in Appendix IV to the Prospectus.

Movements of Options during the Reporting Period

Pursuant to Rule 17.12 of the Listing Rules, particulars and movements of share options under the Pre-IPO Share Option Plan during the Reporting Period were as follows:

					Number of Options						
Category of grantees	Date of grant	Exercise price per Share	Exercise period	Vesting period	outstanding as of January 1, 2024	granted	exercised during the Reporting Period	lapsed	cancelled	outstanding as of December 31, 2024	Weighted average closing price[4] *(HKD per share)*
Director											
Mr. WU Xubo (Executive Director)	November 16, 2022	USD0.00002 per Share	November 16, 2022 to November 15, 2032	Note (1)	3,819,592	–	–	–	–	3,819,592	–
	March 16, 2023	USD0.00002 per Share	March 16, 2023 to March 15, 2033	Note (1)	61,855	–	–	–	–	61,855	–
	March 31, 2023	USD0.00002 per Share	March 31, 2023 to March 30, 2033	Note (1)	10,309	–	–	–	–	10,309	–
	June 30, 2023	USD0.00002 per Share	June 30, 2023 to June 29, 2033	Note (1)	167,525	–	–	–	–	167,525	–
	July 31, 2023	USD0.00002 per Share	July 31, 2023 to July 30, 2033	Note (1)	41,237	–	–	–	–	41,237	–
	September 7, 2023	USD0.00002 per Share	September 7, 2023 to September 6, 2033	Note (1)	154,639	–	–	–	–	154,639	–
Subtotal					**4,255,157**	**–**	**–**	**–**	**–**	**4,255,157**	**–**
Four Highest Paid Individuals[2]	November 16, 2022	USD0.00002 per Share	November 16, 2022 to November 15, 2032	Note (3)	2,000,000	–	2,000,000	–	–	–	19.10
	November 16, 2022	USD0.00002 per Share	November 16, 2022 to November 15, 2032	Note (1)	1,677,834	–	838,918	–	–	838,916	23.43
Subtotal					**3,677,834**	**–**	**–**	**–**	**–**	**838,916**	**–**
Other grantees (save as Directors and the five highest paid individuals)	November 16, 2022	USD0.00002 per Share	November 16, 2022 to November 15, 2032	Note (1)	9,247,423	–	4,545,092	606,959	–	4,095,372	17.23
Total					**17,180,414**	**–**	**7,384,010**	**606,959**	**–**	**9,189,445**	**–**

Notes:

(1) Twenty-five percent (25%) of the options granted to such grantee will vest on the day after the first three months of the Listing Date, and twenty-five percent (25%) of the options granted to such grantee will vest half-yearly thereafter.

(2) The other one highest paid individual of the Company during the Reporting Period is our Director, being Mr. WU Xubo, whose interests in the underlying Shares in connection with the options granted to him are disclosed under the "Director" section of the above table.

(3) All options granted to such grantee(s) will vest on the day after the first half-year anniversary of the Listing Date.

(4) The weighted average closing price in this column refers to the weighted average closing price of the Shares immediately before the date on which the options were exercised.

There is no performance target for the options granted under the Pre-IPO Share Option Plan.

All options under the Pre-IPO Share Option Plan have been granted prior to the Listing Date and all 17,463,918 shares under the Pre-IPO Share Option Plan have been issued to ESOP BVIs on November 22, 2022. There is no option available for issue under the Pre-IPO Share Option Plan.

The number of shares that may be issued in respect of options granted under the Pre-IPO Share Option Plan during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period is not applicable as all underlying Shares under the Pre-IPO Share Option Plan had been issued to the ESOP BVIs on November 22, 2022.

Each of the ESOP BVIs is wholly owned by a same trustee, which will not exercise any voting rights attached to such Shares at the Company's general meetings.

DIRECTORS' RIGHTS TO ACQUIRE

Save as disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries, fellow subsidiaries, PRC Operating Entities or its holdings companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee.

Details of the remuneration of the Directors, senior management and the five highest paid individuals in the Group are set out in Notes 8, 9 and 37, respectively to the consolidated financial statements.

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

For the year ended December 31, 2024, The group did not paid a discretionary bonus to the Directors.

CONNECTED TRANSACTIONS

None of the related party transactions disclosed in Note 37 to the consolidated financial statements constitute connected transactions for the Company under Rule 14A.23 of the Listing Rules and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules.

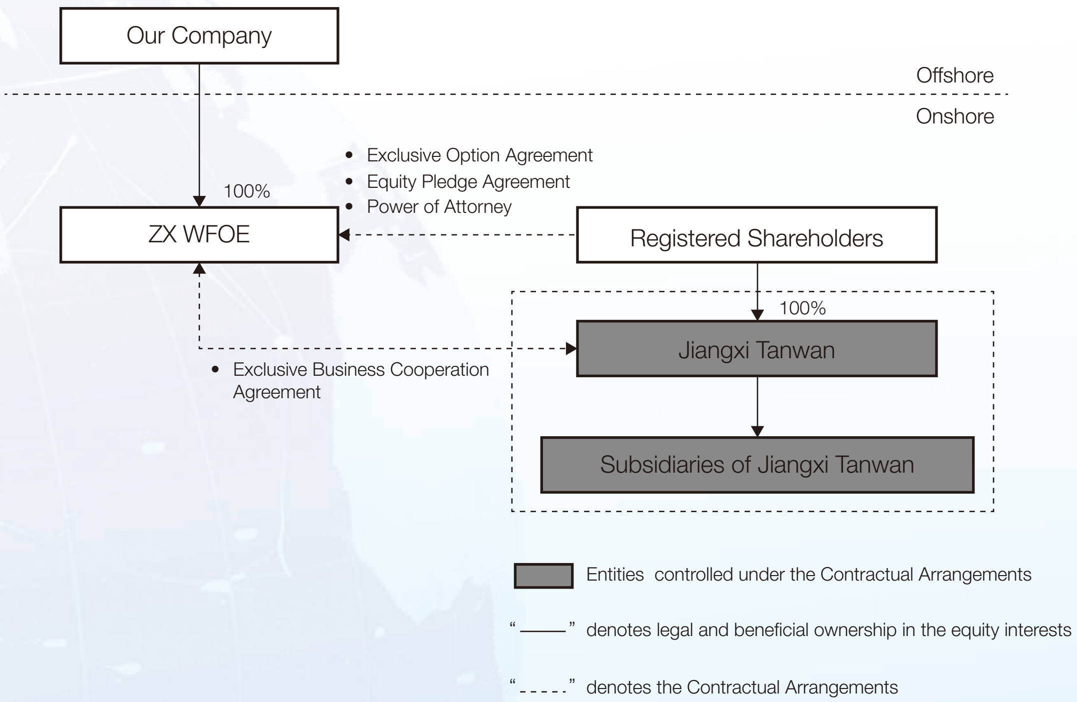
As of December 31, 2024, the Company has entered into the following continuing connected transaction pursuant to the Chapter 14A of the Listing Rules.

Contractual Arrangements

Overview

The Company, through ZX WFOE, has entered into the Contractual Arrangements with Jiangxi Tanwan and its Registered Shareholders, pursuant to which the Company has acquired effective control over the Relevant Business through the PRC Operating Entities, and become entitled to all the economic benefits derived from the PRC Operating Entities. Accordingly, the results of operations and assets and liabilities of the PRC Operating Entities can be consolidated into the Company's results of operations and assets and liabilities as if they are the subsidiaries of the Company. The total revenue of the PRC Operating Entities during the year ended December 31, 2024 was approximately RMB4,721.6 million (same period in 2023: RMB5,698.9 million) representing approximately 84.6% of the total revenue of the Group during same year, and the total assets of the PRC Operating Entities as of December 31, 2024 was approximately RMB4,538.1 million (same period in 2023: RMB6,302.8 million) representing approximately 81.6% of the total assets of the Group as of December 31, 2024.

The following simplified diagram illustrates the Contractual Arrangements:



Summary of the Contractual Arrangements

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

1) *Exclusive Business Cooperation Agreement*

   On November 22, 2022, Jiangxi Tanwan entered into an exclusive business cooperation agreement with ZX WFOE which was amended and restated by an exclusive business cooperation agreement dated April 18, 2023 (the "**Exclusive Business Cooperation Agreement**"), pursuant to which ZX WFOE has agreed to be engaged as the exclusive provider to Jiangxi Tanwan of business support, technical and consulting services, in exchange for service fees which shall consist of 100% of the total consolidated profits of Jiangxi Tanwan after offsetting the prior-year loss (if any), operating costs, expenses, taxes and other statutory contributions. ZX WFOE has the right to at any time adjust the service fee to be charged and its payment schedule according to the quantity and content of the services it provides to Jiangxi Tanwan.

   Pursuant to the Exclusive Business Cooperation Agreement, without the prior written consent from ZX WFOE, Jiangxi Tanwan shall not, during the term of the Exclusive Business Cooperation Agreement, accept the same or any similar services provided by any third party which are covered by the Exclusive Business Cooperation Agreement nor shall Jiangxi Tanwan establish cooperation relationships similar to those established by the Exclusive Business Cooperation Agreement with any third party. Besides, ZX WFOE has the exclusive and proprietary rights to all intellectual properties developed by Jiangxi Tanwan, given ZX WFOE provides consulting services to Jiangxi Tanwan. Jiangxi Tanwan is required under the Contractual Arrangements to obtain ZX WFOE's prior written consent before it transfers, assigns or disposes of any of its intellectual properties to any third party.

   The Exclusive Business Cooperation Agreement shall remain effective unless (i) when Jiangxi Tanwan ceases to operate any business, becomes insolvency, bankruptcy or subject to liquidation or dissolution procedures; (ii) the entire equity interests held by the Registered Shareholders in Jiangxi Tanwan or the entire assets held by Jiangxi Tanwan have been transferred to ZX WFOE or its designee; (iii) terminated in writing by ZX WFOE thirty (30) days in advance; or (iv) when it is legally permissible for ZX WFOE to hold equity interests directly or indirectly in Jiangxi Tanwan and ZX WFOE or its appointee(s) is registered to be the shareholder of Jiangxi Tanwan. Jiangxi Tanwan is not contractually entitled to unilaterally terminate the Exclusive Business Cooperation Agreement with ZX WFOE.

2) *Exclusive Option Agreement*

   On November 22, 2022, ZX WFOE, Jiangxi Tanwan and the Registered Shareholders entered into an exclusive option agreement which was amended and restated by an exclusive option agreement dated April 18, 2023 (the "**Exclusive Option Agreement**"), pursuant to which ZX WFOE (or its designee) has an irrevocable and exclusive right to purchase from the Registered Shareholders all or any part of their equity interests in Jiangxi Tanwan, and an irrevocable and exclusive right to purchase from Jiangxi Tanwan all or any part of its assets at a minimal price required by the relevant government authorities or PRC laws. To the extent permitted by applicable PRC laws and regulations, the Registered Shareholders and/or Jiangxi Tanwan shall return the amount of purchase price they have received in full to ZX WFOE. At ZX WFOE's request, the Registered Shareholders and/or Jiangxi Tanwan will promptly and unconditionally transfer their respective equity interests and/or assets to ZX WFOE (or its designee) after ZX WFOE exercises its option.

   The Exclusive Option Agreement will not be terminated until the purchased equity interests and/or the acquired assets have been transferred to ZX WFOE (or its designee) in accordance with the Exclusive Option Agreement. However, ZX WFOE has the right to unilaterally and unconditionally terminate the Exclusive Option Agreement at any time in written notice. Subject to applicable PRC laws, Jiangxi Tanwan and the Registered Shareholders do not have the right to unilaterally terminate this agreement.

3) *Equity Pledge Agreement*

On November 22, 2022, Jiangxi Tanwan, the Registered Shareholders and ZX WFOE entered into an equity pledge agreement which was amended and restated by an equity pledge agreement dated April 18, 2023 (the "**Equity Pledge Agreement**"), pursuant to which the Registered Shareholders agreed to pledge all of their equity interests (including the dividends arising from such equity interests) in Jiangxi Tanwan to ZX WFOE as collateral security for all of its payments due to ZX WFOE and to secure performance of all obligations of Jiangxi Tanwan and the Registered Shareholders under the Contractual Arrangements.

The Equity Pledge Agreement will not terminate until (i) all obligations of Jiangxi Tanwan and the Registered Shareholders under the Contractual Arrangements are satisfied in full; (ii) ZX WFOE (or its designee) exercises its exclusive options to purchase the entire equity interests of the Registered Shareholders and/or the entire assets of Jiangxi Tanwan pursuant to the terms of the Exclusive Option Agreement when it is permitted to do so under the applicable PRC laws and ZX WFOE (or its designee) may conduct the business of Jiangxi Tanwan; (iii) ZX WFOE exercises its unilateral and unconditional right of termination; or (iv) the agreement is required to be terminated in accordance with applicable PRC laws and regulations.

The pledges under the Equity Pledge Agreement has been duly registered with the relevant PRC authority pursuant to PRC laws and regulations.

4) *Power of Attorney*

On November 22, 2022, an irrevocable power of attorney was entered into by and among the Registered Shareholders, ZX WFOE and Jiangxi Tanwan which was amended and restated by a power of attorney dated April 18, 2023 (the "**Power of Attorney**"), pursuant to which the Registered Shareholders appointed ZX WFOE or other person designated by it (excluding any person who may give rise to conflicts of interest), as its exclusive agent and attorney to act on its behalf to exercise all of its rights as registered shareholders of Jiangxi Tanwan. As a result of the Power of Attorney, the Company, through ZX WFOE, is able to exercise management control over the activities that most significantly impact the economic performance of Jiangxi Tanwan.

The Power of Attorney shall automatically terminate when (i) Jiangxi Tanwan ceases to operate any business, becomes insolvency, bankruptcy or subject to liquidation or dissolution procedures; (ii) when it is legally permissible for ZX WFOE to hold equity interests directly or indirectly in Jiangxi Tanwan and ZX WFOE or its appointee(s) is registered to be the shareholder of Jiangxi Tanwan; (iii) the entire equity interests held by the Registered Shareholders in Jiangxi Tanwan or the entire assets held by Jiangxi Tanwan have been transferred to ZX WFOE or its appointee(s); (iv) the shareholder structure of the Registered Shareholders changes and the Power of Attorney is replaced by a new power of attorney; or (v) terminated in writing by ZX WFOE thirty (30) days in advance.

5) *Spouse undertakings*

On November 22, 2022, the spouse of each of the individual Registered Shareholders (where applicable) executed an irrevocable undertaking which was amended and restated by an undertaking dated April 18, 2023, pursuant to which he/she expressly acknowledged and undertook that, among others, (i) he/she will not, on the basis of joint marital property rights, make any hindrance to any disposition the respective Registered Shareholder make under the Contractual Arrangements and make any claim against such disposition (including, without limitation, bringing an action or arbitration in any court or arbitral tribunal of competent jurisdiction under any applicable law); and (ii) he/she will not take any measures that are in conflict with the Contractual Arrangements.

The spouse of each of the individual Registered Shareholders (where applicable) further undertook that should he/she by any reason hold any equity interests in Jiangxi Tanwan, they will be bound by, as amended from time to time, the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Equity Pledge Agreement and the Power of Attorney. He/she undertook to comply with the obligations of Jiangxi Tanwan's shareholders as set out in the aforementioned agreements, and for this purpose, to execute agreements on substantially similar terms as the aforementioned agreements upon ZX WFOE's request.

Principal business of PRC Operating Entities and the reasons for adopting the Contractual Agreements

The business of the Company's PRC Operating Entities involves the operation of online games (the "**Relevant Business**"), which falls within the scope of internet cultural business and value-added telecommunication services ("**VATS**") business, and is subject to foreign ownership restrictions. Hence, it is not viable for the Company to conduct the Relevant Business directly through equity ownership. In line with common practice and in order to conduct business in the PRC, the Company, through ZX WFOE, entered into the Contractual Arrangements with Jiangxi Tanwan and its Registered Shareholders, pursuant to which the Company has acquired effective control over the Relevant Business through the PRC Operating Entities, and become entitled to all the economic benefits derived from the PRC Operating Entities.

Governing Framework

On March 15, 2019, the 2nd meeting of the 13th Standing Committee of the National People's Congress approved the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**FIL**") and it became effective on January 1, 2020. The FIL replaced the law on Sino-Foreign Equity Joint Ventures (《中外合資經營企業法》), the law on Sino-Foreign Contractual Joint Ventures (《中外合作經營企業法》) and the law on Foreign Capital Enterprises (《外資企業法》) to become the legal foundation for foreign Investment in the PRC. The FIL stipulates three forms of foreign investment, but does not explicitly stipulate the contractual arrangements as a form of foreign investment.

The FIL specifically stipulates three specific forms of foreign investment, namely, (1) establishment of a foreign invested enterprise in the PRC by a foreign investor, either individually or collectively with any other investor; (2) obtaining shares, equity interests, assets, interests or any other similar rights or interests of an enterprise in the PRC by a foreign investor; and (3) investment in any new construction project in the PRC by a foreign investor, either individually or collectively with any other investor.

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including the Group. The Group uses the Contractual Arrangements to establish control of its PRC Operating Entities, by ZX WFOE, through which the Group operates its business in the PRC. The FIL stipulates that foreign investment includes "foreign investors invest through any other methods under laws, administrative regulations or provisions prescribed by the State Council". Therefore, there remains uncertainty regarding whether future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the PRC Operating Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. The Company will disclose, as soon as possible, updates of changes to the FIL that will materially and adversely affect the Company as and when occur.

Risks relating to the Contractual Arrangements and Actions Taken to Reduce Risks

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

- If the PRC government finds that the Contractual Arrangements that establish the structure for operating the Company's business in the PRC do not comply with applicable PRC laws and regulations, or if these laws or regulations or their interpretations change in the future, the Company could be subject to severe consequences, including the nullification of the Contractual Arrangements and being forced to relinquish its interests in those operations.

- The Company's current corporate structure and business operations may be affected by the Foreign Investment Law. If the Company's control over its PRC Operating Entities through Contractual Arrangements is deemed as foreign investment in the future, and any business of its PRC Operating Entities is restricted or prohibited from foreign investment, the Company may be deemed to be in violation of the Foreign Investment Law of the PRC, which may have a material and adverse effect on its business operations;

- The Contractual Arrangements may not be as effective in providing operational control as direct ownership;

- The Company may lose the ability to use and enjoy assets and licenses held by its PRC Operating Entities that are important to its business if it goes bankrupt or becomes subject to a dissolution or liquidation proceeding;

- The Registered Shareholders may have potential conflicts of interest with the Company, which may adversely affect its business;

- If the Company exercises the option to acquire equity ownership or assets of Jiangxi Tanwan, the ownership or asset transfer may subject it to certain limitations and substantial costs;

- The Contractual Arrangements may be subject to scrutiny by the PRC tax authorities. A finding that the Company owes additional taxes could negatively affect its financial condition.

For further details of these risks, please refer to the section headed "Risk Factors — Risks Relating to Our Contractual Arrangements" on pages 113 to 117 of the Prospectus.

The Group has adopted the following measures to ensure the effective operation with the implementation and compliance of the Contractual Arrangements, including but not limited to:

(i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory inquiries from government authorities will be submitted to the Board, if necessary, for review and discussion;

(ii) the Board will review overall performance of and compliance with the Contractual Arrangements at least once a year;

(iii) the Company will disclose the overall performance and compliance with the Contractual Arrangements in its annual reports; and

(iv) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the PRC Operating Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Listing Rules Implications and Waivers from the Stock Exchange

For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the PRC Operating Entities and each of its subsidiaries will be treated as the Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the PRC Operating Entities, its subsidiaries and their associates will be treated as connected persons of the Company (excluding for this purpose, the PRC Operating Entities), and transactions between these connected persons and the Group (including for this purpose, the PRC Operating Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

The Directors, including the independent non-executive Directors, are of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to the Group's legal structure and business operation and it is justifiable and normal business practice for agreements under the Contractual Arrangements to have a term of longer than three years to ensure that (i) the financial and operational policies of the PRC Operating Entities can be effectively controlled by ZX WFOE; (ii) ZX WFOE can obtain the economic benefits derived from the PRC Operating Entities; and (iii) any possible leakage of assets and values of the PRC Operating Entities can be prevented on an uninterrupted basis. Such transactions have been entered into on normal commercial terms and are fair and reasonable, or advantageous, so far as the Group is concerned and in the interests of the Company and its Shareholders as a whole.

The Directors also believe that the Group's structure, whereby the financial results of the PRC Operating Entities are consolidated into the Group's financial statements as subsidiaries and the flow of economic benefits of their business to the Group, places the Group in a special position in relation to relevant rules concerning connected transactions under the Listing Rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing agreements to be entered into between the PRC Operating Entities and any member of the Group ("**New Intergroup Agreements**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that it is unduly burdensome and impracticable, and would add unnecessary administrative costs to the Company if the Contractual Arrangements are subject to the requirements set out under Chapter 14A of the Listing Rules.

In relation to the Contractual Arrangements, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.102 of the Listing Rules from strict compliance with (i) the announcement, circular and independent Shareholders' approval requirements under Rule 14A.105 of the Listing Rules, (ii) the annual cap requirement for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject certain conditions, the details of which are set out in the section headed "Connected Transactions" in the Prospectus.

In addition, the Company has also applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.102 of the Listing Rules from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Rule 14A.105 of the Listing Rules in respect of the transactions contemplated under any New Intergroup Agreement, (ii) the requirement of setting an annual cap for the fees payable by/to any member of the Group to/from the PRC Operating Entities under any New Intergroup Agreement under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of any New Intergroup Agreement to three years or less under Rule 14A.52 of the Listing Rules, for so long as Shares are listed on the Stock Exchange subject however to the condition that the Contractual Arrangements subsist and that the PRC Operating Entities will continue to be treated as the Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the PRC Operating Entities and their associates will be treated as connected persons of the Company (excluding for this purpose, the PRC Operating Entities), and transactions between these connected persons and the Group (including for this purpose, the PRC Operating Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

Annual Review by the Independent Non-executive Directors and the Auditors

The independent non-executive Directors, upon review of the overall performance of and compliance with the Contractual Arrangements during the Relevant Period, confirmed that:

(i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, and that the profit generated by the PRC Operating Entities has been substantially retained by ZX WFOE;

(ii) no dividends or other distributions have been made by the PRC Operating Entities or any non-wholly owned subsidiary of the Group to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group;

(iii) any new contracts entered into, renewed or reproduced on normal commercial terms between the Group and the PRC Operating Entities during the relevant financial period are fair and reasonable, or advantageous and in the ordinary and usual course of business of the Group, so far as the Group is concerned and in the interests of the Shareholders as a whole;

The Company's auditor has carried out review procedures on the transactions carried out pursuant to the Contractual Arrangements during the Reporting Period. Below was set out in the letter from the Company's auditor containing their findings and conclusions of the review in respect of the continuing connected transactions and confirmed that;

(i) the transactions carried out pursuant to the Contractual Arrangements have received the approval of the Directors and have been entered into in accordance with the relevant Contractual Arrangements;

(ii) the transactions that involve the provision of goods and services by the Group were, in all material respects, in accordance with the pricing policies of the Group; and

(iii) no dividends or other distributions have been made by the PRC Operating Entities or any non-wholly-owned subsidiary of the Group to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group;

The PRC Operating Entities has undertaken that, for so long as the Shares are listed on the Stock Exchange, the PRC Operating Entities will provide the Group's management and the Company's auditor with full access to their relevant records, and (where applicable) relevant records of their subsidiaries, for the purpose of the Company's auditor's review of the connected transactions.

The extent to which the Contractual Arrangements relate to requirements other than the foreign ownership restriction

All of the Contractual Arrangements are subject to the restrictions set out on pages 113 to 117 of the Prospectus.

Revenue and Assets subject to the Contractual Arrangements

For the year ended December 31, 2024, revenue of the Group subject to the Contractual Arrangements amounted to approximately RMB4,721.6 million (2023: RMB5,698.9 million). As of December 31, 2024, total assets of the Group subject to the Contractual Arrangements amounted to approximately RMB4,538.1 million (2023: RMB6,302.8 million).

Material Changes

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced between the Group and the PRC Operating Entities during the Reporting Period. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the Reporting Period.

During the Reporting Period, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As of December 31, 2024, the Company had not encountered interference or encumbrance from any PRC governing bodies in operating its businesses through its Consolidated Affiliated Entities under the Contractual Arrangements.

RELATED PARTY TRANSACTIONS

Details of the related party transactions carried out in the normal course of business are set out in Note 37 to the consolidated financial statements.

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

Neither the Company nor any subsidiaries nor Consolidated Affiliate Entities of the Group have purchased, redeemed or sold any of the listed securities of the Company (including sale of treasury shares, as defined in the Listing Rules) during the year ended December 31, 2024. As of December 31, 2024, the Company did not hold any treasury shares, (as defined in the Listing Rules).

MATERIAL LEGAL PROCEEDINGS

Save as disclosed in the section headed "Management Discussion and Analysis—Contingent Liabilities" in this annual report, the Group was not involved in any material litigation or arbitration for the year ended December 31, 2024 and the Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended December 31, 2024.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

On September 28, 2023, the Shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the global offering, after deducting underwriting discounts and commissions, were approximately HKD135.8 million, which will be used in accordance with the intended use of net proceeds as disclosed in the Prospectus by the Company.

As of December 31, 2024, approximately HKD135.8 million of the net proceeds of the Global Offering had been utilized as follows:

	Allocation of net proceeds from the Global Offering in the proportion disclosed in the Prospectus		**Proceeds from the Global Offering utilized as of January 1, 2024**	**Proceeds from the Global Offering utilized during the Reporting Period**	**Amounts not yet utilized as of December 31, 2024**	**Expected timeline of full utilization of the unutilized proceeds from the Global Offering**
	HKD million	*Percentage*	*HKD million*	*HKD million*	*HKD million*	
Enhancing and expanding online game publishing business and other marketing business and consumer product business	40.7	30.0%	0	12.2	28.5	By the end of 2027
Expanding and deepening the partnership with major market participants throughout the full lifecycle value chain	40.7	30.0%	0	12.1	28.6	By the end of 2027
Improving technology infrastructure and enhancing internal research and development capabilities	13.6	10.0%	0	4.1	9.5	By the end of 2027
Supporting overall strategies of expanding into select markets outside China and developing overseas operation	13.6	10.0%	0	4.1	9.5	By the end of 2027
Exploring potential strategic acquisition opportunities	13.6	10.0%	0	0.5	13.1	By the end of 2027
Working capital and general corporate purposes	13.6	10.0%	0	4.2	9.4	By the end of 2027
Total	135.8	100.0%	0	37.2	98.6	

As of December 31, 2024, all the unutilized net proceeds were held by the Company in short-term deposits with licensed banks or authorized financial institutions in Hong Kong and the PRC.

The unutilized amount is expected to be used in accordance with the Company's plan as disclosed in the Prospectus. The Company will continue to evaluate market conditions and adopt a prudent and flexible approach for utilizing the net proceeds and will ensure the net proceeds will be used effectively and efficiently for long-term benefit and development of the Group. The expected timeline of full utilization set out above is based on the Directors' best estimation barring unforeseen circumstances, and is subject to change in light of future development of market conditions.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as of December 31, 2024, the Company has maintained the prescribed percentage of public float as required under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2024 have been audited by Ernst & Young. A resolution for the re-appointment of Ernst & Young as the auditor of the Company will be proposed at the AGM. There was no change in the Company's auditor in any of the preceding three years as of December 31, 2024.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

No important events affecting the Company occurred since the Reporting Period and up to the date of this annual report.

CLOSURE OF REGISTER OF MEMBERS

The registers of members of the Company will be closed from June 16, 2025 to June 19, 2025, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at AGM to be held on June 19, 2025, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfers documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on June 13, 2025.

By order of the Board
Mr. WU Xubo
Chairman

Guangzhou, the PRC, March 31, 2025

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the Shareholders of the Company and enhance the corporate value as well as the responsibility commitments. The Company has adopted the Corporate Governance Code as its own code of corporate governance. Saved for the deviation as disclosed under the section headed "Compliance with the Corporate Governance Code", the Company has complied with all applicable code provisions of the Corporate Governance Code during Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

CULTURE

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. The Company is committed to developing its specific corporate culture, which is built upon its mission, vision and values.

During 2024, the Company continued to strengthen its cultural framework by focusing on the following:

- Mission: Create joy to end-users and empower our business partners in the digital era (在數位時代，為終端使用者創造快樂，為商業夥伴賦能前行)

- Vision: Provide one-stop services for a better life (為人們的美好生活提供一站式服務)

- Values: Dedication, modesty, practicality, quality, inheritance (專注、謙和、務實、品質、傳承)

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. The Company has established a comprehensive system for employee training and development, covering leadership, general competencies, professional competencies, corporate culture, employee rights and responsibilities and others so that all employees may better understand its culture, structure and policies, learn relevant laws and regulations, and raise their cooperative and innovative awareness. The Company not only focuses on the improvement of employees' professional development but has made efforts to incentivize its employees to have a "sense of goals" and "sense of fulfillment".

The Board considers that the corporate culture and the mission, values and strategy of the Group are aligned.

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 of the Directors have full and timely access to all relevant information as well as the advice and services of company secretaries of the Company, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Board has established Board committees and has delegated to these Board committees' various responsibilities as set out in their respective terms of reference which are published on the websites of the Stock Exchange and the Company.

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

The Board also delegates the day-to-day management, administration and operation of the Company to the Company's senior management team. The senior management team reports to the Board on a regular basis and communicates with the Board whenever required.

Board Composition

Executive Directors:

Mr. WU Xubo *(Chairman)*
Ms. WU Xuan *(Chief Operating Officer)*

Independent Non-Executive Directors:

Ms. SONG Siyun
Mr. QIN Yongde
Ms. ZHENG Yi

The biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 15 to 17 of this annual report.

None of the members of the Board is related (including financial, business, family or other material/relevant relations) to one another.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its code of conduct regarding directors' dealing in the Company's securities. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code for the year ended December 31, 2024. The Company's relevant employees, who are likely to be in possession of inside information of the Company, are also subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's relevant employees was noted by the Company for the year ended December 31, 2024.

The Company has also established a policy on inside information to comply with its obligations under the SFO and the Listing Rules. In the case when the Company becomes aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code.

For the year ended December 31, 2024, the Company has complied with the code provisions set out in the Corporate Governance Code except for code provisions as explained below.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The roles of chairman of the Board and CEO were performed by Mr. WU Xubo ("**Mr. WU**") from January 1, 2024 to August 30, 2024. In view of Mr. WU's substantial contribution to the Group since its establishment and his extensive experience, the Company considered that having Mr. WU acting as both the chairman of the Board and CEO during the aforementioned period provided strong and consistent leadership to the Group and facilitate the efficient execution of the Group's business strategies.

The Board believes that such structure did not impair the balance of power and authority between the Board and the management of the Group during the Reporting Period, given that: (i) there were sufficient checks and balances in the Board, as a decision made by the Board required approval by at least a majority of the Directors, and the Board comprised three independent non-executive Directors, which was in compliance with the requirement under the Listing Rules; (ii) Mr. WU and the other Directors were aware of and undertook to fulfill their fiduciary duties as Directors, which require, among other things, that they acted for the benefit and in the best interests of the Group and made decisions for the Group accordingly; and (iii) the balance of power and authority was ensured by the operations of the Board which comprised experienced and high calibre individuals who met regularly to discuss issues affecting the operations of the Group. Moreover, the overall strategic and other key business, financial, and operational policies of the Group were made collectively after thorough discussion at both Board and senior management levels.

For the purpose of achieving better corporate governance of the Company pursuant to code provision C.2.1 of the Corporate Governance Code, the Board approved a separation of roles of the CEO and chairman, with Ms. LIANG Wenhong ("**Ms. LIANG**") being appointed as the CEO to succeed Mr. WU with effect from August 30, 2024 while Mr. WU remained as an executive Director, the chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. Upon such change, the Company has complied with all code provisions as set out in Appendix C1 to the Listing Rules since the roles of the chief executive and the chairman are not performed by the same individual, reflecting the Company's commitment to achieving better corporate governance practices.

BOARD MEETINGS

Code provision C.5.1 of the part 2 of the Corporate Governance Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication.

The company held 23 board meetings for the year ended December 31, 2024. The Company will convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the part 2 of the Corporate Governance Code going forward.

Attendance record of Directors

A summary of the attendance record of the Directors at Board meetings and committee meetings for the year ended December 31, 2024 is set out in the following table:

Name of Director	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
		(Number of attendance/number of meeting)			
Executive Directors:					
Mr. WU Xubo	23/23	2/2	2/2	2/2	1/1
Ms. WU Xuan	23/23	2/2	2/2	2/2	1/1
Independent Non-executive Directors:					
Ms. SONG Siyun	23/23	2/2	2/2	2/2	1/1
Mr. QIN Yongde	23/23	2/2	2/2	2/2	1/1
Ms. ZHENG Yi	23/23	2/2	2/2	2/2	1/1

For the year ended December 31, 2024, the chairman of the Board also held two meeting with all independent non-executive Directors, without the presence of other Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a written annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of the independent non-executive Directors to be independent in accordance with the independence requirements set out in the Listing Rules. Independent non-executive Directors are required to inform the Company if there is any change that may affect his/her independence.

For the year ended December 31, 2024, 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.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, identifying and recommending individuals suitably qualified to become Board members, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors.

Code Provision B.2 of the part 2 of the Corporate Governance Code stipulates that all directors should be subject to re-election at regular intervals. Code Provision B.2.2 of the part 2 of Corporate Governance Code further states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Each of the Directors, including independent non-executive Directors, is appointed for a term of three years and is subject to retirement by rotation at least once every three years.

Pursuant to Article 108(a) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Pursuant to Article 112 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall hold office only until the first annual general meeting of the Company after their appointment and be subject to re-election at such meeting.

Accordingly, SONG Siyun and QIN Yongde will retire from the Board by rotation at the AGM and, being eligible, offer themselves for re-election pursuant to the relevant provisions the Articles of Association.

INDUCTION AND CONTINUING DEVELOPMENT FOR DIRECTORS

Every newly appointed Director receives a formal, comprehensive and tailored induction on appointment, so as to ensure that he or she understands the business and operations of the Company and that he or she is fully aware of his or her responsibilities and obligations under the Listing Rules and other relevant regulatory requirements. 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 from time to time. 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.

For the year ended December 31, 2024, the Directors participated in continuing professional development programs and read relevant training materials which were distributed to them. The trainings covered topics which include, among others, directors' duties, the disclosure obligations under laws of Hong Kong and other applicable rules and regulations, the requirements of connected transactions under the Listing Rules.

The table below summarizes the participation of each of the Directors in continuous professional development for the year ended December 31, 2024:

Name of Directors	Attending Training Courses	Reading Legal and Regulatory Updates and other Reference Materials
Executive Directors		
Mr. WU Xubo	✓	✓
Ms. WU Xuan	✓	✓
Independent Non-Executive Directors		
Ms. SONG Siyun	✓	✓
Mr. QIN Yongde	✓	✓
Ms. ZHENG Yi	✓	✓

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee, and the Nomination Committee for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of the Board committees are available for viewing on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has established the Audit Committee and has formulated its written terms of reference, in compliance with Rule 3.21 of the Listing Rules and of the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, to monitor the implementation of the Group's risk management policies across the Company on an ongoing basis to ensure that its internal control system is effective in identifying, managing and mitigating risks involved in its business operations, and to review and approve connected transactions and provide advice and comments to the Board. The Audit Committee consists of three independent non-executive Directors, namely Ms. ZHENG Yi (chairlady), Ms. SONG Siyun and Mr. QIN Yongde. Ms. ZHENG Yi is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Company has also established an internal audit department which is responsible for reviewing the effectiveness of risk management policies and reporting to the Audit Committee on any issues identified. The internal audit department reports to the Audit Committee to ensure that any major issues identified thus are channeled to the committee on a timely basis. The Audit Committee then discusses the issues and reports to the Board if necessary.

During the Reporting Period, the Audit Committee reviewed the Group's audited consolidated results as of December 31, 2023 and unaudited interim results and financial statements for the six months ended June 30, 2024. The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control, risk management and financial reporting with the management.

The Audit Committee has reviewed the audited consolidated results of the Group for the year ended December 31, 2024 and considers that the annual financial results for the year ended December 31, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made. In addition, the consolidated financial statements of the Group have been audited by the independent auditor of the Company, Ernst & Young. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company. The Audit Committee had met with the auditor of the Company in the absence of management of the Company twice in relation to the provision of audit service to the Company for the year ended December 31, 2024.

The company held two meetings of the Audit Committee for the year ended December 31, 2024.

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to review and make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management. The Remuneration Committee consists of three Directors, namely, one executive Director, Mr. WU Xubo, and two independent non-executive Directors, Ms. SONG Siyun and Ms. ZHENG Yi. Ms. SONG Siyun is the chairlady of the Remuneration Committee.

The Remuneration Committee has reviewed the policy and structure for the remuneration of the Directors and senior management of the Company for the year ended December 31, 2024 and remuneration proposal of the Directors and senior management of the Company for the year ending December 31, 2025. No material matters relating to the Pre-IPO Share Option Plan were reviewed and/or approved by the Remuneration Committee during the Reporting Period.

The company held two meetings of the Compensation Committee for the year ended December 31, 2024.

Details of the remuneration payable to each Director for the year ended December 31, 2024 are set out in Notes 8 and 37 to the consolidated financial statements on pages 100 to 102 and page 137 of this annual report. For the year ended December 31, 2024, the remuneration payable to the senior management of the Company (comprising the executive Directors), is shown in the following table by band:

Emolument bands (in HKD)	**Number of individuals**
HKD0–HKD1,000,000	2
HKD1,000,000–HKD2,000,000	1
HKD2,000,000–HKD3,000,000	1
Total	4

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession. The Nomination Committee consists of three Directors, namely, one executive Director, Mr. WU Xubo, and two independent non-executive Directors, Ms. SONG Siyun and Ms. ZHENG Yi. Mr. WU Xubo is the chairman of the Nomination Committee.

During the Reporting Period, the Nomination Committee has (i) assessed the independence of independent non-executive Directors, recommended the re-appointment of the Directors standing for re-election at the AGM; (ii) selected and recommended to the Board well-qualified, willing and available prospective candidates (including the candidate of CEO) at an appropriate time after a potential vacancy arose in accordance with the nomination procedures; and (iii) reviewed the board diversity policy and nomination policy of the Company.

The Company held two meetings of the Nomination Committee for the year ended December 31, 2024.

The nomination policy (the "**Nomination Policy**") was approved and adopted by the Board for evaluating and selecting any candidate for directorship. According to the Nomination Policy, the Nomination Committee would consider the following criteria, including, among other things, the business model and specific needs of the Company and the diversity in various aspects. The final appointment recommendation shall be made to the Board by the Nomination Committee based on merit and contribution that the selected candidates will bring to the Board after taking into account the relevant aspects mentioned above. The Nomination Committee shall identify, consider and recommend suitable individuals to the Board to consider and to make recommendations to the Shareholders for election of Directors at a general meeting either to fill a casual vacancy or as an addition to the Board.

DIVERSITY POLICY

Board Diversity

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, the Company has adopted the board diversity policy (the "**Board Diversity Policy**") including the necessary balance of skills and experience appropriate for the requirements of the business development of the Company and for effective leadership. The Board Diversity Policy has been reviewed by the Board on an annual basis. A summary of the Board Diversity Policy is set out below:

Purpose

The Board Diversity Policy aims to set out the objective and approach to achieve and maintain diversity of the Board and enable the Board to comply with the Corporate Governance Code.

Board Diversity Policy Statement

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. The ultimate decision of the appointment will be based on merit and the contribution that the selected candidates will bring to the Board. Board diversity has been considered from a number of aspects, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service.

Measurable Objectives

Regarding the gender diversity on the Board, the Company recognizes the particular importance of gender diversity. The Company has taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels. The Company will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that the Company will have a pipeline of female management and potential successors to the Board in due time to ensure gender diversity of the Board. The Group will continue to emphasize on the training of female talents and providing long-term development opportunities for its female staff.

The Board has a balanced mix of knowledge and skills, including in management, marketing, business development, investment management and corporate finance. They obtained degrees in various majors including business administration, management, finance, laws and human resources management. Currently, the Board has three female Directors, Ms. WU Xuan, an executive Director, and Ms. SONG Siyun and Ms. ZHENG Yi, two independent non-executive Directors.

The Nomination Committee is of the view that the diversity level of the Board is appropriate in terms of knowledge, experience and skills of the Directors. After evaluating various factors, given that the Board has three female Directors, representing 60% of the Board, which is higher than the industry average, the Nomination Committee considered that the gender diversity of the Board is achieved and will maintain the gender diversity at such level. The Nomination Committee is and will continue to be responsible for ensuring the diversity of the Board, and will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy from time to time to ensure its continued effectiveness.

Workforce Diversity

The Company has established rules and procedures of recruitment, job promotion, compensation, benefits, rest periods, dismissal, etc., to protect the employees' rights. During recruitment and job promotion, the Company follows the principle of "selection on merit", taking into account the performance, work experience and capability of the applicant or employee. The Company advocates a diverse and equal workforce culture by ensuring that applicants and employees are not discriminated against on the basis of gender, age, race, family status or physical disability, aiming to provide its employees with a fair work environment. As of December 31, 2024, the Group had 912 employees of which 561 (61.51%) were male and 351 (38.49%) were female. The Board is satisfied with the gender diversity of the Company's employees and is not aware of any factors or circumstances that would make it more challenging or less relevant for the Group to achieve gender diversity among its employees.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for determining corporate governance policy of the Company performing the functions set out in code provisions A.2.1 of the Corporate Governance Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Corporate Governance Code, the Company's code of conduct applicable to its employees and Directors, and disclosure in its Corporate Governance Report during the Reporting Period.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company Secretary of the Company may from time to time and as the circumstances required, provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

BOARD INDEPENDENCE

The Board established mechanisms to ensure independent views and input are available to the Board, including, among others, (i) independent non-executive Directors are encouraged to actively participate in the Board meetings; (ii) the number of independent non-executive Directors must comply with the requirement under the Listing Rules; (iii) sufficient resources shall be provided to the Board if it thinks necessary to seek independent professional advice from independent third parties; and (iv) the independent non-executive Directors shall devote sufficient time to discharge their duties as a Director.

The Board will review the implementation and effectiveness of such mechanisms on an annual basis, which have been reviewed and considered effective by the Board for the year ended December 31, 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding directors' dealing in the Company's securities. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period. The Company's relevant employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's relevant employees was noted by the Company during the Reporting Period.

The Company has also established a policy on inside information to comply with its obligations under the Securities and Futures Ordinance and the Listing Rules. In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024. The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements. The senior management of the Company has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement by the independent auditor of the Company, Ernst & Young, about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 56 to 59 of this annual report.

DIVIDEND POLICY

The Company is a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will also depend on the availability of dividends received from its subsidiaries. PRC laws require that dividends shall be paid only out of the profit for the year/period determined according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRSs. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends.

Any dividends declared in the past is not indicative of the Company's future dividend policy. The amount of dividend actually distributed to the Shareholders will depend upon its earnings and financial condition, operating requirements, capital requirements and any other conditions that its Directors may deem relevant and will be subject to approval of the shareholders. The Board has the absolute discretion to recommend any dividend. The Company does not have any pre-determined dividend pay-out ratio and dividend policy.

Pursuant to provisions of the Pre-IPO Share Option Plan, no dividends shall be payable in relation to the Shares that are the subject of options that have not been exercised, and thus no dividend will be payable to Shares held by ESOP BVIs. Save as disclosed above, the Board is not aware of any other arrangement under which a Shareholder has waived or agreed to waive any dividend.

WHISTLEBLOWING POLICY

The Board adopted a whistleblowing policy (the "**Whistleblowing Policy**"), the purpose of which is to (i) provide an avenue for the Group's employees, clients, suppliers and other stakeholders to voice concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter relating to the Group, particularly in relation to fraud, controls or ethics, without fear of reprisals when whistleblowing in good faith; and (ii) ensure that robust arrangements are in place to facilitate independent investigation of the reported concern and for the appropriate follow up actions to be taken.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the Audit Committee. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended December 31, 2024 has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

ANTI-CORRUPTION COMPLIANCE POLICY

The Board adopted an anti-corruption compliance policy (the "**Anti-corruption Policy**"). The Group is committed to achieving the highest standards of integrity and ethical behavior in conducting business. The Anti-corruption Policy forms an integral part of the Group's corporate governance framework. The Anti-corruption Policy sets out the specific behavioral guidelines that the Group and its officers, directors, employees, shareholders, and agents must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group's practices, this Anti-corruption Policy has been prepared as a guide to all Group employees and third parties dealing with the Group. The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed Ernst & Young as the external auditor for the year ended December 31, 2024. A statement by Ernst & Young about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 56 to 59.

Details of the fees paid/payable in respect of the audit and non-audit services provided by Ernst & Young for the year ended December 31, 2024 are set out in the table below:

Services rendered for the Company	**Fees paid and payable** (RMB'000)
Auditor's remuneration	
Audit services	4,000
Interim review services	2,500
Total	**6,500**

RISK MANAGEMENT AND INTERNAL CONTROL

The Company recognizes that adequate and effective risk management and internal control are critical to achieve the Company's strategic objectives. Risk management and internal control systems shall ensure the effective business operation, accuracy and reliability of financial reporting, and due compliance with applicable laws, regulations and policies. As such, the Board acknowledges that it is responsible for ensuring that the Company has established and maintained sound risk management and internal control systems within the Group and reviewing their effectiveness on an ongoing basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Corporate Governance Report

Risk Management and Internal Control Systems

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

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

In addition, the Company has set up an internal control framework, which relates to business processes such as procurement, human resources and payroll, game development, game marketing and sales 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 effectiveness of risk management and internal control.

Significant Risks of the Company

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

Financial reporting risk management

The Company has implemented a set of accounting policies in connection with its financial reporting risk management, such as financial reporting management policies, budget management policies, financial statement preparation policies and finance department and staff management policies. The Company has various procedures in place to implement accounting policies and its finance department reviews the management accounts based on such procedures. The Company also provides regular training to finance department staff to ensure that they understand its financial management and accounting policies and implement them in its daily operations.

Investment policies and risk management

The Group has also established a set of investment policies and internal control measures to achieve reasonable returns on its investments while mitigating its exposure to investment risks.

Information system risk management

The Group has implemented relevant internal procedures and controls to ensure that its data is protected, and that leakage and loss of such data is avoided. During the Reporting Period, the Group did not experience any material information leakage or loss of user data.

Internal control risk management

The Group has designed and adopted internal control mechanisms and strict internal procedures to ensure the compliance of its business operations with the relevant rules and regulations.

Inside information risk management

The Group attaches utmost importance to the proper handling and dissemination of inside information. 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. Information technology system controls are implemented to ensure the access to sensitive data is restricted to authorized personnel only.

Intellectual property infringement risk management

The Group has formulated policies to regulate the management of intellectual property rights such as computer software copyrights and trademarks. The in-house legal department and the administration department are jointly responsible for intellectual property-related management and compliance.

Human resources risk management

The Group provides regular and specialized training tailored to (i) the needs of its employees in different departments, and (ii) its anti-bribery and anti-corruption policy. Through these training sessions, the Group ensures that its staff's skill sets and knowledge level of the Company's anti-bribery and anti-corruption policy remain up-to-date, enabling them to better comply with applicable laws and regulations in the course of exploring business.

Regulatory compliance and legal risk management

In order to manage its compliance and legal risk exposures effectively, the Company has designed and adopted strict internal procedures to ensure the compliance of its business operations with the relevant rules and regulations.

The Company continually improves its internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. The Company also undertakes compliance management over various aspects of its operations and employee activities, and has established an accountability system in respect of employees' violations of laws, regulations and internal policies.

Effectiveness of Risk Management and Internal Control

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

The Audit Committee's process of reviewing the effectiveness of the risk management and internal control systems and resolving material internal control defects comprises of, among other things: (i) meetings with the business department, the internal audit and control department, legal team, and the external auditor; (ii) reviewing the relevant work reports and information of key performance indicators; (iii) the senior management's self-assessment on internal control and (iv) discussing the significant risks with the senior management.

The Board has conducted a review of the adequacy and effectiveness of the Group's risk management and internal control systems and considers that the Group's risk management and internal control systems are adequate and effective for the year ended December 31, 2024.

COMPANY SECRETARY

Ms. TSANG Wing Man, a manager of SWCS Corporate Services Group (Hong Kong) Limited (a company secretarial service provider), has been appointed as the Company Secretary. She is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, as well as the applicable laws, rules and regulations are followed. Her primary contact person at the Company is Mr. WU Xubo, the executive Director of the Company.

For the year ended December 31, 2024, Ms. TSANG Wing Man complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during the year.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meetings

Pursuant to Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings, on a one vote per Share basis in the share capital of the Company. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) themself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There are no provisions under the Articles of Association regarding procedures for Shareholders to put forward proposals at the general meetings other than a proposal of a person for election as Director. However, Shareholders who wish to put forward proposals at general meetings may achieve so by means of convening an extraordinary general meeting following the procedures set out in paragraph above.

Putting Forward Enquiries to the Board and Contact Details

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

Address: 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@ZX.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.

INVESTORS 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 endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings 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 (https://www.zx.com/) and the website of the Stock Exchange. The Board has reviewed the implementation and effectiveness of the shareholder communication policy and confirmed its effectiveness during the Reporting Period.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The Board has resolved to propose the adoption of the fifth amended and restated memorandum and articles of association. The proposed adoption will be submitted to the Shareholders for approval in the forthcoming AGM by way of a special resolution. For details, please refer to the announcement released by Company dated March 31, 2025 published on the respective websites of the Stock Exchange and the Company.

Save as disclosed above, there is no other change in constitutional documents of the Company for the year ended December 31, 2024 and up to the date of this report.

Independent Auditor's Report

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Independent auditor's report
To the shareholders of ZX Inc.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of ZX Inc. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 60 to 148, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from game marketing and operation The Group markets and operates online games which are either authorised by third-party game developers or are self-owned by the Group, under the free-to-play basis. During the year ended 31 December 2024, the Group's revenue from game marketing and operation amounted to RMB5,448,646,000, representing 97.6% of the Group's total revenues. Proceeds from selling virtual items in the games are shared among the game developers, the payment channels, collaborated distribution platforms, and the Group. The Group evaluates the agreements in order to determine whether the Group acts as the principal or an agent with each party respectively, based on which to further determine if relevant revenues should be reported gross or net of the amount of the proceeds shared with the other parties. The evaluation involves significant judgements. In addition, for self-owned games, revenue is recognised rateable over the estimated average paying period of the paying end-users ("**Player Relation Period**"). The estimation of the Player Relation Period involves the analysis of all available game player behaviour information and any changes may result in revenues being recognised on a different basis. Due to the significant judgement and estimation involved in the revenue recognition, as well as the high volume of transactions and complex game player behaviour data, we identified the recognition of revenue from game marketing and operation as a key audit matter. Relevant disclosures are included in note 2.4 "Material accounting policies", note 3 "Significant accounting judgements and estimates", note 4 "Operating segment information" and note 5 "Revenue", to the consolidated financial statements.	Our audit procedures to address this matter including the following: • Obtaining agreements with various parties and checked the rights and obligations of each party, revenue sharing arrangement, etc. to assess management's judgement on principal vs agent; • Obtaining an understanding of the process of revenue recognition from game marketing and operation and the related internal controls; • Testing the key controls of the revenue recognition process of game marketing and operation, including relevant IT application controls, with the assistance of our internal IT specialists; • Verifying the transaction data extracted from the Group's IT system against the statements from the third-party payment channels or collaborated distribution platforms on a sampling basis, with the involvement of our internal IT specialists; • Obtaining confirmations from game developers, collaborated distribution platforms, on sampling basis, and reviewing the reconciliations if any material differences noted; • Obtaining statements from game developers for the year, performing re-calculation of revenue shared by the Group and amounts payable to the game developers, and checking the amounts against the Group's accounting records; • With the assistance of our internal IT specialists, conducting game player behavior data analyses for the selected games; • With the assistance of our internal IT specialists, performing re-calculation of the Player Relation Period based on the players behaviour patterns of the self-owned games; and • Assessing the adequacy of the disclosures included in the notes to the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- 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 group 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 TJEN Michael.

Ernst & Young
Certified Public Accountants
Hong Kong
31 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**5,580,112**	6,514,585
Cost of sales		**(1,555,769)**	(1,941,267)
Gross profit		**4,024,343**	4,573,318
Other income and gains	5	**162,926**	468,122
Selling and distribution expenses		**(3,516,685)**	(3,880,221)
Administrative expenses		**(192,111)**	(265,343)
Research and development costs		**(127,733)**	(171,245)
Impairment losses on financial assets, net		**(135,303)**	(1,780)
Other expenses		**(107,352)**	(208,271)
Finance costs	7	**(42,468)**	(94,335)
Share of profits and losses of:			
Joint ventures		**10,911**	6,430
Associates		**21,887**	(13,284)
PROFIT BEFORE TAX	6	**98,415**	413,391
Income tax expense	10	**(54,396)**	(140,102)
PROFIT FOR THE YEAR		**44,019**	273,289
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent years:			
Share of other comprehensive loss of associate		**(1,254)**	(60,950)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(1,254)**	(60,950)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**42,765**	212,339
(Loss)/profit attributable to:			
Owners of the parent		**(3,624)**	235,487
Non-controlling interests		**47,643**	37,802
		44,019	273,289
Total comprehensive (loss)/income attributable to:			
Owners of the parent		**(4,878)**	174,537
Non-controlling interests		**47,643**	37,802
		42,765	212,339
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	12	**(—*)**	0.47
Diluted (RMB)	12	**(—*)**	0.46

* less than 0.01

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property and equipment	13	**80,016**	98,567
Investment properties	14	**74,055**	81,541
Right-of-use assets	15	**221,205**	347,846
Goodwill	16	**—**	27,917
Other intangible assets	17	**11,119**	15,253
Investments in joint ventures	18	**274,247**	273,418
Investments in associates	19	**175,293**	178,239
Financial assets at fair value through profit or loss	22	**—**	15,000
Deferred tax assets	29	**117,523**	109,312
Prepayments, other receivables and other assets	21	**8,172**	11,633
Pledged deposits	23	**560,770**	2,045,506
Time deposits		**77,022**	—
Total non-current assets		**1,599,422**	3,204,232
CURRENT ASSETS			
Inventories		**2,858**	2,905
Trade receivables	24	**237,194**	310,696
Prepayments, other receivables and other assets	21	**776,501**	683,872
Amounts due from related parties	37	**38,243**	23,981
Financial assets at fair value through profit or loss	22	**430,534**	412,800
Pledged deposits	23	**1,615,554**	2,137,907
Restricted cash	23	**33,983**	4,931
Time deposits		**314,422**	—
Cash and cash equivalents	23	**514,963**	486,886
Total current assets		**3,964,252**	4,063,978
CURRENT LIABILITIES			
Trade payables	24	**475,530**	466,069
Bills payable	25	**1,530,095**	2,806,551
Other payables and accruals	26	**419,766**	893,941
Interest-bearing bank borrowings	27	**199,568**	213,743
Lease liabilities	15	**4,736**	39,616
Tax payable		**471,448**	416,277
Total current liabilities		**3,101,143**	4,836,197
NET CURRENT ASSETS/(LIABILITIES)		**863,109**	(772,219)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,462,531**	2,432,013

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	15	**39,466**	153,178
Provision	28	**–**	3,050
Total non-current liabilities		**39,466**	156,228
Net assets		**2,423,065**	2,275,785
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	**77**	77
Treasury shares	30	**(1)**	(3)
Reserves	32	**2,398,458**	2,286,450
		2,398,534	2,286,524
Non-controlling interests		**24,531**	(10,739)
Total equity		**2,423,065**	2,275,785

Mr. WU Xubo
Director

Ms. WU Xuan
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital RMB'000 (Note 30)	Treasury shares RMB'000 (Note 30)	Capital reserve RMB'000 (Note 32)	Statutory surplus reserve RMB'000 (Note 32)	Share incentive reserve RMB'000 (Note 32)	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000 (Note 32)	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	74	–	6,643	5,000	2,144,409	–	(424,366)	1,731,760	(22,721)	1,709,039
Profit for the year	–	–	–	–	–	–	235,487	235,487	37,802	273,289
Other comprehensive loss for the year	–	–	–	–	–	–	–	–	–	–
Proportionate interest in the investee arising from changes in the investee's other comprehensive income, net of tax	–	–	–	–	–	(60,950)	–	(60,950)	–	(60,950)
Total comprehensive income for the year	–	–	–	–	–	(60,950)	235,487	174,537	37,802	212,339
Issue of ordinary shares	3	(3)	243,778	–	–	–	–	243,778	–	243,778
Share issue expenses	–	–	(33,402)	–	–	–	–	(33,402)	–	(33,402)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(26,337)	(26,337)
Special dividends declared	–	–	–	–	–	–	(50,000)	(50,000)	–	(50,000)
Equity-settled share option arrangements	–	–	–	–	219,368	–	–	219,368	–	219,368
Changes in non-controlling interests without loss of control	–	–	510	–	–	–	–	510	490	1,000
Capital injection in non-wholly owned subsidiaries	–	–	(27)	–	–	–	–	(27)	27	–
At 31 December 2023	77	(3)	217,502*	5,000*	2,363,777*	(60,950)*	(238,879)*	2,286,524	(10,739)	2,275,785

	Attributable to owners of the parent									
	Share capital RMB'000 (Note 30)	**Treasury shares RMB'000 (Note 30)**	**Capital reserve RMB'000 (Note 32)**	**Statutory surplus reserve RMB'000 (Note 32)**	**Share incentive reserve RMB'000 (Note 32)**	**Fair value reserve of financial assets at fair value through other comprehensive income RMB'000 (Note 32)**	**Accumulated losses RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
At 1 January 2024	**77**	**(3)**	**217,502**	**5,000**	**2,363,777**	**(60,950)**	**(238,879)**	**2,286,524**	**(10,739)**	**2,275,785**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(3,624)**	**(3,624)**	**47,643**	**44,019**
Other comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Proportionate interest in the investee arising from changes in the investee's other comprehensive income, net of tax	**–**	**–**	**–**	**–**	**–**	**(1,254)**	**–**	**(1,254)**	**–**	**(1,254)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(1,254)**	**(3,624)**	**(4,878)**	**47,643**	**42,765**
Issue of ordinary shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share issue expenses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Dividends paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(12,373)**	**(12,373)**
Special dividends declared	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Shares issued upon exercise of share options	**–**	**2**	**–**	**–**	**–**	**–**	**–**	**2**	**–**	**2**
Equity-settled share option arrangements	**–**	**–**	**–**	**–**	**116,886**	**–**	**–**	**116,886**	**–**	**116,886**
Changes in non-controlling interests without loss of control	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Capital injection in non-wholly owned subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2024	**77**	**(1)**	**217,502***	**5,000***	**2,480,663***	**(62,204)***	**(242,503)**	**2,398,534**	**24,531**	**2,423,065**

* These reserve accounts comprise the consolidated reserves of RMB2,398,458,000 (2023: RMB2,286,450,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**98,415**	413,391
Adjustments for:			
Finance costs	7	**42,468**	94,335
Foreign exchange (gain)/loss, net	6	**(2,358)**	3,639
Bank interest income	5	**(115,841)**	(188,567)
Share of profits and losses of joint ventures and associates		**(32,798)**	6,854
Impairment of an investment in joint ventures and associates		**972**	—
Gain on disposal of financial assets at fair value through profit or loss	6	**(5,165)**	(248,705)
Fair value loss/(gain) on financial assets at fair value through profit or loss	6	**13,263**	173,120
Equity-settled share-based expenses	6	**116,886**	219,368
Impairment of trade receivables, net	6	**(827)**	923
Impairment of financial assets included in other receivables	6	**136,105**	856
Loss on disposal of items of property and equipment	6	**19,615**	2,944
Gain on lease modification	6	**(28,351)**	(4,049)
Depreciation of property and equipment	13	**15,556**	16,880
Depreciation of investment properties	14	**2,331**	841
Depreciation of right-of-use assets	6	**43,047**	32,932
Impairment of investment properties	14	**5,155**	—
Amortisation of other intangible assets	17	**5,154**	35,372
Impairment of property and equipment	6	**32,798**	—
Impairment of goodwill	16	**27,917**	14,582
Decrease in inventories		**47**	1,519
Decrease in trade and bills receivable		**74,329**	115,198
Increase in prepayments, other receivables and other assets		**(251,505)**	(90,748)
(Increase)/decrease in deposits		**(384,345)**	40,994
Increase in amounts due from related parties		**(14,262)**	—
Increase/(decrease) in trade payables		**9,461**	(57,580)
Decrease in bills payable		**(1,276,456)**	(2,833,660)
Decrease in other payables and accruals		**(458,594)**	(809)
(Increase)/decrease in restricted cash		**(29,923)**	5,940
Cash used in operations		**(1,956,906)**	(2,244,430)
Interest received		**2,378**	8,107
Interest paid		**(34,287)**	(80,002)
Income tax paid		**(10,816)**	(33,076)
Net cash flows used in from operating activities		**(1,999,631)**	(2,349,401)

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**113,463**	180,460
Dividends received from a joint venture		**44,188**	200
Purchases of items of property and equipment		**(46,218)**	(16,144)
Proceeds from disposal of items of property and equipment		**261**	3,916
Additions to other intangible assets		**(1,020)**	(6,891)
Prepayment for right-of-use assets		**—**	(200,956)
Purchases of investments in joint venture		**(10,500)**	—
Purchases of investments in associates		**(1,000)**	(246,481)
Disposal of an investment in a joint venture		**—**	10,000
Purchase of financial assets at fair value through profit or loss		**(15,997)**	(600,920)
Disposal of financial assets at fair value through profit or loss		**5,165**	1,520,040
Advance of loans to associates		**—**	(7,000)
Placement of pledged time deposits		**(784,352)**	(2,114,853)
Withdrawal of pledged time deposits		**2,791,441**	4,333,799
Net cash flows from investing activities		**2,095,431**	2,855,170
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	30	**—**	243,781
Share issue expenses paid		**—**	(26,011)
New bank loans		**199,568**	223,443
Repayment of bank loans		**(213,336)**	(566,809)
Interest paid		**(2,043)**	(3,998)
Principal portion of lease payments	15	**(33,120)**	(14,005)
Interest portion of lease payments	15	**(6,545)**	(9,070)
Capital injection from non-controlling interests		**—**	1,000
Dividends paid to the shareholders	11	**—**	(50,000)
Dividends paid to non-controlling shareholders		**(12,373)**	(26,337)
Decrease/(increase) in restricted cash		**871**	(477)
Decrease in rental deposit		**(745)**	(3,822)
Net cash flows used in financing activities		**(67,723)**	(232,305)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**28,077**	273,464
Cash and cash equivalents at beginning of year		**486,886**	213,422
CASH AND CASH EQUIVALENTS AT END OF YEAR		**514,963**	486,886
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Unrestricted cash and bank balances		**514,963**	283,231
Time deposits with original maturity of less than three months		**—**	203,655
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows	23	**514,963**	486,886

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 18 March 2021 as an exempted company with limited liability under the Companies Law, Chapter 22 of the Cayman Islands. The registered address of the office of the Company is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

During the year, the Group was principally engaged in providing product marketing and operation services for online games in the People's Republic of China (hereafter, the "**PRC**").

Information about subsidiaries

Particulars of the Company's principal subsidiaries as of 31 December 2024 are as follows:

Name	Date and place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Jiangxi Tanwan Information Technology Co., Ltd. ("**江西貪玩信息技術有限公司**") ("**Jiangxi Tanwan**")	21 May 2015 PRC/Mainland China	RMB10,000,000	–	100	Game marketing and operation
Hong Kong Tanwan Information Technology Co., Limited. ("**香港貪玩信息技術有限公司**") ("**HK Tanwan**")	24 May 2016 Hong Kong	HKD1,000,000	100	–	Game marketing and operation
Poyang Weiru Information Technology Co., Ltd. ("**鄱陽縣偉如信息技術有限公司**") ("**Poyang Weiru**")	13 March 2017 PRC/Mainland China	RMB1,000,000	–	70	Game marketing and operation
Guangzhou Tanwan Information Technology Co., Ltd. ("**廣州貪玩信息技術有限公司**") ("**Guangzhou Tanwan**")	28 July 2017 PRC/Mainland China	RMB1,000,000	–	99	Game marketing and operation
Poyang Tanwan Information Technology Co., Ltd. ("**鄱陽縣貪玩網絡科技有限公司**") ("**Poyang Tanwan**")	1 December 2017 PRC/Mainland China	RMB5,050,505	–	100	Game marketing and operation
Guangzhou Bajiuyou Network Technology Co., Ltd. ("**廣州八九遊網絡科技有限公司**") ("**Guangzhou Bajiuyou**")	5 December 2017 PRC/Mainland China	RMB10,000,000	–	51	Game marketing and operation
Guangzhou Chichi Network Technology Co., Ltd. ("**廣州吃吃網絡科技有限公司**") ("**Guangzhou Chichi**")	19 June 2018 PRC/Mainland China	RMB2,000,000	–	100	Sale of products

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Date and place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Hainan Zhangwan Network Technology Co., Ltd. ("**海南掌玩網絡科技有限公司**") ("**Hainan Zhangwan**")	14 April 2020 PRC/Mainland China	RMB2,040,816	–	51	Game marketing and operation
Guangzhou Feifan Information Technology Co., Ltd. ("**廣州菲凡信息科技有限公司**") ("**Guangzhou Feifan**")	9 June 2020 PRC/Mainland China	RMB20,408,163	–	51	Game marketing and operation
Guanzhou Zhongxu Digital Information Technology Co., Ltd. ("**廣州中旭數科信息科技有限公司**") ("**Guangzhou Zhongxu**")	27 September 2020 PRC/Mainland China	RMB10,000,000	–	100	Game marketing and operation
Hainan Tanwan Information Technology Co., Ltd. ("**海南貪玩信息技術有限公司**") ("**Hainan Tanwan**")	4 November 2020 PRC/Mainland China	RMB1,000,000	–	100	Game marketing and operation
Shangrao Guangfeng Tanwan Network Technology Co., Ltd. ("**上饒市廣豐區貪玩網絡科技有限公司**") ("**Shangrao Tanwan**")	29 January 2021 PRC/Mainland China	RMB10,000,000	–	100	Game marketing and operation
Hong Kong 9 Ring Network Co., Limited ("**香港九環網絡有限公司**") ("**HK 9 Ring**")	9 February 2021 Hong Kong	HKD20,000,000	51	–	Game marketing and operation
ZX Interactive Limited ("**ZX BVI**")	30 March 2021 British Virgin Islands	USD1	100	–	Game marketing and operation
ZX Data Limited ("**中旭數據有限公司**") ("**ZX HK**")	16 April 2021 Hong Kong	HKD1	100	–	Game marketing and operation
Guangzhou Zhongxu Future Technology Co., Ltd. ("**廣州中旭未來科技有限公司**") ("**ZX WFOE**")	26 May 2021 PRC/Mainland China	RMB20,000,000	100	–	Other marketing services
Guangzhou Zhongxu BroKooLi Culture and Entertainment Co., Ltd. ("**廣州中旭西蘭花文化娛樂有限公司**") ("**ZX Entertainment**")	28 September 2021 PRC/Mainland China	RMB1,000,000	–	100	Sale of products

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Date and place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guangzhou Hehe Information Technology Co., Ltd. (“**廣州喝喝信息技術有限公司**”) (“**Guangzhou Hehe**”)	6 January 2022 PRC/Mainland China	RMB2,000,000	–	100	Sale of products
Guangzhou Tanwan Mobile Game Network Technology Co., Ltd. (“**廣州貪玩手遊網絡科技有限公司**”) (“**Guangzhou Tanwan Mobile Game**”)	8 March 2022 PRC/Mainland China	RMB10,000,000	–	51	Game marketing and operation
Guangzhou Future Industry Service Co., Ltd. (“**廣州未來產業服務有限公司**”) (“**Guangzhou Future Industry**”)	26 April 2022 PRC/Mainland China	RMB70,000,000	–	100	Real estate
Guangzhou Zhongxu Industry Service Co., Ltd. (“**廣州中旭產業服務有限公司**”) (“**ZX Industry**”)	26 April 2022 PRC/Mainland China	RMB55,000,000	–	100	Real estate
Hong Kong Happy Time Interactive Limited (“**香港歡樂時光互娛有限公司**”) (“**Hong Kong Happy Time**”)	30 May 2022 Hong Kong	HKD100,000	100	–	Game marketing and operation
Lanzhou Xulan Information Technology Co., Ltd. (“**蘭州旭蘭信息技術有限公司**”) (“**Lanzhou Xulan**”)	5 January 2024 PRC/Mainland China	RMB1,000,000	–	100	Game marketing and operation
Shangrao Chichi E-Commerce Co., Ltd (“**上饒吃吃電子商務有限公司**”) (“**Shangrao Chichi**”)	13 March 2024 PRC/Mainland China	RMB2,000,000	–	100	Sale of products

All our subsidiaries established in the PRC are limited liability companies.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, affected the results for the year or formed a substantial portion of the net assets of the Group.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for wealth management products and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards — Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group expects that these new and revised standards will not have a significant effect on the Group's financial performance and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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

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

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

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

Fair value measurement

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

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract assets, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Property and equipment and depreciation

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

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

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

Buildings	2.99%
Electronic devices	32%
Furniture and fixtures	19%
Motor vehicles	24%
Leasehold improvements	Shorter of estimated useful lives or remaining lease terms

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

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

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are interests in properties held to earn rental income and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided using the straight-line method to write off the cost of the investment properties over the estimated useful lives. Where the carrying amount of an investment property is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Intangible assets (other than goodwill)

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

Copyright

Copyright, hereby, refers to the legal right of game software belonging to the Group. The copyright is amortised on a straight-line basis over the life cycle of the specific game, which lasts for at least 2 years.

Game operation agreements

Game operation agreements are stated at cost less any impairment loss and are amortised on a straight-line basis over the expected economic lives of 1 to 3 years.

Computer software

Acquired computer software is stated at historical cost less amortisation. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and is amortised on a straight-line basis over the useful lives of 2 to 3 years.

Domain names

Domain names are initially recognised and measured at costs incurred to acquire and bring to use them. The costs are amortised on a straight-line basis over the domain names' estimated useful lives of not exceeding 10 years, which is determined by the shorter of the registered license years and expected usage period.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Research and development costs

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

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

Leases

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

Group as a lessee

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

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

Office premises	2 to 15 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

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

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

(c) Short-term leases

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets at fair value through profit or loss

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

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

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

General approach

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

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

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

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

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as loans and borrowings or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payable, and other payables and accruals, lease liabilities, and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Income tax

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

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Game marketing and operation

Most of the online games that the Group markets or operates are under a free-to-play basis whereby the players can play the games free of charge and are charged for the purchase of virtual items in the game. Such payments are generally non-refundable and non-cancellable. The game products are either i) authorised by third-party game developers or publishers ("**Authorized Games**") or ii) self-owned ("**Self-owned Game**").

i) *Authorised Games*

When the Group markets and operates an online game product pursuant to a business arrangement under which a third-party game developer authorises the Group to conduct precision marketing, publishing and payment channel operation and/or brand development services, the Group considers the game developer as the customer and regards itself as the agent of the game developer in dealing with the end-users of the game product because (i) the game developer is responsible for providing game products, and embracing the right to authorise the Group to provide services; (ii) the game developer is responsible for the development, upgrade, update and maintenance of the game; (iii) the game developer independently sets the prices of virtual items in the game, and is responsible for the generation, transfer, operation and destruction of virtual items; and (iv) the game developer is responsible for hosting and maintaining the game server.

Pursuant to the service agreement between the Group and the third-party game developer, the Group charges the game developer a service fee based on a certain percentage of the gross amounts that the end players pay for the purchase of the virtual items in the game. The Group recognises the service revenue on a net basis which equals to the gross amounts collected from the end players less the amounts shared by the game developer when the end-users pay for the purchase of the in-game virtual items and when such amounts are determinable.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Game marketing and operation *(Continued)*

i) Authorised Games (Continued)

In certain agreements where the Group provides marketing and operation support services to third party publishers who have obtained the game authorisation from game developers, the publishers are responsible for precision marketing, publishing and payment channel operation and/or brand incubation services and the Group only charges the publishers a service fee based on a certain percentage of the gross amounts that the end players pay for the purchase of the virtual items in the games. The Group considers the publishers as the customers and regards itself as the agent of the publishers in providing marketing and operation services to the game developers. The Group recognises revenue on a net basis which equals to the amount charged to the publishers.

In certain agreements with the third-party game developer, the Group is entitled to additional bonus based on the actual marketing performance. Revenue from such additional bonus is recognised when the amount is determined and confirmed by the customers.

ii) Self-owned Game

Starting from January 2022, the Group markets and operates self-owned game product. Under such circumstance, as the Group is solely responsible for the game product development, maintenance, price setting and game server, the Group considers itself the principal of the game product and the end players as the customers. The Group has determined that it is obligated to provide on-going services to the end-users who make payments to gain an enhanced game playing experience over the playing period, and accordingly the Group recognised the revenue ratable over the estimated average paying period of these paying end-users ("**Player Relation Period**"), starting from the point in time when the purchase of in-game virtual items is made, and all the other revenue recognition criteria are met. The Group estimates the Player Relation Period of a game based on historical data statistics of the paying players and re-assesses such period semi-annually.

The Group may market or operate the online game products (including both Authorised Games and Self-owned game) through the self-run model and joint-run model.

Under the self-run model, the Group conducts marketing, publishing and payment channel operation and/or brand incubation services on its own. The Group is responsible for identifying, contracting with the payment channels (primarily Wechat pay, Alipay and Apple pay) and the media platforms. Commissions paid to the payment channels are included in cost of sales and the marketing costs paid to the media platforms are included in selling expenses except for the marketing fees calculated based on pay-to-sale which are included in cost of sales.

Under the joint-run model, the Group involves collaborated distribution platforms to serve as both an end-user acquisition channel and a strategic partner with the Group to joint-run the authorised game products, a portion of the gross amounts paid by the end-users is withheld directly by the collaborating distribution platforms (primarily mobile application stores) pursuant to the business arrangement with such collaborating distribution platforms. The Group records the amount withheld by the collaborating distribution platforms under the joint-run model as part of cost of sales.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Other marketing services

Other marketing services are provided primarily for the developer of non-gaming applications (mainly literature products). Therefore, the Group considers the third-party literature content providers as its customer and itself as an agent in its arrangement with both the third-party content creators and the online literature readers. The Group recognises the service revenue on a net basis which equals to the gross amounts collected from the online literature readers less the amounts shared by the literature content providers when the readers subscribe pay-to-read services and when such amounts are determinable.

Sales of products

The Group sells consumer products, which mainly contain rice noodle products and other fast consumer foods under the self-own brand "Zha Zha Hui", to the end customers over third-party online retail platforms such as Douyin ("抖音") and to the distributors.

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on the receipt and acceptance of products.

Other income

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

Dividend income

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

Contract liabilities

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

Contract costs

Costs incurred to obtain a contract that are not incremental costs are required to be expensed as incurred, unless they are explicitly chargeable to the customer (regardless of whether the contract is obtained). Any capitalised contract costs are amortised, with the expense recognised on a systematic basis that is consistent with the entity's transfer control of the related goods or services to the customer.

Share-based payments

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

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow method and a binomial model, further details of which are given in note 31 to the consolidated financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Other employee benefits *(Continued)*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Housing fund — Mainland China

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

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Principal versus agent considerations

The Group determines whether it is a principal or an agent in providing marketing and operating services by evaluating the nature of its promise to the customer. The Group is a principal and therefore records revenue on a gross basis if it controls promised services before transferring the services to the customer. Otherwise, the Group is an agent and records as revenue the net amount that it retains profits agency services if its role is to arrange to provide the services. To assess whether the Group controls the services before they are transferred to the customer, the Group has considered various factors, including but not limited to whether the Group (i) is the primary obligor in the arrangement, (ii) has general inventory risk, (iii) has discretion in establishing the selling price.

Contingent liabilities on pending litigations

The Group has several pending litigations with regards to game products operated by the Group in the PRC. The Group recognised a provision for the estimated amounts to settle the obligations based on all the available information and the advices from legal counsels. If the final outcomes of these pending litigations are different with management's estimation, there will be adjustments to the amounts provided.

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue deferred tax liabilities in respect of withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends. Withholding tax is provided for the profits of the subsidiaries which the Group considers it probable to be distributed in the foreseeable future. Further details are included in note 29 to the consolidated financial statements.

Contractual Arrangements

Jiangxi Tanwan and its subsidiaries (collectively the "**PRC Operating Entities**") are mainly engaged in the provision of product marketing and operation services to online games in the PRC, which falls in the scope of "Catalogue of Restricted Foreign Investment Industries" that foreign investors are prohibited to invest.

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

The Group considers that it controls the PRC Operating Entities, notwithstanding the fact that it does not hold direct equity interests in the PRC Operating Entities, as it has power over the PRC Operating Entities, has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities through the Contractual Arrangements. Accordingly, the PRC Operating Entities have been accounted for as subsidiaries during the year. The Group has consolidated the financial position and results of the PRC Operating Entities in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimate of the Player Relation Period for revenue from self-owned game operation

As described in note 2.4 to the consolidated financial statements, revenue from self-owned game is recognised over the Player Relation Period. The Group estimates the Player Relation Period of a game based on historical data statistics of the paying players and re-assesses such period semi-annually. While the Group believes its estimates to be reasonable, it may revise such estimate in the future as there are any important changes in game player behaviour patterns, games' operation periods and other aspects.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was nil (2023: RMB27,917,000). Further details are given in note 16.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Provision for expected credit losses on trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables are disclosed in note 20 and note 21 to the Consolidated financial statement.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of investments in joint ventures and associates

The Group determined whether there are indicators of impairment for investments in joint ventures and associates at the end of each reporting period. Indicators of impairment included, but not limited to serious deterioration of financial condition of the joint ventures and associates, significant drop in share prices, adverse changes in the industry market environment and other circumstances indicated that joint ventures and associates are unable to generate economic benefits for the Group. When such an indicator exists, the Group tested its investments in joint ventures and associates for impairment by comparing the estimated recoverable amounts with the carrying amounts. An impairment exists when the carrying value of investments in joint ventures and associates exceeds its recoverable amount.

Fair value of share-based payments

The equity-settled share-based payments were estimated based on fair value of the awards as at the date of grant using valuation model depending on the terms and conditions of the grant. This requires the Group to determine the most appropriate inputs to the valuation model and make assumptions about them. Further details are included in note 31 to the consolidated financial statement.

Fair value of equity investments

Fair value of financial assets, in the absence of an active market, is estimated by using appropriate valuation techniques including the recent transaction approach. Management of the Group determines their fair value at the end of each reporting period by taking reference to those recent transaction prices. Further details are included in note 39.

Useful lives of intangible assets

Amortisation is calculated on the straight-line basis to write off the cost of each item of intangible assets to its residual value over its estimated useful life. The estimated useful lives and dates that the Group places the items of assets into productive use reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's intangible assets.

4. OPERATING SEGMENT INFORMATION

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance, does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	RMB'000
Mainland China	**4,956,685**	6,084,255
Hong Kong	**615,487**	430,330
Others	**7,940**	—
Total revenue	**5,580,112**	6,514,585

(b) Non-current assets

As at 31 December 2024 and 2023, substantially all of the non-current assets of the Group were located in Mainland China.

Information about major customers

Revenue from customers which amounted to more than 10% of the Group's revenue during the years ended 31 December 2024 and 2023 is set out below:

	2024	2023
	RMB'000	RMB'000
Customer A	**1,517,737**	351,885
Customer B	**1,241,242**	1,887,087
Customer C	**351,917**	751,758
Customer D	**300,121**	986,184

5. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
Types of goods or services		
Game marketing and operation — Self-run model	**4,118,801**	4,264,462
Game marketing and operation — Joint-run model	**1,329,845**	1,944,848
Other marketing services	**29,265**	91,618
Sales of products	**102,201**	213,657
Total	**5,580,112**	6,514,585
Timing of revenue recognition		
Services transferred over time	**423,896**	854,385
Services transferred at a point in time	**5,054,015**	5,446,543
Goods transferred at a point in time	**102,201**	213,657
Total	**5,580,112**	6,514,585
Geographical markets		
Mainland China	**4,956,685**	6,084,255
Hong Kong	**615,487**	430,330
Others	**7,940**	—
Total	**5,580,112**	6,514,585

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Authorised game marketing and operation

The performance obligation is satisfied upon the payment for the purchase of in-game virtual items by game players as the Group has no further obligation to game developers or publishers in order to earn the service fees upon the completion of the corresponding payment. Under the self-run model, the payment is due immediately when the game players make the payment for in-game purchases. Under joint-run model, the payment is due when the statement is received and confirmed with the collaborating distribution platforms. The Group settles the payment with game developers or publishers within 180 days from the date of billing.

Self-owned game marketing and operation

The performance obligation is satisfied over the estimated Player Relation Period. Under the self-run model, the payment is due immediately when the game players make the payment for in-game purchases. Under the joint-run model, the payment is due when the statement is received and confirmed with the collaborating distribution platforms.

Other marketing services

The performance obligation is satisfied upon the subscription of pay-to-read services by online literature readers. The payment is due immediately when the readers make the subscription. The Group settles the payment with the literature content providers on a monthly basis.

Sales of products

The performance obligation is satisfied at the point in time when the products are delivered and accepted by customers. The payment is due immediately for direct sales to the end customers on online retail platforms. The payment from the distributors is generally due within 15 days from delivery.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and 2023 are as follows:

	2024 **RMB'000**	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**48,973**	85,395

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue within one year relate to self-owned game marketing and operation. The amounts disclosed above do not include variable consideration which is constrained.

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

An analysis of other income and gains is as follows:

	Note	2024 RMB'000	2023 RMB'000
Other income			
Bank interest income		**115,841**	188,567
Investment income from financial assets at fair value through profit or loss		**5,165**	248,705
VAT additional deduction and refunds		**1,584**	21,971
Government grants — related to income*		**6,947**	3,100
Investment property rental income	15	**2,106**	794
Others		**574**	936
		132,217	464,073
Gains			
Foreign exchange gains		**2,358**	—
Gain on lease modification	15	**28,351**	4,049
		30,709	4,049
		162,926	468,122

* Various government grants have been received from local government authorities in Mainland China. There are no unfulfilled conditions and other contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2024 RMB'000	2023 RMB'000
Costs of services charged by the collaborating distribution platforms under the joint-run model		**1,039,657**	1,417,200
Cost of products sold		**68,819**	142,952
Promotion expenses		**3,335,096**	3,685,013
Employee benefit expense:			
(including directors' and chief executive's remuneration)			
Wages and salaries		**236,880**	269,610
Equity-settled-based payment expenses		**116,886**	219,368
Pension scheme contributions* (defined contribution scheme)		**12,779**	12,720
		366,545	501,698
Listing expenses		**—**	49,337
Auditor's remuneration		**6,500**	6,000
Depreciation of property and equipment	13	**15,556**	16,880
Depreciation of right-of-use assets	15	**43,047**	32,932
Depreciation of investment properties	14	**2,331**	841
Amortisation of other intangible assets**	17	**5,154**	35,372
Lease payments not included in the measurement of lease liabilities	15	**—**	235
Gain on lease modification	15	**(28,351)**	(4,049)
Foreign exchange differences, net		**(2,358)**	3,639
Impairment of an investment in an associate***	19	**972**	—
Impairment of trade receivables, net	20	**(827)**	923
Impairment of financial assets included in other receivables	21	**136,105**	856
Impairment of property and equipment***	13	**32,798**	—
Impairment of investment property***	14	**5,155**	—
Impairment of goodwill***	16	**27,917**	14,582
Fair value gain/loss on financial assets at fair value through profit or loss		**13,263**	173,120
Gain on disposal of financial assets at fair value through profit or loss		**(5,165)**	(248,705)
Loss on disposal of items of property and equipment, net		**19,615**	2,944

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** The amortisation of other intangible assets is included in costs of sales and administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

*** The impairment of investment in an associate, property and equipment, investment property and goodwill are included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Finance costs on bills payable*	**34,287**	80,002
Interest on bank borrowings	**1,636**	5,263
Interest on lease liabilities (note 15)	**6,545**	9,070
	42,468	94,335

* It represented the finance costs charged by banks to extend the maturity date of bills payable.

8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	**2,254**	564
Other emoluments:		
Salaries, allowances and benefits in kind	**2,909**	1,796
Discretionary bonuses	**—**	1,909
Equity-settled share option expense	**28,795**	50,015
Pension scheme contributions	**49**	42
Subtotal	**31,753**	53,762
Total	**34,007**	54,326

During 2023, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures. In 2024, no shares options were granted to the directors.

8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION *(Continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
Ms. SONG Siyun (宋司筠)	**136**	34
Mr. QIN Yongde (覃永德)	**136**	34
Ms. ZHENG Yi (鄭怡)	**182**	46
Total	**454**	114

Ms. SONG Siyun (宋司筠), Mr. QIN Yongde (覃永德), and Ms. ZHENG Yi (鄭怡) were appointed as independent non-executive directors of the Company and such appointment became effective on 30 March 2023. There were emoluments payable of RMB454,000 to the independent non-executive directors during the year (2023: RMB114,000).

(b) Executive director and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024						
Executive director:						
Ms. Wu Xuan (吴璇)	**800**	**802**	**–**	**–**	**14**	**1,616**
Mr. Wu Xubo[1] (吴旭波)	**1,000**	**1,437**	**–**	**28,795**	**30**	**31,262**
Chief executive:						
Ms. Liang Wenhong[2] (梁文紅)	**–**	**670**	**–**	**–**	**5**	**675**
	1,800	**2,909**	**–**	**28,795**	**49**	**33,553**
2023						
Executive director:						
Ms. Wu Xuan (吴璇)	200	811	159	–	13	1,183
Chief executive:						
Mr. Wu Xubo (吴旭波)	250	985	1,750	50,015	29	53,029
	450	1,796	1,909	50,015	42	54,212

1 Mr. Wu Xubo resigned as a chief executive of the Company with effect from 30 August 2024, while remains as an executive director.

2 Ms. Liang Wenhong was appointed as a chief executive of the Company with effect from 30 August 2024.

8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION *(Continued)*

(b) Executive director and the chief executive *(Continued)*

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2023: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2023: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**1,231**	1,850
Discretionary bonuses	**229**	474
Equity-settled share option expense	**18,974**	51,430
Pension scheme contributions	**49**	54
	20,483	53,808

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HKD2,000,001 to HKD2,500,000	**1**	—
HKD5,500,001 to HKD6,000,000	**1**	—
HKD6,000,001 to HKD6,500,000	**2**	—
HKD9,500,001 to HKD10,000,000	**—**	1
HKD10,500,001 to HKD11,000,000	**—**	1
HKD12,000,001 to HKD12,500,000	**—**	1
HKD26,500,000 to HKD27,000,000	**—**	1
	4	4

During the year and in prior years, share options were granted to four non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

During the year, no remuneration was paid by the Group to the non-director and non-chief executive highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Taxes on profits assessable in Mainland China have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. Pursuant to the PRC Corporate Income Tax Law (the "**PRC Tax Law**") effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operating in Mainland China during the reporting period was 25% of their taxable profits.

Jiangxi Tanwan was accredited as a high and new technology enterprise ("**HNTE**") in 2021, and the certificate is valid for three years. The HNTE certificate needs to be renewed every three years so as to enable Jiangxi Tanwan to enjoy the reduced tax rate of 15%. Although Jiangxi Tanwan has re-applied for and obtained the certificate of HNTE on 3 November 2021, it failed to enjoy the preferential tax rate of 15% in 2023 and 2024 because of its business indicators not meeting the stipulation of HNTE, but applied the statutory rate of 25%.

ZX WFOE was accredited as a "software enterprise" in 2021 under relevant PRC laws and regulations. Accordingly, ZX WFOE is exempt from Corporate Income Tax ("**CIT**") for 2021 and 2022, followed by a 50% reduction in the applicable tax rates from 2023 to 2025.

The following table sets forth a breakdown of the income tax expense for the year indicated:

	2024	2023
	RMB'000	RMB'000
Current — Mainland China	**62,607**	201,557
Deferred (note 29)	**(8,211)**	(61,455)
Total	**54,396**	140,102

10. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory rate of Mainland China (i.e., 25%) where the main operating entities are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2024		2023	
	RMB'000	**%**	RMB'000	%
Profit before tax	**98,415**		413,391	
Tax at the statutory tax rate	**24,604**	**25**	103,348	25
Lower tax rate(s) for specific provinces or enacted by local authority	**(170)**	**—**	(6,049)	(1)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**—**	**—**	7,000	2
Profits and losses attributable to joint ventures and associates	**(18,677)**	**(19)**	3	—
Super deduction for research and development expenses	**(19,472)**	**(20)**	(26,322)	(6)
Expenses not deductible for tax purposes	**37,313**	**38**	67,470	16
Deductible temporary differences and tax losses not recognised	**31,106**	**32**	540	—
Utilisation of previously unrecognised tax losses	**(320)**	**—**	(5,888)	(1)
Adjustments of deferred tax due to changes in tax rates	**12**	**—**	—	—
Tax charge at the Group's effective rate	**54,396**	**55**	140,102	34

The share of tax attributable to associates and joint ventures amounting to RMB959,000 (2023: RMB2,224,000), respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss and other comprehensive income.

11. DIVIDENDS

On 15 August 2023, the Company declared a special dividend in the amount of RMB50,000,000, the payment of which was fully settled in the same month by cash using internal resources.

The Board does not recommend the payment of a final dividend to the ordinary equity holders of the Company for the year ended 31 December 2024 (2023: Nil).

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 521,434,940 (2023: 502,938,959) outstanding during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the year ended 31 December 2024 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic (loss)/earnings per share amounts presented.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
Earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	**(3,624)**	235,487
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**521,434,940**	502,938,959
Effect of dilution — weighted average number of ordinary shares	**—**	9,725,162
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**521,434,940**	512,664,121

13. PROPERTY, PLANT AND EQUIPMENT

	Electronic devices RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings* RMB'000	Construction in progress** RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	24,326	3,065	23,922	31,791	63,808	1,565	148,477
Accumulated depreciation and impairment	(19,696)	(2,054)	(8,464)	(11,881)	(7,815)	–	(49,910)
Net carrying amount	4,630	1,011	15,458	19,910	55,993	1,565	98,567
At 1 January 2024, net of accumulated depreciation and impairment	4,630	1,011	15,458	19,910	55,993	1,565	98,567
Additions	3,798	1,208	7,861	1,200	–	35,612	49,679
Disposals	(283)	(3)	–	(17,048)	–	(2,542)	(19,876)
Depreciation provided during the year (note 6)	(2,707)	(491)	(6,026)	(5,243)	(1,089)	–	(15,556)
Transfers to leasehold improvements	–	–	–	34,179	–	(34,179)	–
Impairment (note 6)	–	–	–	–	(32,798)	–	(32,798)
At 31 December 2024, net of accumulated depreciation and impairment	5,438	1,725	17,293	32,998	22,106	456	80,016
At 31 December 2024:							
Cost	26,391	4,246	31,783	37,809	63,808	456	164,493
Accumulated depreciation and impairment	(20,953)	(2,521)	(14,490)	(4,811)	(41,702)	–	(84,477)
Net carrying amount	5,438	1,725	17,293	32,998	22,106	456	80,016

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Electronic devices RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings* RMB'000	Construction in progress** RMB'000	Total RMB'000
31 December 2023							
At 1 January 2023:							
Cost	27,747	3,444	15,531	39,254	39,367	–	125,343
Accumulated depreciation and impairment	(19,169)	(1,502)	(6,238)	(12,854)	(6,411)	–	(46,174)
Net carrying amount	8,578	1,942	9,293	26,400	32,956	–	79,169
At 1 January 2023, net of accumulated depreciation	8,578	1,942	9,293	26,400	32,956	–	79,169
Additions	5,407	–	10,633	1,093	–	108,387	125,520
Disposals	(1,721)	(328)	(189)	(4,622)	–	–	(6,860)
Depreciation provided during the year (note 6)	(7,634)	(603)	(4,279)	(2,961)	(1,403)	–	(16,880)
Transfers to buildings	–	–	–	–	24,440	(24,440)	–
Transfers to investment properties (note 14)	–	–	–	–	–	(82,382)	(82,382)
At 31 December 2023, net of accumulated depreciation and impairment	4,630	1,011	15,458	19,910	55,993	1,565	98,567
At 31 December 2023:							
Cost	24,326	3,065	23,922	31,791	63,808	1,565	148,477
Accumulated depreciation and impairment	(19,696)	(2,054)	(8,464)	(11,881)	(7,815)	–	(49,910)
Net carrying amount	4,630	1,011	15,458	19,910	55,993	1,565	98,567

* As at 31 December 2024, due to the downturn of the property development market in Guangzhou, the PRC, the Group performed an impairment test on a cash-generating unit which engaged in construction works in Guangzhou. The recoverable amount of the cash-generating unit was RMB22,106,000. Consequently, the carrying amounts of buildings were written down by RMB32,798,000. The impairment loss recognised was included in "Other expenses" in the consolidated statement of profit or loss. An impairment of RMB5,479,000 was provided in 2022 by reference to the estimated fair value of the buildings.

As at 31 December 2024, the Group's buildings with a net carrying amount of RMB22,106,000 (2023: Nil) were pledged for bills payable of the Group (note 25).

** As at 31 December 2024, the Group's construction in progress with a net carrying value of RMB456,000 (2023: RMB1,565,000) relates to the decoration of the buildings which are located in Guangzhou, the PRC.

14. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**81,541**	—
Transfers from construction in progress (note 13)	**—**	82,382
Impairment (note 6)	**(5,155)**	—
Depreciation provided during the year	**(2,331)**	(841)
Carrying amount at 31 December	**74,055**	81,541

The Group's investment properties are measured using a cost model and depreciated to write off their costs net of estimated residual values over their estimated useful lives on a straight-line basis.

The commercial buildings with a net carrying value of RMB39,580,000 (2023: RMB44,028,000) are located in Guangzhou, the PRC, with a land use right period from 2023 to 2053. The office buildings with a net carrying value of RMB34,475,000 (2023: RMB37,513,000) are located in Guangzhou, the PRC, with a land use right period from 2023 to 2063.

These fair values of the Group's investment properties were approximately RMB39,580,000 for the commercial buildings as at 31 December 2024 (2023: RMB37,700,000) and RMB34,475,000 for the office buildings as at 31 December 2024 (2023: RMB44,200,000). Due to the downturn of the property development market in Guangzhou, the PRC, an impairment loss of RMB5,155,000 (2023: Nil) was included in "Other expenses" in the consolidated statement of profit or loss. These fair values are determined based on the valuation conducted by APA Valuation Advisory Ltd, an independent valuer. Under the valuation models, a market-based approach has been adopted.

The market approach is based on the average market selling price of comparable properties in the same business type and currently being sold, with appropriate amendments.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

The fair value of the investment properties is categorised into Level 3 valuations, i.e., fair value measured using significant unobservable inputs, as defined in HKFRS 13 *Fair Value Measurement*.

As at 31 December 2024, the Group's investment properties with a net carrying amount of RMB34,475,000 (2023: Nil) were pledged for bills payable of the Group (note 25).

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office premises used in its operations. Leases of office premises generally have lease terms between 2 and 15 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

The Group also leased certain office premises under short-term (i.e., the lease term ends within 12 months of the date of initial application) lease arrangements. The Group has elected not to recognise right-of-use assets on these short-term lease contracts.

Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There is no lease contract that includes extension and termination options and variable lease payments.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office premises
	RMB'000
As at 1 January 2023	180,229
Additions	259,752
Depreciation charge	(32,932)
Remeasurement due to lease modification	(59,203)
As at 31 December 2023 and 1 January 2024	**347,846**
Additions	**16,170**
Depreciation charge	**(43,047)**
Remeasurement due to lease modification	**(99,764)**
As at 31 December 2024	**221,205**

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024	2023
	RMB'000	RMB'000
Carrying amount at 1 January	**192,794**	212,001
New leases	**16,170**	58,796
Accretion of interest recognised during the year	**6,545**	9,070
Payments	**(39,665)**	(23,075)
Remeasurement due to lease modification	**(131,642)**	(63,998)
Carrying amount at 31 December	**44,202**	192,794
Analysed into:		
Current portion	**4,736**	39,616
Non-current portion	**39,466**	153,178

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024	2023
	RMB'000	RMB'000
Interest on lease liabilities	**6,545**	9,070
Depreciation charge of right-of-use assets	**43,047**	32,932
Expense relating to short-term leases (included in cost of sales)	**—**	235
Gain on lease modification	**(28,351)**	(4,049)
Total amount recognised in profit or loss	**21,241**	38,188

(d) The total cash outflow for leases is disclosed in note 33(c) to the financial statements.

15. LEASES *(Continued)*

The Group as a lessor

The Group leases its investment properties (note 14) consisting of commercial buildings and office buildings in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB2,106,000 (2023: RMB794,000), details of which are included in note 5 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024	2023
	RMB'000	RMB'000
Within one year	**2,106**	2,106
After one year but within two years	**2,106**	2,106
After two years but within three years	**2,106**	2,106
After three years but within four years	**1,312**	2,106
After four years but within five years	**—**	1,312
	7,630	9,736

16. GOODWILL

	RMB'000
At 1 January 2023:	
Cost	42,499
Accumulated impairment	—
Net carrying amount	42,499
At 31 December 2023:	
Cost	42,499
Accumulated impairment	(14,582)
Net carrying amount	27,917
Cost at 1 January 2024, net of accumulated impairment	27,917
Impairment during the year	(27,917)
Cost and net carrying amount at 31 December 2024	—
At 31 December 2024:	
Cost	42,499
Accumulated impairment	(42,499)
Net carrying amount	—

16. GOODWILL *(Continued)*

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to cash-generating unit, namely the Guangzhou Chichi cash-generating unit and namely the Hainan Zhangwan cash-generating unit (collectively, the "**CGUs**") for impairment testing.

Guangzhou Chichi CGU:

During the year ended 31 December 2024, management of the Group has provided impairment loss of on goodwill of RMB27,917,000 allocated to Guangzhou Chichi CGU. It was considered that the revenue and operating profit of Guangzhou Chichi CGU for the current year did not meet those budgeted primarily attributable to the impact of the economic downturn and intensifying competitive dynamics within the industry. These adverse effects are expected to remain for a longer period and the Group strategical focus on its core business of marketing and operating game products. The impairment loss recognised was included in "Other expenses" in the consolidated statement of profit or loss.

Hainan Zhangwan CGU:

For the Hainan Zhangwan CGU, the goodwill of RMB14,582,000 was fully impaired in the year ended 31 December 2023.

17. OTHER INTANGIBLE ASSETS

	Computer software RMB'000	Domain names RMB'000	Game operation agreements RMB'000	Copyright RMB'000	Total RMB'000
31 December 2024					
Cost at 1 January 2024, net of accumulated amortisation	**4,783**	**10,470**	**–**	**–**	**15,253**
Additions	**1,020**	**–**	**–**	**–**	**1,020**
Amortisation provided during the year	**(3,621)**	**(1,533)**	**–**	**–**	**(5,154)**
At 31 December 2024	**2,182**	**8,937**	**–**	**–**	**11,119**
At 31 December 2024:					
Cost	**7,238**	**15,330**	**12,000**	**60,000**	**94,568**
Accumulated amortisation	**(5,056)**	**(6,393)**	**(12,000)**	**(60,000)**	**(83,449)**
Net carrying amount	**2,182**	**8,937**	**–**	**–**	**11,119**
31 December 2023					
At 1 January 2023:					
Cost	2,420	15,330	47,000	60,000	124,750
Accumulated amortisation	(1,523)	(3,327)	(46,166)	(30,000)	(81,016)
Net carrying amount	897	12,003	834	30,000	43,734
Cost at 1 January 2023, net of accumulated amortisation	897	12,003	834	30,000	43,734
Additions	6,891	–	–	–	6,891
Amortisation provided during the year	(3,005)	(1,533)	(834)	(30,000)	(35,372)
At 31 December 2023	4,783	10,470	–	–	15,253
At 31 December 2023 and at 1 January 2024:					
Cost	7,943	15,330	12,000	60,000	95,273
Accumulated amortisation	(3,160)	(4,860)	(12,000)	(60,000)	(80,020)
Net carrying amount	4,783	10,470	–	–	15,253

18. INVESTMENTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets	**269,784**	268,955
Goodwill on acquisition	**7,000**	7,000
Subtotal	**276,784**	275,955
Provision for impairment	**(2,537)**	(2,537)
Total	**274,247**	273,418

Particulars of the Group's material joint ventures are as follows:

Name	Particulars of registered capital held	Date and place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Zhejiang Xuwan Technology Co., Ltd. (浙江旭玩科技有限公司)*	RMB500,000,000 as registered capital	5 July 2018 PRC/Mainland China	40%	40%	48.78%	Technical services and development
Guangzhou Zeda New Culture and Creative Industry Development Co., Ltd. (廣州市澤達新文創產業發展有限公司)*	RMB280,000,000 as registered capital	7 April 2020 PRC/Mainland China	26%	26%	26%	Real estate development, management and interactive entertainment product marketing business

The above investments are held through a consolidated affiliate entity of the Company. They are joint ventures of the Group as the decisions about the relevant activities of the entities require the unanimous consent of the shareholders.

* The Group invested in Zhejiang Xuwan Technology Co., Ltd. and Guangzhou Zeda New Culture and Creative Industry Development Co., Ltd. ("**Zeda**") in 2020.

* As at 31 December 2024, the Group's investment in Zeda was pledged to the Agricultural Bank of China to guarantee the bank borrowings of Zeda with the maximum guarantee amount of RMB405,000,000 (note 37).

Zeda acquired a land use right in 2020 for a period of 50 years and started the construction of properties in 2022. As at 31 December 2024, Zeda had a bank borrowing amount of RMB84,235,000 from the Agricultural Bank of China for the purpose of construction (2023: RMB48,339,000).

During the year, there was no impairment provided for the investment in Zeda by taking into account the fair value of the land (2023: Nil).

18. INVESTMENTS IN JOINT VENTURES *(Continued)*

Zhejiang Xuwan Technology Co., Ltd., which is considered a material joint venture of the Group, is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Zhejiang Xuwan Technology Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2024 RMB'000	2023 RMB'000
Current assets	**155,856**	149,262
Non-current assets	**335,132**	343,591
Current liabilities	**(56,128)**	(39,688)
Net assets	**434,860**	453,165
Reconciliation to the Group's interest in the joint venture:		
Group's share of net assets of the joint venture	**212,125**	221,054
Goodwill on acquisition (less cumulative impairment)	**—**	—
Carrying amount of the investment	**212,125**	221,054

	2024 RMB'000	2023 RMB'000
Revenue	**168,313**	142,663
Profit for the year	**23,889**	14,215
Total comprehensive income for the year	**22,696**	14,215

18. INVESTMENTS IN JOINT VENTURES *(Continued)*

Guangzhou Zeda New Culture and Creative Industry Development Co., Ltd., which is considered a material joint venture of the Group, is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Guangzhou Zeda New Culture and Creative Industry Development Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2024	2023
	RMB'000	RMB'000
Current assets	**7,171**	4,966
Non-current assets	**306,696**	262,974
Current liabilities	**(54,417)**	(42,568)
Non-current liabilities	**(84,235)**	(48,339)
Net assets	**175,215**	177,033
Reconciliation to the Group's interest in the joint venture:		
Group's share of net assets of the joint venture	**45,556**	46,029
Goodwill on acquisition (less cumulative impairment)	**–**	–
Carrying amount of the investment	**45,556**	46,029

	2024	2023
	RMB'000	RMB'000
Loss for the year	**(1,818)**	(2,177)
Total comprehensive loss for the year	**(1,818)**	(2,177)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2024	2023
	RMB'000	RMB'000
Share of the joint ventures' (loss)/profit for the year	**(268)**	62
Aggregate carrying amount of the Group's investments in the joint ventures	**16,566**	6,335

19. INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	**176,240**	178,214
Goodwill on acquisition	**25**	25
Subtotal	**176,265**	178,239
Provision for impairment	**(972)**	—
Total	**175,293**	178,239

Particulars of the material associate is as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Jiaxing Xukai Enterprise Management Partnership (Limited partnership) (嘉興旭愷企業管理合夥企業(有限合夥)) ("**Jiaxing Xukai**")*	RMB559,920,000 as registered capital	10 May 2023 PRC/Mainland China	42%	Technical services and development

The above investment is held through a consolidated affiliate entity of the Company.

* In October 2023, the Group invested RMB235,166,400 in Jiaxing Xukai which accounted for 42% of the total equity interests.

19. INVESTMENTS IN ASSOCIATES *(Continued)*

Jiaxing Xukai Enterprise Management Partnership (Limited partnership), which is considered a material associate of the Group, is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Jiaxing Xukai Enterprise Management Partnership (Limited partnership) adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Current assets	**1,046**	1,045
Non-current assets	**411,200**	412,800
Current liabilities	**(1)**	—
Net assets	**412,245**	413,845
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**42%**	42%
Group's share of net assets of the associate, excluding goodwill	**173,143**	173,815
Carrying amount of the investment	**173,143**	173,815
Loss for the year	**—**	(955)
Other comprehensive loss	**(146,720)**	(145,120)
Total comprehensive loss for the year	**(146,720)**	(146,075)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the associates' profit/(loss) for the year	**21,887**	(12,883)
Aggregate carrying amount of the Group's investments in the associates	**2,150**	4,424

20. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**240,682**	315,011
Impairment	**(3,488)**	(4,315)
Net carrying amount	**237,194**	310,696

The Group's trade receivables mainly represent amounts receivable from third-party collaborated distribution platforms and online retail platforms. The credit period for collaborated distribution platforms is generally 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by the Group's management. In view of the aforementioned and the fact that the Group's trade receivables principally relate to diversified application distribution platforms, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**233,328**	307,204
1 to 2 years	**3,526**	3,218
Over 2 years	**340**	274
	237,194	310,696

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**4,315**	3,392
Impairment losses, net (note 6)	**(827)**	923
At end of year	**3,488**	4,315

20. TRADE RECEIVABLES *(Continued)*

The Group applies the simplified approach to provide for expected credit losses under HKFRS 9, and the provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The Group used a calculation which reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided for 100% of the defaulted receivables during the years ended 31 December 2023 and 2024.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Amount RMB'000	Expected loss rate %	Impairment RMB'000
Defaulted receivables	**1,925**	**100%**	**1,925**
Other trade receivables aged:			
Current	**221,805**	**—***	**143**
Past due for 6 months to 1.5 years	**15,388**	**3%**	**475**
Past due for 1.5 years to 2.5 years	**823**	**25%**	**204**
Past due for over 2.5 years	**741**	**100%**	**741**
	240,682		**3,488**

As at 31 December 2023

	Amount RMB'000	Expected loss rate %	Impairment RMB'000
Defaulted receivables	1,925	100%	1,925
Other trade receivables aged:			
Current	292,616	—*	379
Past due for 6 months to 1.5 years	16,728	3%	558
Past due for 1.5 years to 2.5 years	2,966	23%	677
Past due for over 2.5 years	776	100%	776
	315,011		4,315

* Less than 1%

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB '000	2023 RMB '000
Non-current		
Deposits and other receivables	**8,172**	11,633
Less: Allowance for impairment	**–**	–
	8,172	11,633
Current		
Prepayment for marketing and promotion services	**133,965**	88,975
Deposits and other receivables	**267,510**	79,676
Prepayments to game developers	**307,303**	350,699
Undrawn deposits on third party payment channels	**75,015**	33,128
Deductible input VAT	**130,456**	112,813
Prepaid expenses	**3,466**	5,963
Contract costs for self-owned games	**14,538**	30,955
Loans to employees	**–**	1,310
	932,253	703,519
Less: Allowance for impairment	**(155,752)**	(19,647)
	776,501	683,872

The loans to employees provided by the Group bear interest at a rate of 4.75% p.a. and have been fully repaid in 2024.

An impairment analysis was performed at the end of the year. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under HKFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate. The defaulted non-trade other receivables as at 31 December 2024 were RMB155,752,000 (2023: RMB19,647,000).

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	RMB'000
Non-current portion		
Unlisted equity investments, at fair value	**–**	15,000
Current portion		
Listed equity investments, at fair value	**430,534**	412,800
	430,534	427,800

The above unlisted equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

The above listed equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

As at 31 December 2024, the Group's listed equity investments amounting to RMB430,534,000 were unpledged.

As at 31 December 2023, the Group's listed equity investments amounting to RMB412,800,000 were pledged for bills payable of the Group.

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024	2023
	RMB'000	RMB'000
Cash and bank balances	**3,116,714**	4,682,329
Less: Current restricted cash	**(33,983)**	(4,931)
Non-current pledged time deposits	**(560,770)**	(2,045,506)
Current pledged time deposits	**(1,615,554)**	(2,137,907)
Non-pledged time deposits with original maturity of over one year	**(77,022)**	—
Non-pledged time deposits with original maturity of over three months and less than one year	**(314,422)**	(7,099)
Cash and cash equivalents	**514,963**	486,886
Denominated in:		
RMB	**176,270**	239,691
USD	**324,273**	128,580
HKD	**14,404**	118,613
EUR	**10**	—
JPY	**6**	2

As at 31 December 2024, restricted cash amounting to RMB2,984,000 (2023: RMB4,060,000), represented deposits held in designated bank accounts for pending litigations. As at 31 December 2024, restricted cash amounting to RMB30,999,000 (2023: Nil), represented deposits held in designated bank accounts due to the alteration in the corporate legal person status and such restrictions subsequently lifted at January 2025. As at 31 December 2023, restricted cash amounting to RMB871,000, represented bank deposits designated for securing bills payable.

As at 31 December 2024, pledged time deposits amounting to RMB2,156,324,000 (2023: RMB4,183,413,000) were restricted and pledged for discounted bills, bills payable and bank loans of the Group (note 25 and note 27).

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the transaction dates, is as follows:

	2024	2023
	RMB'000	RMB'000
Within 1 year	**417,121**	454,835
1 to 2 years	**47,759**	9,624
2 to 3 years	**9,071**	324
Over 3 years	**1,579**	1,286
	475,530	466,069

The trade payables are non-interest-bearing and are normally settled on 1-year terms.

Included in the trade payable amounts of RMB457,931,000 (2023: RMB450,906,000) were payables to game developers as at 31 December 2024.

25. BILLS PAYABLE

	2024	2023
	RMB'000	RMB'000
Bills payable	**1,530,095**	2,806,551
	1,530,095	2,806,551

The bills payable are due for payment within 1 year and the Group bears finance costs at rates of 1.00% to 2.51% p.a. for the extended maturity date of 6 months.

Included in bills payable amounts of RMB443,714,000 and RMB727,430,000 were payables to game developers as at 31 December 2024 and 31 December 2023.

Included in bills payable amounts of RMB1,086,381,000 and RMB2,079,121,000 were payables for marketing and promotion services as at 31 December 2024 and 31 December 2023.

The time deposits, buildings and investment properties in total of RMB2,012,736,000 were pledged for bills payable as at 31 December 2024. The time deposits and financial assets at fair value through profit or loss in total of RMB4,371,004,000 were pledged for bills payable as at 31 December 2023.

26. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Marketing and promotion services payables	**156,557**	560,782
Salaries and benefits payables	**110,675**	132,804
Other tax payables	**38,704**	48,998
Contract liabilities*	**48,973**	85,395
Dividends	**—**	10,538
Other payables**	**64,857**	55,424
	419,766	893,941

Details of contract liabilities are as follows:

	2024 RMB'000	2023 RMB'000
Advances received from the players of the self-owned games	**48,973**	85,395
	48,973	85,395

* Contract liabilities include advances received from the players of the self-owned games operated by the Group in 2024 and 2023.

** Other payables are non-interest-bearing and repayable on demand.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Discounted bills	**199,568**	181,743
Bank loans — secured	**—**	32,000
	199,568	213,743

The discounted bills bear interest at rates of 1.00% to 2.51% p.a. and repayable within 6 months.

The pledged deposits in total of RMB200,169,000 were pledged for discounted bills as at 31 December 2024. The pledged deposits and financial assets at fair value through profit or loss in total of RMB182,209,000 were pledged for discounted bills as at 31 December 2023. Details are set out in note 22 and note 23 to the financial statements.

The pledged deposits of RMB43,000,000 were pledged for bank loans which bear interest at a rate of 2.81% p.a. as at 31 December 2023. Details are set out in note 23 to the financial statements. The bank loans were repaid during the year.

28. PROVISION

	Litigation
At 1 January 2024	3,050
Additional provision	—
Amounts utilised during the year	(2,850)
Reversal of unutilised amounts	(200)
At 31 December 2024	—

The provision mainly related to pending litigations with regards to game products operated by the Group in Mainland China. As at 31 December 2024, the pending litigations have been fully resolved.

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2024			
	Right-of-use assets RMB'000	**Investments measured at fair value through profit or loss RMB'000**	**Contract costs for self-owned games RMB'000**	**Total RMB'000**
At 31 December 2023	**61,806**	**—**	**7,739**	**69,545**
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	**(29,845)**	**698**	**(4,105)**	**(33,252)**
Gross deferred tax liabilities at 31 December 2024	**31,961**	**698**	**3,634**	**36,293**

29. DEFERRED TAX *(Continued)*

Deferred tax assets

2024	Lease liabilities RMB'000	Impairment of assets RMB'000	Accrued liabilities RMB'000	Tax losses RMB'000	Investments measured at fair value through profit or loss RMB'000	Contract liabilities RMB'000	Total RMB'000
At 31 December 2023	**69,499**	**7,994**	**763**	**35,972**	**43,280**	**21,349**	**178,857**
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	**(36,247)**	**31,628**	**(763)**	**(10,860)**	**307**	**(9,106)**	**(25,041)**
Gross deferred tax assets at 31 December 2024	**33,252**	**39,622**	**–**	**25,112**	**43,587**	**12,243**	**153,816**

Deferred tax liabilities

2023	Right-of-use assets RMB'000	Investments measured at fair value through profit or loss RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Contract costs for self-owned games RMB'000	Total RMB'000
At 31 December 2022	44,775	3,117	208	15,421	63,521
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	17,031	(3,117)	(208)	(7,682)	6,024
Gross deferred tax liabilities at 31 December 2023	61,806	–	–	7,739	69,545

29. DEFERRED TAX *(Continued)*

Deferred tax assets

	2023						
	Lease liabilities RMB'000	Impairment of assets RMB'000	Accrued liabilities RMB'000	Tax losses RMB'000	Investments measured at fair value through profit or loss RMB'000	Contract liabilities RMB'000	Total RMB'000
At 31 December 2022	52,201	7,550	2,288	19,912	—	29,427	111,378
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	17,298	444	(1,525)	16,060	43,280	(8,078)	67,479
Gross deferred tax assets at 31 December 2023	69,499	7,994	763	35,972	43,280	21,349	178,857

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**117,523**	109,312

Deferred tax assets have not been recognised in respect of the following item:

	2024 RMB'000	2023 RMB'000
Tax losses	**171,504**	7,656
Deductible temporary differences	**25,534**	—
	197,038	7,656

All of the above tax losses arose in Mainland China and will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

29. DEFERRED TAX *(Continued)*

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% withholding tax ("**WHT**"). If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5% in certain circumstances. For the Group, the applicable rate is 10%.

Since the Group intends to permanently reinvest the earnings to further expand its businesses in the PRC after the Reorganisation, it does not intend to declare dividends to its immediate foreign holding entities in the foreseeable future. Accordingly, no deferred income tax liability on WHT was accrued as at 31 December 2024.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

30. SHARE CAPITAL AND TREASURY SHARES

Shares

	2024	2023
	RMB'000	RMB'000
Issued and fully paid:		
534,439,918 (2023:534,439,918) ordinary shares*	**77**	77

* As at 31 December 2024 and 2023, the total number of issued ordinary shares included 17,463,918 shares held for the share option scheme, with a par value of RMB3,000.

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**
		RMB'000
At 1 January 2023	515,463,918	74
Shares issued (a)	18,976,000	3
At 31 December 2023 and 1 January 2024	**534,439,918**	**77**
At 31 December 2024	**534,439,918**	**77**

(a) On 28 September 2023, the Company issued 18,976,000 new shares with a par value of USD0.00002 at HKD14.00 per share upon its listing on the Hong Kong Stock Exchange.

31. SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Company's shareholders, and any non-controlling shareholder in the Company's subsidiaries. The Scheme became effective on 4 November 2022 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares issuable under share options to service providers in the Scheme is limited to 3.39% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HKD5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The exercise period of the share options granted is ten years commencing from the date upon which the share options are deemed to be granted and accepted pursuant to the terms of the Pre-IPO Share Option Plan.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options ; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

	2024		2023	
	Weighted average exercise price USD	**Number of options**	Weighted average exercise price USD	Number of options
At 1 January	**0.00002**	**17,180,414**	0.00002	17,463,918
Granted during the year	**0.00002**	**—**	0.00002	435,565
Forfeited during the year	**0.00002**	**(606,959)**	0.00002	(719,069)
Exercised during the year	**—**	**(7,384,010)**	—	—
Expired during the year	**—**	**—**	—	—
At 31 December	**0.00002**	**9,189,445**	0.00002	17,180,414

31. SHARE OPTION SCHEME *(Continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2024

Number of options	Exercise price* USD per share	Exercise period
954,901	0.00002	28/12/23 to 15/11/2032
954,901	0.00002	28/06/24 to 15/11/2032
3,422,039	0.00002	28/12/24 to 15/11/2032
3,422,039	0.00002	28/06/25 to 15/11/2032
15,464	0.00002	28/12/2023 to 15/03/2033
15,464	0.00002	28/06/2024 to 15/03/2033
15,464	0.00002	28/12/2024 to 15/03/2033
15,463	0.00002	28/06/2025 to 15/03/2033
2,577	0.00002	28/12/2023 to 30/03/2033
2,577	0.00002	28/06/2024 to 30/03/2033
2,577	0.00002	28/12/2024 to 30/03/2033
2,578	0.00002	28/06/2025 to 30/03/2033
41,881	0.00002	28/12/2023 to 30/06/2033
41,881	0.00002	28/06/2024 to 30/06/2033
41,881	0.00002	28/12/2024 to 30/06/2033
41,882	0.00002	28/06/2025 to 30/06/2033
10,309	0.00002	28/12/2023 to 31/07/2033
10,309	0.00002	28/06/2024 to 31/07/2033
10,309	0.00002	28/12/2024 to 31/07/2033
10,310	0.00002	28/06/2025 to 31/07/2033
38,660	0.00002	28/12/2023 to 06/09/2033
38,660	0.00002	28/06/2024 to 06/09/2033
38,660	0.00002	28/12/2024 to 06/09/2033
38,659	0.00002	28/06/2025 to 06/09/2033
9,189,445		

31. SHARE OPTION SCHEME *(Continued)*

2023

Number of options	Exercise price* USD per share	Exercise period
3,686,212	0.00002	28/12/2023 to 15/11/2032
3,686,212	0.00002	28/06/2024 to 15/11/2032
3,686,212	0.00002	28/12/2024 to 15/11/2032
3,686,213	0.00002	28/06/2025 to 15/11/2032
2,000,000	0.00002	28/03/2024 to 15/11/2032
15,464	0.00002	28/12/2023 to 15/03/2033
15,464	0.00002	28/06/2024 to 15/03/2033
15,464	0.00002	28/12/2024 to 15/03/2033
15,463	0.00002	28/06/2025 to 15/03/2033
2,577	0.00002	28/12/2023 to 30/03/2033
2,577	0.00002	28/06/2024 to 30/03/2033
2,577	0.00002	28/12/2024 to 30/03/2033
2,578	0.00002	28/06/2025 to 30/03/2033
41,881	0.00002	28/12/2023 to 30/06/2033
41,881	0.00002	28/06/2024 to 30/06/2033
41,881	0.00002	28/12/2024 to 30/06/2033
41,882	0.00002	28/06/2025 to 30/06/2033
10,309	0.00002	28/12/2023 to 31/07/2033
10,309	0.00002	28/06/2024 to 31/07/2033
10,309	0.00002	28/12/2024 to 31/07/2033
10,310	0.00002	28/06/2025 to 31/07/2033
38,660	0.00002	28/12/2023 to 06/09/2033
38,660	0.00002	28/06/2024 to 06/09/2033
38,660	0.00002	28/12/2024 to 06/09/2033
38,659	0.00002	28/06/2025 to 06/09/2033
17,180,414		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

No share options granted during the year (2023: RMB9,401,746,000, RMB21.59 each). The Group recognised a share option expense of RMB116,885,000 (2023: RMB219,368,000) during the year ended 31 December 2024.

31. SHARE OPTION SCHEME *(Continued)*

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2024	2023
Exercise price (USD per share)	–	0.00002
Risk-free interest rate (%)	–	3.20~3.80%
Expected life of options (years)	–	10
Expected volatility (%)	–	50.05~53.75%
Expected dividend yield (%)	–	0%

The expected life of the share options is the contractual life to maturity of the share options, and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

At 31 December 2024, the Company had 9,189,445 share options outstanding under the Scheme.

At the date of approval of these financial statements, the Company had 9,189,000 share options outstanding under the Scheme, which represented approximately 1.72% of the Company's shares in issue as at that date.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 8 to 9 of the financial statements.

(i) Capital reserve

The capital reserve of the Group represents 1) the difference between the par value of the shares issued and the consideration received ; 2) the paid-up capital of the companies comprising the Group ; and 3) the reserves resulting from transactions with non-controlling interests.

(ii) Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the group companies, each of the companies that is domiciled in the PRC is required to allocate 10% of its profit after tax, as determined in accordance with PRC GAAP, to the statutory surplus reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve is non-distributable except that in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, it can be used to offset accumulated losses or be capitalised as paid-up capital.

32. RESERVES *(Continued)*

(iii) Share incentive reserve

The share incentive reserve comprises the reserve arising from equity-settled share awards granted, as further explained in note 31 to the financial statements.

(iv) Fair value reserve of financial assets at fair value through other comprehensive income

The fair value reserve of financial assets at fair value through other comprehensive income comprises the proportionate interest in the investee arising from changes in the investee's other comprehensive income.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB16,170,000 (2023:RMB259,752,000) and RMB16,170,000 (2023:RMB58,796,000), respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

2024

	Lease liabilities RMB'000	Bank loans RMB'000	Total RMB'000
At 1 January 2024	**192,794**	**213,743**	**406,537**
Proceeds from loans and borrowings	**—**	**199,568**	**199,568**
Repayment of loans and borrowings	**—**	**(213,336)**	**(213,336)**
Repayment of interest expenses	**—**	**(2,043)**	**(2,043)**
Additions to lease liabilities	**16,170**	**—**	**16,170**
Remeasurement due to lease modification	**(131,642)**	**—**	**(131,642)**
Accretion of interest expenses	**6,545**	**1,636**	**8,181**
Interest portion of lease payments	**(6,545)**	**—**	**(6,545)**
Principal portion of lease payments	**(33,120)**	**—**	**(33,120)**
At 31 December 2024	**44,202**	**199,568**	**243,770**

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities *(Continued)*

2023

	Lease liabilities RMB'000	Bank loans RMB'000	Total RMB'000
At 1 January 2023	212,001	555,844	767,845
Proceeds from loans and borrowings	—	223,443	223,443
Repayment of loans and borrowings	—	(566,809)	(566,809)
Repayment of interest expenses	—	(3,998)	(3,998)
Additions to lease liabilities	58,796	—	58,796
Remeasurement due to lease modification	(63,998)	—	(63,998)
Accretion of interest expenses	9,070	5,263	14,333
Interest portion of lease payments	(9,070)	—	(9,070)
Principal portion of lease payments	(14,005)	—	(14,005)
At 31 December 2023	192,794	213,743	406,537

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	**—**	235
Within investing activities	**—**	200,956
Within financing activities	**40,410**	26,897
	40,410	228,088

34. CONTINGENT LIABILITIES

In March 2021, ChuanQi IP Co., Ltd. filed a civil litigation before Fujian Provincial High People's Court, indicted a total of five defendants including the Group, that have infringed the computer software copyright of the game "legend of Mir II", and put forward a lawsuit requesting the five defendants to immediately stop infringing the plaintiff's copyright and using any licencing activities related to the game "legend of Mir II" and closing down the website of www.xuw.com, and to jointly and severally compensate RMB100.5 million. After Fujian Provincial High People's Court accepted the case in April 2021, all defendants raised objections to the jurisdiction. In February 2023, the Fujian Provincial High People's Court rejected the defendants' objection to the jurisdiction in the case. In March 2023, the Group filed an appeal against the above ruling. In July 2023, the Supreme People's Court ruled to reject the appeal and maintain the original ruling, and the case continues to be heard by the Fujian Provincial High People's Court. In March 2024, the High People's Court of Fujian Province granted the withdrawal of the lawsuit requested by ChuanQi IP Co., Ltd.. As at 31 December, 2024, the Group did not have any material contingent liabilities.

35. PLEDGE OF ASSETS

Details of the Group's assets pledged for interest-bearing bank loans and other borrowings are included in note 13, note 14 and note 23 to the financial statements.

36. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2024	2023
	RMB'000	RMB'000
Contracted, but not provided for:		
Leasehold improvements	**1,159**	16,743
Capital contributions payable to investees	**52,500**	18,200
	53,659	34,943

37. RELATED PARTY TRANSACTIONS

Name of related parties	**Relationship with the Group**
Guangzhou Zeda New Culture and Creative Industry Development Co., Ltd. ("**Guangzhou Zeda**")	Joint venture
Shanghai Yier Xiangduo Play Technology Co., Ltd. ("**Shanghai Yier Xiangduo Play**")	Joint venture
Shanghai Dehan Technology Co., Ltd. ("**Shanghai Dehan**")	Associate
Fuzhou Zizai Entertainment Internet Technology Co., Ltd. ("**Fuzhou Zizai**")*	Associate before 3 April 2024
Mr. Wu Xubo	Key management personnel
Ms. Wu Xuan	Key management personnel
Mr. Luo Xihu	Key management personnel
Ms. Liang Wenhong	Key management personnel

* Fuzhou Zizai was disposed on 3 April 2024, after that it has not been a related party of the Group.

(a) The Group had the following transactions with related parties during the year:

	2024	2023
	RMB'000	RMB'000
Operation services from Shanghai Dehan*	**243,936**	36,192
	243,936	36,192

* The services provided to the related party were made according to the prices and terms agreed between the parties.

37. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Other transactions with related parties:

As at 31 December 2024, the Group's investment in Zeda was pledged to the Agricultural Bank of China to guarantee the bank borrowings of Zeda with the maximum guarantee amount of RMB405,000,000 (2023: RMB405,000,000).

(c) Outstanding balances with related parties:

	2024 RMB'000	2023 RMB'000
Amounts due from related parties:		
Shanghai Yier Xiangduo Play*	**37,736**	—
Shanghai Dehan*	**507**	—
Fuzhou Zizai**	**—**	23,981
	38,243	23,981

* The amounts due from Shanghai Yier Xiangduo Play and Shanghai Dehan are trade in nature.

** As at 31 December 2023, the amounts due from Fuzhou Zizai included a prepayment amounting to RMB16,981,000 which is trade in nature, and loans amounting to RMB7,000,000 which is non-trade in nature, unsecured, interest-free and repayable within one year. Fuzhou Zizai was disposed on 3 April 2024, after that it has not been a related party of the Group.

(d) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Fees	**1,800**	450
Other emoluments:		
Salaries, allowances and benefits in kind	**3,504**	2,410
Discretionary bonuses	**267**	2,053
Share-based payments	**28,795**	50,015
Pension scheme contributions	**63**	56
Subtotal	**32,629**	54,534
	34,429	54,984

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2024 RMB'000	2023 RMB'000
Financial assets at fair value through profit or loss	**430,534**	427,800
At amortised cost:		
Financial assets included in prepayments, other receivables and other assets	**194,945**	106,100
Cash and cash equivalents	**514,963**	486,886
Trade receivables	**237,194**	310,696
Loans to associates	**—**	7,000
Pledged deposits	**2,176,324**	4,183,413
Restricted cash	**33,983**	4,931
Time deposits	**314,422**	—
	3,902,365	5,526,826

Financial liabilities at amortised cost

	2024 RMB'000	2023 RMB'000
Interest-bearing bank and other borrowings	**199,568**	213,743
Trade payables	**475,530**	466,069
Bills payable	**1,530,095**	2,806,551
Financial liabilities included in other payables and accruals	**216,839**	623,910
Lease liabilities	**44,202**	192,794
	2,466,234	4,303,067

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2024, the fair values of the Group's financial assets and liabilities approximated to their respective carrying amounts.

Management has assessed that the carrying amounts of cash and cash equivalents, restricted cash, pledged deposits, amounts due from related parties, financial assets included in prepayments, other receivables and other assets, trade receivables, trade payables, bills payable, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, and lease liabilities reasonably approximate to their fair values because these financial instruments are mostly short term in nature.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of lease liabilities, non-current portion of pledged deposits and non-current portion of financial assets included in prepayments, deposits and other receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for lease liabilities as at 31 December 2024 were assessed to be insignificant.

The fair values of the equity investments in unlisted companies have been estimated using the recent transaction method.

The Group has unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of listed equity investments are based on quoted market prices.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss	**430,534**	**–**	**–**	**430,534**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	412,800	–	15,000	427,800

The management of the Group determines the fair value of the unlisted equity investments at the end of the year by taking reference to the recent transaction price.

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 (2023: Nil).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Assets for which fair values are disclosed:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Pledged deposits, non-current portion	**–**	**560,770**	**–**	**560,770**
Non-pledged time deposits with original maturity of over one year	**–**	**77,022**	**–**	**77,022**
	–	**637,792**	**–**	**637,792**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Pledged deposits, non-current portion	–	2,045,506	–	2,045,506

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise discounted bills, other interest-bearing loans, and cash and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has many other financial assets and liabilities such as trade receivables and trade and bills payable, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	240,682	240,682
Financial assets included in prepayments, other receivables and other assets					
— Normal**	194,945	–	–	–	194,945
— Doubtful**	–	–	155,752	–	155,752
Pledged deposits	2,176,324	–	–	–	2,176,324
Restricted cash					
— Not yet past due	33,983	–	–	–	33,983
Time deposits	314,422	–	–	–	314,422
Cash and cash equivalents					
— Not yet past due	514,963	–	–	–	514,963
Amounts due from related parties	–	–	–	507	507
	3,234,637	–	155,752	241,189	3,631,578

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

As at 31 December 2023	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	315,011	315,011
Financial assets included in prepayments, other receivables and other assets					
– Normal**	106,100	–	–	–	106,100
– Doubtful**	–	–	19,647	–	19,647
Pledged deposits	4,183,413	–	–	–	4,183,413
Restricted cash					
– Not yet past due	4,931	–	–	–	4,931
Cash and cash equivalents					
– Not yet past due	486,886	–	–	–	486,886
Amounts due from related parties	7,000	–	–	–	7,000
	4,788,330	–	19,647	315,011	5,122,988

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analysis by customer/counterparty, geographical region and by industry sector. The Group had certain concentrations of credit risk. As at 31 December 2024, 27.0% (2023: 18.2%) of the Group's trade receivables were due from the Group's largest debtor and 65.2% (2023: 55.3%) of the Group's trade receivables were due from the Group's five largest debtors.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

In the management of liquidity risk, the Group aims to maintain sufficient cash and cash equivalents.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of lease liabilities, interest-bearing bank and other borrowings, trade and bills payable and other payables.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2024	**On demand RMB'000**	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**	**1 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Lease liabilities	**–**	**3,055**	**4,819**	**40,169**	**–**	**48,043**
Interest-bearing bank and other borrowings	**–**	**151,701**	**48,468**	**–**	**–**	**200,169**
Trade payables	**58,409**	**134,960**	**282,161**	**–**	**–**	**475,530**
Bills payable	**–**	**754,541**	**779,422**	**–**	**–**	**1,533,963**
Other payables (excluding salaries and benefits payable, and other tax payables)	**–**	**156,557**	**62,934**	**–**	**–**	**219,491**
	58,409	**1,200,814**	**1,177,804**	**40,169**	**–**	**2,477,196**

31 December 2023	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	–	7,767	39,415	102,590	82,839	232,611
Interest-bearing bank and other borrowings	–	158,391	55,818	–	–	214,209
Trade payables	11,234	66,190	388,645	–	–	466,069
Bills payable	–	1,344,421	1,473,159	–	–	2,817,580
Other payables (excluding salaries and benefits payable, and other tax payables)	–	571,319	52,591	–	–	623,910
	11,234	2,148,088	2,009,628	102,590	82,839	4,354,379

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss (note 22).

The Group's listed investments are listed on the Stock Exchange of Hong Kong and the Shenzhen Stock Exchange, and are valued at quoted market prices at the end of the year.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2024	**High/low 2024**
Shenzhen — A Share Index	**10,415**	**11,864/7,684**

	31 December 2023	High/low 2023
Shenzhen — A Share Index	9,525	12,246/9,106

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments RMB'000	**Increase/ (decrease) in profit before tax RMB'000**	**Increase/ (decrease) in equity RMB'000**
As at 31 December 2024/Year ended 31 December 2024			
Investments listed in Shenzhen	**430,534**	**21,527**	**16,145**

	Carrying amount of equity investments RMB'000	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
As at 31 December 2023/ Year ended 31 December 2023			
Investments listed in Shenzhen	412,800	20,640	15,480

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain the future development of business.

The directors of the Company review the asset-liability ratio, which is total assets divided by total liabilities, on a continuous basis, taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the raising of new debts as well as the redemption of the existing debts and manage the asset-liability ratio. The Group's overall strategy remained unchanged during the reporting period.

The asset-liability ratio as at the end of each reporting period is as follows:

	2024 **RMB'000**	2023 RMB'000
Total assets	**5,563,674**	7,268,210
Total liabilities	**3,140,609**	4,992,425
Asset-liability ratio	**56%**	69%

41. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of the consolidated financial statement, there are no significant events after the reporting period.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**285**	—
Right-of-use assets	**1,306**	—
Prepayment, deposits and other receivables	**366**	—
Pledged deposits	**73,076**	—
Investments in subsidiaries	**379,136**	262,251
Total non-current assets	**454,169**	262,251
CURRENT ASSETS		
Prepayments	**—**	301
Due from subsidiaries	**395**	46,944
Cash and cash equivalents	**136,112**	204,923
Total current assets	**136,507**	252,168
CURRENT LIABILITIES		
Other payables and accruals	**1,273**	1,005
Due to subsidiaries	**42,052**	82,248
Lease liabilities	**1,192**	—
Total current liabilities	**44,517**	83,253
NET CURRENT ASSETS	**91,990**	168,915
TOTAL ASSETS LESS CURRENT LIABILITIES	**546,159**	431,166
NON-CURRENT LIABILITIES		
Lease liabilities	**200**	—
Total non-current liabilities	**200**	—
Net assets	**545,959**	431,166
EQUITY		
Share capital	**77**	77
Treasury shares	**(1)**	(3)
Reserves	**545,883**	431,092
Total equity	**545,959**	431,166

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

A summary of the Company's reserves is as follows:

	Share capital	Treasury shares	Capital reserve	Share incentive reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	74	(3)	–	42,883	(40,929)	2,025
Total comprehensive income for the year	–	–	–	–	49,394	49,394
Issue of ordinary shares	3	–	243,778	–	–	243,781
Share issue expenses	–	–	(33,402)	–	–	(33,402)
Special dividends declared	–	–	–	–	(50,000)	(50,000)
Equity-settled share option arrangements	–	–	–	219,368	–	219,368
At 31 December 2023 and 1 January 2024	**77**	**(3)**	**210,376**	**262,251**	**(41,535)**	**431,166**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(2,095)**	**(2,095)**
Issue of ordinary shares	**–**	**–**	**–**	**–**	**–**	**–**
Share issue expenses	**–**	**–**	**–**	**–**	**–**	**–**
Special dividends declared	**–**	**–**	**–**	**–**	**–**	**–**
Equity-settled share option arrangements	**–**	**2**	**–**	**116,886**	**–**	**116,888**
At 31 December 2024	**77**	**(1)**	**210,376**	**379,137**	**(43,630)**	**545,959**

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2025.

Definitions

"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"ARPG"	action role-playing games
"Articles" or "Articles of Association"	the fourth amended and restated articles of association of the Company conditionally adopted by a special resolution passed on August 31, 2023 with effect from the Listing Date, and as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"Century Huatong"	Zhejiang Century Huatong Group Co., Ltd. (浙江世紀華通集團股份有限公司), a joint stock company established in the PRC and listed on the Shenzhen Stock Exchange (SZSE: 002602), the Pre-IPO Investor of the Company (as defined in the Prospectus)
"CEO"	the chief executive officer of the Company
"China" or "the PRC"	the People's Republic of China, and for the purposes of this annual report only, except where the context requires otherwise, references to China or the PRC exclude Taiwan and the special administrative regions of Hong Kong and Macau
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "the Company"	ZX Inc. (中旭未來), an exempted limited liability company incorporated in the Cayman Islands on March 18, 2021
"Company Secretary"	Ms. TSANG Wing Man (曾穎雯) (a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute), with appointment effective from August 29, 2023
"connected person(s)"	has the meaning ascribed to it 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 Guangzhou Zhongxu Future Technology Co., Ltd. (廣州中旭未來科技有限公司), an indirect wholly-owned subsidiary of the Company, Jiangxi Tanwan, and the registered shareholders of Jiangxi Tanwan, details of which have been set forth under the section headed "Contractual Arrangements" in the Prospectus

Definitions

"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, and unless the context otherwise requires, refers to Mr. WU Xubo, WXB BVI 1, WXB BVI 2 and WXB Holdco
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	director(s) of the Company
"ESOP BVIs"	collectively, GLORIOUS TYCOON LIMITED, WxScarlett Ventures Limited and WxDR Ventures Limited, which hold the relevant issued Shares on trust for the Pre-IPO Share Option Plan
"Global Offering"	the offer for subscription of the shares as described in the Prospectus
"Group" or "the Group"	the Company, its subsidiaries and the PRC Operating Entities from time to time, and where the context requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"HKFRSs"	Hong Kong Financial Reporting Standards
"Hong Kong dollars" or "HK dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jiangxi Tanwan"	Jiangxi Tanwan Information Technology Co., Ltd. (江西貪玩信息技術有限公司), a limited liability company established in the PRC on May 21, 2015, one of the PRC Operating Entities controlled by the Company through the Contractual Arrangements
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	September 28, 2023, being the date on which dealings in the Shares first commence on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"MMORPG"	massively multiplayer online role-playing games
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board

"PRC Operating Entities"	the entities controlled by the Group through the Contractual Arrangements, namely Jiangxi Tanwan and its subsidiaries
"Pre-IPO Share Option Plan"	the pre-IPO share option plan of the Company as adopted on November 4, 2022, a summary of its principal terms is set out in the section headed "Statutory and General Information — D. Pre-IPO Share Option Plan" in Appendix IV to the Prospectus
"Prospectus"	the prospectus issued by the Company on September 18, 2023
"Registered Shareholders"	the equity owners of Jiangxi Tanwan, namely Mr. WU Xubo, Ms. WU Xuan, Mr. ZHANG Tong, Mr. LUO Xihu, Ms. CHEN Wei, Mr. QU Jiajia, Shangrao Hongbang, Shangrao Hezhong, Shangrao Qichuang, Shangrao Hechuang and Shanghai Tianyou
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi yuan, the lawful currency of the PRC
"Reporting Period"	For the year ended December 31, 2024
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai Tianyou"	Shanghai Tianyou Software Co., Ltd. (上海天遊軟件有限公司), a wholly-owned subsidiary of Century Huatong and a registered shareholder of Jiangxi Tanwan
"Shangrao Hechuang"	Shangrao Hechuang Enterprise Management Center (Limited Partnership) (上饒市合創企業管理中心(有限合夥)), a limited partnership established in the PRC on December 17, 2020, which is a registered shareholder of Jiangxi Tanwan with its general partner being Mr. LUO Xihu (羅錫虎) and its limited partners being certain key employees of Jiangxi Tanwan
"Shangrao Hezhong"	Shangrao Hezhong Enterprise Management Center (Limited Partnership) (上饒縣和眾企業管理中心(有限合夥)), a limited partnership established in the PRC on June 30, 2017, which is a registered shareholder of Jiangxi Tanwan with its general partner being Mr. CHEN Yang (陳養), a key employee of the Group and its limited partners being certain other key employees of Jiangxi Tanwan
"Shangrao Hongbang"	Shangrao Hongbang Enterprise Management Center (Limited Partnership) (上饒縣宏邦企業管理中心(有限合夥)), a limited partnership established in the PRC on June 27, 2017, which is a registered shareholder of Jiangxi Tanwan with its general partner being Mr. WU Xubo and its limited partner being Ms. WU Xuan
"Shangrao Qichuang"	Shangrao Qichuang Enterprise Management Center (Limited Partnership) (上饒市齊創企業管理中心(有限合夥)), a limited partnership established in the PRC on December 17, 2020, which is a registered shareholder of Jiangxi Tanwan with its general partner being Ms. WU Xuan and its limited partner being certain key employees of Jiangxi Tanwan

Definitions

"Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of USD0.00002 each
"Shareholder(s)"	shareholder(s) of the Company
"SLG"	simulation games, a genre of games that allows players to control characters and attempt to emulate various activities from real life in the game format
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"US dollars", "USD" or "USD"	United States dollars, the lawful currency of the United States
"WXB BVI 1"	WxLand Holding Limited, a business company incorporated in the BVI with limited liability on March 8, 2021, a wholly-owned subsidiary of Mr. WU Xubo, and one of the Controlling Shareholders
"WXB BVI 2"	WxLand International Ltd, a business company incorporated in the BVI with limited liability on January 4, 2022, a company owned by WXB BVI 1 as to 50.0%, and WXB Holdco as to 50.0%, and one of the Controlling Shareholders
"WXB Holdco"	WxLand Limited, a business company incorporated in the BVI with limited liability on September 26, 2022, which is wholly-owned by WxLand Trust, a discretionary trust established by Mr. WU Xubo as the settlor on September 22, 2022, and one of the Controlling Shareholders
"ZX BVI"	ZX Interactive Limited, a business company incorporated in the BVI with limited liability on March 30, 2021, a wholly-owned subsidiary of the Company
"ZX HK"	ZX Data Limited (中旭數據有限公司), a limited company incorporated in Hong Kong on April 16, 2021, an indirect wholly-owned subsidiary of the Company
"ZX WFOE"	Guangzhou Zhongxu Future Technology Co., Ltd. (廣州中旭未來科技有限公司), a limited liability company established in the PRC on May 26, 2021, an indirect wholly-owned subsidiary of the Company
"%"	percentage