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ZX Inc.
中旭未来

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9890)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

The Board (the “**Board**”) of Directors (the “**Directors**”) of ZX Inc. (the “**Company**”, together with its subsidiaries and the PRC Operating Entities¹, the “**Group**”) is pleased to announce the consolidated results of the Company for the year ended December 31, 2024 (the “**Reporting Period**”), together with comparative figures for the same period of 2023.

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.

¹ The PRC Operating Entities refer to the entities controlled by the Group through the Contractual Arrangements, the details of which are set out in the Company’s prospectus dated September 18, 2023 (“**Prospectus**”).

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 years¹. 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：誅邪傳說》). “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: จัตุรยุทธภพเลือดใหม่”, 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.

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 (RMB'000)	%	2023 (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	<u>5,580,112</u>	<u>100.0%</u>	<u>6,514,585</u>	<u>100.0%</u>

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.

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 December 31, 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 strategic 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.

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.

OTHER INFORMATION

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in the Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Listing Rules. In 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 interest of the shareholders of the Company (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 in the Appendix C1 of the Listing Rules (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 chief executive officer of the Company (the “**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 he 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 the chairman of the Board, 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 CEO and the chairman of the Board are not performed by the same individual, reflecting the Company's commitment to achieving better corporate governance practices.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)) for 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).

Final Dividend

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

Events after the End of the Reporting Period

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to December 31, 2024 and up to the date of this announcement.

Audit Committee

The Company has established the audit committee (the “**Audit Committee**”) under the Board with written terms of reference in compliance with Rule 3.21 of the Listing Rules as well as paragraph D.3 of part 2 of the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors, namely, Ms. ZHENG Yi, Ms. SONG Siyun and Mr. QIN Yongde. The chairlady of the Audit Committee is Ms. ZHENG Yi, who has the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

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, including the review of the consolidated results of the Group for the year ended December 31, 2024. The Audit Committee 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.

Scope of Work of the Auditor

The figures in respect of this announcement for the Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, and the related notes thereon for the year ended December 31, 2024 have been compared by the Company's external auditor, Ernst & Young ("EY"), to the amounts set out in the Group's consolidated financial statements for the year ended December 31, 2024 and the amounts were found to be in agreement. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by EY in this announcement.

Annual General Meeting

The forthcoming annual general meeting of the Company (the "AGM") will be held on June 19, 2025. A circular (including notice convening the AGM) and all other relevant documents will be published and dispatched (if so requested by Shareholder(s)) to the Shareholders in the manner required by the Listing Rules in due course.

Closure of Register of Members

The registers of members of the Company will be closed from June 16 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 this 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.

Publication of 2024 Annual Results and Annual Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zx.com). The annual report for the year ended December 31, 2024 containing all applicable information required by the Listing Rules will be dispatched (if so requested by Shareholder(s)) to the Shareholders and published on the above websites in April 2025.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
REVENUE	5	5,580,112	6,514,585
Cost of sales		<u>(1,555,769)</u>	<u>(1,941,267)</u>
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		(42,468)	(94,335)
Share of profits and losses of:			
Joint ventures		10,911	6,430
Associates		<u>21,887</u>	<u>(13,284)</u>
PROFIT BEFORE TAX	6	98,415	413,391
Income tax expense	7	<u>(54,396)</u>	<u>(140,102)</u>
PROFIT FOR THE YEAR		<u>44,019</u>	<u>273,289</u>
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		<u>(1,254)</u>	<u>(60,950)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		<u>(1,254)</u>	<u>(60,950)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>42,765</u>	<u>212,339</u>

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/Profit attributable to:			
Owners of the parent		(3,624)	235,487
Non-controlling interests		47,643	37,802
		<hr/>	<hr/>
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(4,878)	174,537
Non-controlling interests		47,643	37,802
		<hr/>	<hr/>
(LOSS)/EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE PARENT			
Basic (<i>RMB</i>)	9	(—*)	0.47
Diluted (<i>RMB</i>)	9	(—*)	0.46

* *Less than 0.01*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December 2024

		31 December 2024	31 December 2023
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property and equipment		80,016	98,567
Investment properties		74,055	81,541
Right-of-use assets		221,205	347,846
Goodwill		—	27,917
Other intangible assets		11,119	15,253
Investments in joint ventures		274,247	273,418
Investments in associates		175,293	178,239
Financial assets at fair value through profit or loss	11	—	15,000
Deferred tax assets		117,523	109,312
Prepayments, other receivables and other assets		8,172	11,633
Pledged deposits		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	10	237,194	310,696
Prepayments, other receivables and other assets		776,501	676,773
Amounts due from related parties		38,243	23,981
Financial assets at fair value through profit or loss	11	430,534	412,800
Pledged deposits		1,615,554	2,137,907
Restricted cash		33,983	4,931
Time deposits		314,422	7,099
Cash and cash equivalents		514,963	486,886
Total current assets		3,964,252	4,063,978

		31 December 2024	31 December 2023
	<i>Notes</i>	RMB'000	RMB'000
CURRENT LIABILITIES			
Trade payables	12	475,530	466,069
Bills payable	13	1,530,095	2,806,551
Other payables and accruals		419,766	893,941
Interest-bearing bank borrowings		199,568	213,743
Lease liabilities		4,736	39,616
Tax payable		471,448	416,277
		<hr/>	<hr/>
Total current liabilities		3,101,143	4,836,197
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		863,109	(772,219)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,462,531	2,432,013
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		39,466	153,178
Provision		—	3,050
		<hr/>	<hr/>
Total non-current liabilities		39,466	156,228
		<hr/>	<hr/>
Net assets		2,423,065	2,275,785
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		77	77
Treasury shares		(1)	(3)
Reserves		2,398,458	2,286,450
		<hr/>	<hr/>
		2,398,534	2,286,524
Non-controlling interests		24,531	(10,739)
		<hr/>	<hr/>
Total equity		2,423,065	2,275,785
		<hr/>	<hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 December 2024

1. CORPORATE 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 Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in providing product marketing and operation services to online games in the People’s Republic of China (hereafter, the “**PRC**”).

2. 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.

3. 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
Amendments to HKAS 1

Lease Liability in a Sale and Leaseback
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 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.

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

(b) *Non-current assets*

As at 31 December 2023 and 2024, 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 RMB'000	2023 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
	<u>3,410,817</u>	<u>3,976,914</u>

5. REVENUE

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
Type 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	<u>5,580,112</u>	<u>6,514,585</u>
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	<u>5,580,112</u>	<u>6,514,585</u>
Geographical markets		
Mainland China	4,956,685	6,084,255
Hong Kong	615,487	430,330
Others	7,940	—
Total	<u>5,580,112</u>	<u>6,514,585</u>

(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	<u>48,973</u>	<u>85,395</u>

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.

An analysis of other income and gains is as follows:

	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	2,106	794
Others	574	936
	<u>132,217</u>	<u>464,073</u>
Gains		
Foreign exchange gains	2,358	—
Gain on lease modification	28,351	4,049
	<u>30,709</u>	<u>4,049</u>
	<u>162,926</u>	<u>468,122</u>

* 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):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
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	116,885	219,368
Pension scheme contributions* (defined contribution scheme)	12,779	12,720
	<u>366,544</u>	<u>501,698</u>
Listing expenses	—	49,337
Auditor's remuneration	6,500	6,000
Depreciation of property and equipment	15,556	16,880
Depreciation of right-of-use assets	43,047	32,932
Depreciation of investment properties	2,331	841
Amortisation of other intangible assets**	5,154	35,372
Lease payments not included in the measurement of lease liabilities	—	235
Gain on lease modification	(28,351)	(4,049)
Foreign exchange differences, net	(2,358)	3,639
Impairment of an investment in an associate***	972	—
Impairment of trade receivables, net	(827)	923
Impairment of financial assets included in other receivables	136,105	856
Impairment of property and equipment***	32,798	—
Impairment of investment property***	5,155	—
Impairment of goodwill***	27,917	14,582
Fair value 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	<u>19,615</u>	<u>2,944</u>

* 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. INCOME TAX

The Group is subject to income tax on an entity basis on profit 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 Chinese mainland 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 Chinese mainland during the reporting period was 25% of their taxable profits.

Jiangxi Tanwan Information Technology Co., Ltd. (“**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%.

Guangzhou Zhongxu Future Technology Co., Ltd. (“**ZX WFOE**”), an indirect wholly-owned subsidiary of the Company, were accredited as “software enterprises” in 2021 under relevant PRC laws and regulations. Accordingly, ZX WFOE are 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 our income tax expense for the period indicated:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current — Mainland China	62,607	201,557
Deferred	<u>(8,211)</u>	<u>(61,455)</u>
Total	<u>54,396</u>	<u>140,102</u>

8. 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 recommended the payment of a final dividend to the ordinary equity holders of the Company for the year ended 31 December 2024 (2023:Nil).

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

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

The calculation of the diluted earnings per share amounts is based on the profit for the period 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 in issue during the period, 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 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 (<i>RMB'000</i>)	(3,624)	235,487
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	521,434,940	502,938,859
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	<u>521,434,940</u>	<u>512,664,121</u>

10. TRADE RECEIVABLES

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	233,328	307,204
1 to 2 years	3,526	3,218
Over 2 years	340	274
Total	<u>237,194</u>	<u>310,696</u>

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current portion		
Unlisted equity investments, at fair value	<u>—</u>	<u>15,000</u>
Current portion		
Listed equity investments, at fair value	<u>430,534</u>	<u>412,800</u>
Total	<u><u>430,534</u></u>	<u><u>427,800</u></u>

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 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.

12. 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 <i>RMB'000</i>	2023 <i>RMB'000</i>
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	<u>1,579</u>	<u>1,286</u>
Total	<u><u>475,530</u></u>	<u><u>466,069</u></u>

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.

13. BILLS PAYABLE

	2024 RMB'000	2023 RMB'000
Bills payable	<u>1,530,095</u>	<u>2,806,551</u>
Total	<u><u>1,530,095</u></u>	<u><u>2,806,551</u></u>

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 RMB2,032,736,000 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.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to the management and staffs of the Group for their commitment and contribution during the Reporting Period. The Board would also like to express its appreciation to the Shareholders.

By order of the Board

ZX Inc.

Mr. WU Xubo

Chairman of the Board and Executive Director

Guangzhou, the PRC, March 31, 2025

As of the date of this announcement, the Board comprises Mr. WU Xubo and Ms. WU Xuan as executive Directors; and Ms. SONG Siyun, Mr. QIN Yongde and Ms. ZHENG Yi as independent non-executive Directors.