



2024  
Interim Report

# 青瓷游戏有限公司 Qingci Games Inc.

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 6633



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Yang Xu (*Chairman*)  
Mr. Huang Zhiqiang  
Mr. Liu Siming  
Mr. Zeng Xiangshuo

### Independent Non-executive Directors

Professor Lam Sing Kwong Simon  
Mr. Yuan Yuan  
Ms. Fang Weijin

## AUDIT COMMITTEE

Mr. Yuan Yuan (*Chairman*)  
Professor Lam Sing Kwong Simon  
Ms. Fang Weijin

## REMUNERATION COMMITTEE

Professor Lam Sing Kwong Simon (*Chairman*)  
Mr. Yang Xu  
Mr. Yuan Yuan

## NOMINATION COMMITTEE

Mr. Yang Xu (*Chairman*)  
Professor Lam Sing Kwong Simon  
Ms. Fang Weijin

## JOINT COMPANY SECRETARIES

Mr. Zhu Chengyin  
Ms. Yung Mei Yee

## AUTHORIZED REPRESENTATIVES

Mr. Liu Siming  
Ms. Yung Mei Yee

## REGISTERED OFFICE IN CAYMAN ISLANDS

PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

5th Floor, 4 Wang Hai Road  
Xiamen Software Park II  
Xiamen, Fujian Province  
361008, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai, Hong Kong

## AUDITOR

**PricewaterhouseCoopers**  
*Certified Public Accountants and  
Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
Central, Hong Kong



## CORPORATE INFORMATION

## LEGAL ADVISORS

## As to Hong Kong law

**Cleary Gottlieb Steen & Hamilton (Hong Kong)**

37th Floor, Hysan Place  
500 Hennessy Road  
Causeway Bay  
Hong Kong

## HONG KONG SHARE REGISTRAR

**Computershare Hong Kong Investor Services Limited**

Shops 1712-1716, 17/F  
Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

**Maples Fund Services (Cayman) Limited**

P.O. Box 1093  
Boundary Hall, Cricket Square  
Grand Cayman  
KY1-1102  
Cayman Islands

## PRINCIPAL BANKS

**Xiamen International Bank Co., Ltd.**

Xiamen Sub Branch  
1-3/F, International Plaza  
8-10 Lu Jiang Road  
Siming District, Xiamen  
Fujian, China

**China Merchants Bank Co., Ltd.**

Xiamen Wuyuanwan Sub Branch  
1/F, Sanfu Financial Center  
No. 990 Anling Road  
Huli District, Xiamen  
Fujian, China

**CMB Wing Lung Bank Limited**

45 Des Voeux Road Central,  
Hong Kong

**Industrial Bank Co., Ltd.**

Hong Kong Branch  
12/F, One International Finance Centre  
1 Harbour View Street, Central,  
Hong Kong

## COMPANY WEBSITE

[www.qcplay.com](http://www.qcplay.com)

## STOCK CODE

6633



## Financial Highlights

	For the six months ended June 30,		
	2024 (RMB'000) (unaudited)	2023 (RMB'000) (unaudited)	Change (%)
<b>Revenue</b>	<b>342,622</b>	333,937	3
<b>Gross Profit</b>	<b>211,787</b>	225,413	(6)
<b>Net profit</b>	<b>38,203</b>	41,717	(8)
<b>Profit attributable to equity holders of the Company</b>	<b>45,059</b>	41,482	9

## KEY OPERATING INFORMATION

	For the six months ended June 30,		
	2024	2023	Change (%)
<b>Average MAUs (in thousands)<sup>(1)</sup></b>	<b>2,179</b>	1,798	21
<b>Average MPUs (in thousands)<sup>(2)</sup></b>	<b>253</b>	258	(2)
<b>ARPPU (RMB)</b>	<b>275</b>	296	(7)
<b>Cumulative registered players (in thousands)</b>	<b>93,389</b>	82,365	13

### Notes:

- (1) Our Average MAUs are calculated by dividing (i) the total MAUs of a game; or (ii) the aggregate of the total MAUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of average MAUs did not consider each game's data before its official launch.
- (2) Our Average MPUs are calculated by dividing (i) the MPUs of a game, or (ii) the aggregate of the total MPUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of average MPUs did not consider each game's data before its official launch.



# Management Discussion and Analysis

## BUSINESS OVERVIEW

As a well-known mobile game developer and publisher in China, we are committed to offering unparalleled experiences to game players around the world through our landmark captivating games and content.

During the Reporting Period, the Group continued to solidify its core competitiveness in its integrated R&D and operation model. Our games repeatedly achieved outstanding performance in overseas markets, with a number of games demonstrating long term steady performance; at the same time, the Group focused on developing and distributing premium projects, leading to a stable and sustained business growth, as detailed below:

**(1) Our games achieved repeated success in overseas markets, with a continuous growth in the scale and proportion of overseas revenue. In the first half of 2024, the Group's overseas revenue continued to rise, with a year-on-year increase from approximately RMB65 million to approximately RMB143 million, and the proportion of overseas revenue increased from 19.4% in the same period last year to 41.7% this year:** In the first half of 2024, the Group has launched multiple games across various regions worldwide. For example, in February 2024, the Group released a casual game *Fat Goose Gym* (肥鵝健身房) in Japan, which immediately ranked top on both the iOS free games chart and the Google Play free games chart in Japan; *The Marvelous Snail/SuperSnail* (最強蝸牛) was launched in Vietnam in April 2024, and ranked top on the iOS free games chart in the region, furthermore, versions in German, French, Spanish, Portuguese and Italian were also launched in June 2024, providing a more comprehensive coverage of the Southeast Asian and European regions; *Time Voyager* (時光旅行社) was launched in the HMT regions in June 2024, and ranked high on the iOS free games chart;

**(2) Outstanding long-term operation capabilities, with a number of games performing solidly over an extensive period of time:** In June 2024, our self-developed flagship game *The Marvelous Snail/SuperSnail* (最強蝸牛) celebrated the fourth anniversary of its launch in Mainland China and the second anniversary of its launch in Japan, and is celebrating its launch anniversary in North America in August 2024; as of June 30, 2024, the game recorded cumulative gross billings of approximately RMB3,460 million domestically and overseas; in February 2024, *Lantern and Dungeon* (提燈與地下城) released its largest version update since its launch in 2021, as of June 30, 2024, the game recorded cumulative gross billings of approximately RMB317 million; many other major games also continued to contribute steady revenue to the Group;

**(3) The Group focused on R&D and the publication of premium projects, continuing to enrich its pipeline games:** So far this year, the Group has released a number of premium projects, for example, *Lost Light* (迷途之光) was launched in June 2024, and *Ares Virus 2* (阿瑞斯病毒2) was launched in August 2024. The Group has also continued to devote to and expand its pipeline games, such as continuing to polish its self-developed pipeline game *Project E* (項目E), while also introducing high-quality pipeline games such as *Project W* (項目W), *Project HA* (項目HA) and others, delivering high-quality gaming experiences to players worldwide.

During the Reporting Period, the Group recorded a revenue of RMB343 million, representing an increase of 3% over the same period last year; recorded a profit of RMB38.2 million, representing a year-on-year decrease of 8%. As of June 30, 2024, the Group had 93.39 million cumulative registered players, representing a year-on-year increase of 13%; the average number of monthly active users was approximately 2.1789 million, representing a year-on-year increase of 21.22%; the average number of monthly paying users was approximately 252,800, representing a year-on-year decrease of 1.87%; the ARPPU also exceeded RMB275.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OUR GAMES

The Group develops, publishes and operates a number of premium mobile games. As of June 30, 2024, we have 13 existing mobile application games, covering idle games, Rogue-like RPG and other RPG, and a number of mini program games.

Below is an overview of our major games:

**In terms of mobile application games, *The Marvelous Snail/SuperSnail* (最強蝸牛),** launched in June 2020, is our self-developed idle game. As of June 30, 2024, the game recorded gross billings of approximately RMB3,460 million domestically and overseas, with 27.69 million cumulative registered players. During the Reporting Period, *The Marvelous Snail/SuperSnail* (最強蝸牛) (known as *SuperSnail* in regions including Southeast Asia, Europe and the United States) celebrated the fourth anniversary of its launch in Mainland China, and cooperated with other intellectual property (“IP”) such as *Cairo Games* (開羅遊戲) and *Calabash Brothers* (葫蘆娃); and celebrated the second anniversary of its launch in Japan, cooperated with *Sanrio* (三麗鷗), and continued to provide game players with high-quality contents and novel gameplay. The game was also launched in Vietnam in April 2024, and ranked top on the iOS free games chart in the region, and its versions in German, French, Spanish, Portuguese and Italian were launched in June 2024, providing a more comprehensive coverage of the Southeast Asian and European regions. During the Reporting Period, the total domestic and overseas revenue recorded by the game is approximately RMB189 million.

***Lantern and Dungeon* (提燈與地下城),** launched in March 2021, is a Rogue-like RPG that we introduced through in-licensing. In February 2024, the game cooperated with the renowned IP “Ne Zha” (哪吒) to release a remake of the game with brand-new contents and gameplay, which was also the largest version update since its launch in 2021. During the Reporting Period, the game recorded a total revenue of approximately RMB11.7 million.

***Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情),** launched on June 9, 2023, is a story card mobile game jointly published by the Group and CMGE. The game reproduces the classic single-player storyline in high definition to create a highly restorative sword and fairy experience. With the unique fusion of card + RPG + SLG in its diversified gameplay, it has gained strong popularity among players. The game ranked first on the iOS free games chart and 14th on the iOS bestseller games chart after its launch. In June 2024, the game celebrated its anniversary of its launch. In July 2024, the game was launched in the Southeast Asian region and ranked top on the iOS free games chart in Singapore and Malaysia. During the Reporting Period, the game recorded a revenue of approximately RMB66.7 million. As of June 30, 2024, the game generated approximately RMB355 million in cumulative revenue.



## MANAGEMENT DISCUSSION AND ANALYSIS

**Cardcaptor Sakura: Memory Key (魔卡少女櫻：回憶鑰匙)**, a mobile game created based on the teenage girl themed animation of *CardCaptor Sakura: Clear Card (庫洛魔法使：透明牌篇)* with genuine licensing. In September 2023, the game was launched in Mainland China and immediately ranked first on the iOS free games chart and obtained the highest ranking of No. 30 on the iOS bestseller games chart; in October 2023, the game was launched in the HMT regions and ranked top on the iOS free games chart in those three regions, highest ranking second on the iOS bestseller games chart in Hong Kong, top on the iOS bestseller games chart in Macao and fourth on the iOS bestseller games chart in Taiwan. During the Reporting Period, the game generated approximately RMB17.4 million in revenue.

**Fat Goose Gym (肥鵝健身房)**, launched in Japan in February 2024, is a casual game that we introduced through in-licensing, in which players can build a gym through synthetic gameplay, expand more areas and install equipments and furnitures to attract more fat goose customers to visit. The game immediately ranked top on both the iOS free games chart and the Google Play free games chart in Japan after its launch. During the Reporting Period, the game recorded a revenue of approximately RMB27.1 million.

**Lost Light (迷途之光)**, launched in June 2024, is a pixel style roguelike pop-up game that we introduced through in-licensing. The game is based on action-adventure, combining map exploration and card raising gameplay with a huge number of skills to choose from, and allows players to advance and explore through free combination of skills. During the Reporting Period, the game recorded a revenue of approximately RMB3.2 million.

Other primary games such as **Servitor Project (使魔計劃)** (launched in January 2023, our self-developed strategy card game), **Time Voyager (時光旅行社)** (launched in December 2023, our self-developed infinite-stream casual idle game), **Gumballs & Dungeons (不思議迷宮)** (launched in August 2016, our self-developed Rogue-like RPG), **Ares Virus (阿瑞斯病毒)** (launched in August 2018, our survival RPG introduced through in-licensing) and **Eternal Adventure (無盡大冒險)** (launched in June 2015, our self-developed classic game that combines the features of idle gameplay experience and Diablo-like adventure) also continued to contribute steady revenue to the Group, which amounted to approximately RMB20.1 million in total during the Reporting Period.

**In terms of mini program games**, the Group launched a number of self-developed and in-licensed mini program games during the Reporting Period, including the mini program game version of *The Marvelous Snail/SuperSnail (最強蝸牛)*, *Royal Recruits (皇室護衛隊)*, *Bullet Legion (子彈軍團)*, etc. As of June 30, 2024, the mini program games generated approximately RMB3.4 million in revenue.





## MANAGEMENT DISCUSSION AND ANALYSIS

## PLAYER COMMUNITY

We have nurtured a vibrant community of players on various mobile game forums and social media platforms – QingCi Enthusiasts community. Through the QingCi community, our players can receive the latest information about our games, including recent events that we organize, opportunities to participate in testing our new games and free in-game virtual items.

As of June 30, 2024, our games had accumulated 14.9728 million QingCi Enthusiasts who contacted us through our official accounts and groups on social media platforms, such as Tencent QQ, WeChat, TapTap and Bilibili, representing an increase of 25.24% as compared with the same period last year. Our frequent and close interactions with QingCi Enthusiasts creates a virtuous circle as the feedback from the player community can help us to develop and improve our games, thereby attracting more active players.

## OUTLOOK

At present, the Group has a pipeline of multiple mobile games as shown below, covering various genres and categories, including RPG, SLG and idle games:

Title	Game Genre	Source	Development Stage as of June 30, 2024	Expected Launch Time
1. Project: Totem (項目: 圖騰)	Tower defense game	In-licensed	Game production, testing and optimization	2024
2. Project V (項目V)	Idle game	In-licensed	Game production, testing and optimization	2025
3. Project W (項目W)	Card RPG	In-licensed	Game production, testing and optimization	2025
4. Project HA (項目HA)	Card RPG	In-licensed	Game production, testing and optimization	2025
5. Project E (項目E)	SLG	Self-developed	Game production, testing and optimization	2025
6. Project 36Z (項目36Z)	Idle game	In-licensed	Demo production	2025
7. Project T (項目T)	SLG	In-licensed	Demo production	2026
8. Project F (項目F)	Survival socialization	In-licensed	Demo production	2026

*Note: During the Reporting Period, the Group optimized the allocation of resources according to the progress of the pipeline game projects, and the progress of Qin Dynasty Anecdotes (大秦異聞錄) and Project P95 (項目P95) has been put on hold.*



## MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead, the Group will further enrich its product matrix and actively promote the testing and launch of pipeline games both domestically and overseas.

In August 2024, the Group's in-licensed game *Ares Virus 2* (阿瑞斯病毒2) was launched, which is an adventure survival RPG and a sequel to *Ares Virus* (阿瑞斯病毒) with a top-down perspective and a unique and fresh ballpoint pen style. Players need to resist against the crime syndicate and rebuild their own home. The game features colorful scenes and characters, as well as brain-teasing and fun decryption gameplay, and has received favorable feedbacks from players since its launch.

As of August 2024, the Group introduced two new in-licensed games, of which *Project W* (項目W) is a 2D semi-turn-based card game based on the *Great Ruler* (大主宰), a novel written by the renowned author "Tian Can Tu Dou" (天蠶土豆) and *Project HA* (項目HA) which is a card RPG game.

The Group is also actively promoting the testing and launching of multiple projects overseas. *BloodAge* (formerly known as *Project L* (項目L)) is a western fantasy themed idle card RPG game which allows players to train heroes of various races to fight. The game was launched in Korea in September 2024, and ranked first on the iOS free games chart and the Google Play free games chart in Korea. The testing of the idle game *Project V* (項目V) is also continuing in Europe and the United States.



In addition, the Group will further expand the testing scale of its self-developed post-apocalyptic world SLG game *Project E* (項目E) in the second half of 2024, and other in-licensed pipeline games are also making good progress.

The Group will continue to push forward the release plan of our pipeline games, and identify high-quality game projects, to create a diversified game portfolio and to bring a high-quality gaming experience to our players all over the world.



## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

## Revenue

Our revenue is mainly derived from (i) game operating business where we generate revenues primarily from the sales of in-game virtual items; (ii) game licensing business where we generate revenues from license fees paid by third-party publishers; (iii) information services business where we generate revenues from providing performance-based in-game marketing and promotion services to advertisers or their agents who promote their customers' products in our games to players; and (iv) other services and sales where we generate revenues from sales of game peripheral products and provision of technical services.

The following table sets forth a breakdown of our revenues by line of business for the six months ended June 30, 2023 and 2024.

	For the six months ended June 30,				2024 vs. 2023 Change %
	2024 RMB'000 (unaudited)		2023 RMB'000 (unaudited)		
		%		%	
Game operating revenues					
Self-developed	<b>196,738</b>	<b>57.5</b>	237,930	71.2	<b>(17.3)</b>
Licensed	<b>126,434</b>	<b>36.9</b>	80,433	24.1	<b>57.2</b>
Subtotal	<b>323,172</b>	<b>94.4</b>	318,363	95.3	<b>1.5</b>
Game licensing revenue	<b>6,323</b>	<b>1.8</b>	11,317	3.4	<b>(44.1)</b>
Information service revenue	<b>9,290</b>	<b>2.7</b>	2,528	0.8	<b>267.5</b>
Other services and sales	<b>3,837</b>	<b>1.1</b>	1,729	0.5	<b>121.9</b>
<b>Total revenues</b>	<b>342,622</b>	<b>100.0</b>	333,937	100.0	<b>2.6</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

### Game Operating Revenues

Our game operating revenues increased by 1.5% to RMB323.2 million for the six months ended June 30, 2024 from the corresponding period in 2023. In particular,

- our revenue from self-developed games decreased by 17.3% to RMB196.7 million for the six months ended June 30, 2024 from the corresponding period in 2023, primarily due to the decline in revenue from *The Marvelous Snail/SuperSnail* (最強蝸牛) in the Mainland China and Japan regions and *Servitor Project* (使魔計劃), partially offset by the increase in revenue resulted from *The Marvelous Snail/SuperSnail* (最強蝸牛) in the regions such as the United States and Canada; and
- our revenue from licensed games increased by 57.2% to RMB126.4 million for the six months ended June 30, 2024 from the corresponding period in 2023, primarily due to the launch of new games such as *Fat Goose Gym* (肥鵝健身房), *Lost Light* (迷途之光) and *Loot Rush* (騎士沖呀) and the remake of *Lantern and Dungeon* (提燈與地下城), and the new operation of *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) (the game was launched in Mainland China in September 2023, and was launched in the HMT regions in October 2023) contributing to the growth in revenue.

### Game Licensing Revenue

Our game licensing revenue decreased by 44.1% to RMB6.3 million for the six months ended June 30, 2024 from the corresponding period in 2023, primarily due to the decrease in game licensing revenues from *Gumballs & Dungeons* (不思議迷宮) in Mainland China and *The Marvelous Snail/SuperSnail* (最強蝸牛) in the HMT regions.

### Information Service Revenue

Our information service revenue increased by 267.5% to RMB9.3 million for the six months ended June 30, 2024 from the corresponding period in 2023, primarily due to the increase in in-game advertisement views or clicks.

### Other Services and Sales

Our other services and sales revenues increased by 121.9% to approximately RMB3.8 million for the six months ended June 30, 2024 from RMB1.7 million for the corresponding period in 2023, primarily due to the increase in revenue generated from sales of peripheral products and through marketing and promotion on third-party platforms and others.

### Cost of Revenues

Our cost of revenues increased by 20.6% from RMB108.5 million for the six months ended June 30, 2023 to RMB130.8 million for the six months ended June 30, 2024. Our cost of revenues primarily consisted of (i) commissions charged by distribution and payment channels, representing revenue share payments to third-party distribution platforms and payment service providers for our self-published games; (ii) commissions charged by third-party game developers and IP holders; (iii) bandwidth and servers custody fee; (iv) employee benefits expenses related to our system maintenance and customer service personnel, including wages, salaries, bonuses, social insurance contributions and other employee benefits; and (v) others, including outsourced technical service fees for short messaging services, professional service fees, the impairments of prepayments to some investment companies which were included in the cost of revenues, and miscellaneous expenses.



## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth our cost of revenues by nature in absolute amounts and as percentages of our total cost of revenues for the six months ended June 30, 2024 and 2023.

	For the six months ended June 30,				2024 vs.
	2024		2023		2023
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%	Change %
Commissions charged by distribution and payment channels	69,168	52.9	70,589	65.0	(2.0)
Commissions charged by third- party game developers and IP holders	38,173	29.2	11,892	11.0	221.0
Bandwidth and servers custody fee	8,953	6.8	10,287	9.5	(13.0)
Employee benefits expenses	6,051	4.6	6,595	6.1	(8.2)
Others	8,490	6.5	9,161	8.4	(7.3)
<b>Total</b>	<b>130,835</b>	<b>100.0</b>	<b>108,524</b>	<b>100.0</b>	<b>20.6</b>

Our cost of revenue for commissions charged by distribution and payment channels decreased by 2.0% to RMB69.2 million for the six months ended June 30, 2024 from the corresponding period in 2023, primarily due to the decrease in the proportion of revenue generated through certain third-party distribution platforms as compared to the same period last year, which charged higher channel commissions and in turn reduced the commissions paid to the distribution channels.

Our cost of revenue for commissions charged by third-party game developers and IP holder increased by 221.0% to RMB38.2 million for the six months ended June 30, 2024 from the corresponding period in 2023, primarily due to the increased commissions paid to developers of *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), and the increased commissions paid to third-party developers and IP holders as a result of the increase in revenue from licensed games brought about by the launch of *Fat Goose Gym* (肥鵝健身房) and the new operation of *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) (the game was launched in Mainland China in September 2023, and was launched in the HMT regions in October 2023) and others.

Our cost of revenue for employee benefits expenses decreased by 8.2% to RMB6.1 million for the six months ended June 30, 2024 from the corresponding period in 2023, primarily due to the decrease in number of customer service center employees, which led to the decrease in our employee expenses on a year-on-year basis.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross Profit and Gross Profit Margin

Our gross profit decreased by 6.0% from RMB225.4 million for the six months ended June 30, 2023 to RMB211.8 million for the six months ended June 30, 2024. Our gross profit margin decreased to 62% for the six months ended June 30, 2024 from 68% for the six months ended June 30, 2023, primarily due to the increase in proportion of licensed games operating revenue in the game operating revenue from 25.3% in the same period last year to 39.1% in the Reporting Period; and operating revenues generated from licensed games result in commissions charged by third-party game developers and IP holders, such commissions counts towards the cost of revenues, which in turn lowered the gross profit margin for the Reporting Period.

### Selling and Marketing Expenses

Our selling and marketing expenses consisted of (i) marketing and promotion expenses paid to our online and offline marketing service providers, including traffic acquisition and brand marketing and promotion expenses; (ii) employee benefits expenses related to our selling and marketing personnel; and (iii) others, including office expenses incurred for our selling and marketing activities and miscellaneous expenses.

Our selling and marketing expenses increased by 7.2% from RMB123.1 million for the six months ended June 30, 2023 to RMB131.9 million for the six months ended June 30, 2024. This was primarily due to (i) the increase in selling and marketing expenses resulted from the launch of new games such as *Fat Goose Gym* (肥鵝健身房), *Lost Light* (迷途之光), and the remake of *Lantern and Dungeon* (提燈與地下城); (ii) the increase in overseas selling and marketing personnel as the Company continued to push forward overseas strategies, resulting in an increase in related expenses on a year-on-year basis; and (iii) the aforementioned expenses were partially offset by the decrease in selling and marketing expenses of *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), *The Marvelous Snail/SuperSnail* (最強蝸牛) in Japan and other games.

### R&D Expenses

Our R&D expenses consisted of (i) employee benefits expenses related to our R&D staff; (ii) outsourced technical service fee; and (iii) others, including office expenses incurred for our R&D activities, depreciation of right-of-use assets, rental expenses, utilities and miscellaneous expenses.

Our R&D expenses increased by 5.4% from RMB44.7 million for the six months ended June 30, 2023 to RMB47.1 million for the six months ended June 30, 2024. This was primarily due to the increase in R&D staff for some key game projects, which led to an increase in expenses related to our employees engaged in R&D activities on a year-on-year basis.



## MANAGEMENT DISCUSSION AND ANALYSIS

### General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) employee benefits expenses related to our supporting staff; (ii) depreciation of right-of-use assets on our leases; (iii) tax surcharges, including VAT surcharges and stamp duty; (iv) rental expenses and utilities; and (v) others, including office expenses, depreciation of property, plant and equipment, professional services fee and miscellaneous expenses.

Our general and administrative expenses increased by 29.4% from RMB21.2 million for the six months ended June 30, 2023 to RMB27.4 million for the six months ended June 30, 2024, primarily due to the compensation for losses of some staffs from unsatisfactory game project and the increase in supporting staffs of the game peripheral products team, which led to an increase in expenses related to our supporting staffs on a year-on-year basis.

### Fair Value Changes on Investments Measured at Fair Value through Profit or Loss

Our fair value changes on investments measured at fair value through profit or loss reflected changes in the fair value of (i) certain of our long-term equity investments, which were equity investments in private equity funds as limited partners without significant influence, and investments in investee companies; and (ii) our short-term investments, primarily consisting of investment funds and wealth management products.

Our fair value gains on investments measured at fair value through profit or loss increased by 536.8% from RMB6.6 million for the six months ended June 30, 2023 to RMB42.1 million for the six months ended June 30, 2024, mainly due to the increase in our fair value gains from investment funds and wealth management products.

### Other Income

Our other income primarily consisted of subsidies, mainly including government subsidies granted by local governments to support our R&D activities and in recognition of our contribution to local economic development.

Our other income decreased by 91.8% from RMB9.2 million for the six months ended June 30, 2023 to RMB0.8 million for the six months ended June 30, 2024, mainly due to the decrease in government subsidies.

### Other Losses, Net

Our net other losses primarily consisted of (i) net foreign exchange gains or losses arising from revenue and trade receivables denominated in USD and JPY; and (ii) donations to charity organizations.

Our net other losses increased from RMB0.1 million for the six months ended June 30, 2023 to RMB1.6 million for the six months ended June 30, 2024, primarily due to (i) the appreciation of USD against JPY in the first half of 2024, resulted in exchange losses on USD-denominated payables of individual subsidiaries whose functional currency is JPY; and (ii) partially offset by the exchange gains from the appreciation of the Group's USD holdings due to the appreciation of USD against RMB.



## MANAGEMENT DISCUSSION AND ANALYSIS

## Income Tax Expenses

Our income tax expenses decreased by 95.5% from RMB16.7 million for the six months ended June 30, 2023 to RMB0.8 million for the six months ended June 30, 2024, mainly due to (i) the decline in profit of a profit-making subsidiary; and (ii) the further recognition of deferred tax assets by the Group during the Reporting Period.

## Profit for the Reporting Period

Our profit for the Reporting Period decreased by 8.4% from a net profit of RMB41.7 million for the six months ended June 30, 2023 to a net profit of RMB38.2 million for the six months ended June 30, 2024, which were mainly attributable to (i) the increase in the proportion of operating revenues from licensed games for the Reporting Period, resulted in an increase in the commissions paid to third-party game developers and IP holders, and led to a decrease in gross profit; (ii) the appreciation of USD against JPY in the first half of 2024, resulted in an increase in exchange losses of individual subsidiaries; (iii) the launch of some new games during the Reporting Period, resulted in an increase in selling and marketing expenses; and (iv) partially offset by the increase in fair value gains from investment funds and wealth management products.

## Net Profit

	For the six months ended June 30,	
	2024	2023
	(RMB'000)	(RMB'000)
	(unaudited)	(unaudited)
<b>Net Profit</b>	<b>38,203</b>	41,717

The Group recorded a net profit of approximately RMB38.2 million for the six months ended June 30, 2024, as compared to the net profit of approximately RMB41.7 million for the six months ended June 30, 2023. This was primarily attributable to (i) the increase in the proportion of operating revenues from licensed games for the Reporting Period, thereby resulted in an increase in the commissions paid to third-party game developers and IP holders, and led to a decrease in gross profit; (ii) the appreciation of USD against JPY in the first half of 2024, resulted in an increase in exchange losses of individual subsidiaries; and (iii) the launch of some new games during the Reporting Period, resulted in an increase in selling and marketing expenses; and (iv) partially offset by the increase in fair value gains from investment funds and wealth management products.





## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity, Capital Resources and Gearing Ratio

We fund our operations primarily through cash generated from our operating activities and capital contribution from our Shareholders.

The Group's total cash and cash equivalents decreased by 21.6% from RMB538.0 million as of December 31, 2023 to RMB421.8 million as of June 30, 2024. The decrease in total cash and cash equivalents during the Reporting Period was primarily due to (i) the usage of proceeds raised from the Global Offering; and (ii) the usage of part of our own funds for short-term investments.

As of June 30, 2024, we had borrowings of RMB20.0 million. As of the same date, we had a banking facility of RMB109.0 million, and we did not draw down the facility as deposit to secure our obligations under our foreign currency forward contract.

As of June 30, 2024, the current assets of the Group amounted to approximately RMB1,638.5 million, and the current liabilities of the Group amounted to approximately RMB161.6 million. Current ratio is calculated as total current assets divided by total current liabilities. As of June 30, 2024 and 2023, the current ratio of the Group was 1,013.9% and 1,129.7%, respectively.

Gearing ratio is calculated as total liabilities divided by total assets. As of June 30, 2024 and 2023, the gearing ratio of the Group was 9.8% and 9.2%, respectively.

### Significant Investments

As at June 30, 2024, the Group's short-term investments measured at fair value through profit or loss increased by 10.9% from approximately RMB988.9 million as at December 31, 2023 to approximately RMB1,096.4 million as at June 30, 2024. The short-term investments mainly included investment funds. The increase was mainly attributable to the improvement of utilization of its own fund by the Group during the Reporting Period in order to further enhance the yields of its cash assets. For the six months ended June 30, 2024, no single investment of the Group accounted for more than 5% of the total assets of the Group.

### Material Acquisitions and Disposals

During the Report Period, the Group made no material acquisitions nor material disposals of subsidiaries, associates and joint ventures.

### Pledge of Assets

As of June 30, 2024, we did not pledge any of our assets.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Capital Expenditures

For the six months ended June 30, 2024, our total capital expenditure was approximately RMB1.1 million, compared to approximately RMB1.1 million for the six months ended June 30, 2023. Our capital expenditure primarily included our purchase of property, plant and equipment, mainly related to the purchase of office equipment. We funded these expenditures with cash generated from our operating activities. We plan to fund our future capital expenditures with our cash from operating activities.

### Contingent Liabilities

As of June 30, 2024, we did not have any material contingent liabilities.

### Foreign Exchange Risk Management

We operate globally through overseas third-party publishers and are exposed to foreign exchange risk arising from various currency exposures, mainly including USD and JPY. Our foreign exchange risk primarily arose from recognized assets and liabilities when receiving or to receive foreign currencies from overseas counterparties. We managed our foreign exchange risk exposures through foreign currency forward contracts during the six months ended June 30, 2024.

### Employee and Remuneration Policy

As of June 30, 2024, we had 600 full-time employees, substantially all of whom were based in Mainland China and 17 of whom were based overseas.

We recruit talent primarily from job fairs as well as word-of-mouth referrals. We provide regular training to our employees covering various aspects including our culture and technical know-how. We also follow up with the employees to evaluate the effect of the training, which is aimed at enhancing our employees' skillset and helping them stay up-to-date with industry and technology developments. In addition, we discover and incubate future game producers who display strong innovation and game design talent. We encourage and support our employees keen on mobile game development to become our producers. They may form new core project teams with other like-minded employees to develop new games. We compensate our employees with salaries, welfare payments, and performance-based and annual bonuses.



## Other Information

### INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: nil).

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

As at June 30, 2024, the interests or short positions of our Directors and chief executives in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules were as follows:

Name of Director	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest <sup>(1)</sup>
Mr. Yang Xu ("Mr. Yang") <sup>(2)</sup>	Settlor of a discretionary trust	206,057,019	29.81%
Mr. Huang Zhiqiang ("Mr. Huang") <sup>(3)</sup>	Settlor of a discretionary trust Interest in controlled corporation	25,015,715 37,307,058	3.62% 5.40%
Mr. Liu Siming ("Mr. Liu") <sup>(4)</sup>	Settlor of a discretionary trust	12,842,792	1.86%
Mr. Zeng Xiangshuo ("Mr. Zeng") <sup>(5)</sup>	Interest in controlled corporation	7,439,214	1.08%

Notes:

(1) The calculation is based on the total number of issued shares of the Company as of June 30, 2024, being 691,330,500 Shares.



## OTHER INFORMATION

- (2) *The Company is held as to 29.81% by Keiskei Holding Ltd., following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Keiskei Holding Ltd. is a company incorporated in the British Virgin Islands (the "BVI") and is held as to 99% by Yang Family Holding Limited and 1% by Keiskei QC Ltd., a company wholly-owned by Mr. Yang. Yang Family Holding Limited is held by the Peter Yang Family Trust, which was established by Mr. Yang as the settlor. TMF (Cayman) Ltd. is the trustee of the Peter Yang Family Trust, and Mr. Yang and his family members are the beneficiaries of the Peter Yang Family Trust. As such, Mr. Yang is deemed to be interested in our Shares held by Keiskei Holding Ltd.. Mr. Yang is also a director of Keiskei Holding Ltd..*
- (3) *The Company is held as to 3.62% and 5.40% by Intelligence QC Holding Ltd. and Intelligence QC Ltd., respectively, following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Intelligence QC Holding Ltd. is a company incorporated in the BVI and is held as to 99% by Intelligence Future Holding Limited and 1% by Intelligence QC Ltd., a company wholly-owned by Mr. Huang. Intelligence Future Holding Limited is held by Intelligence Future Trust, which was established by Mr. Huang as the settlor. TMF (Cayman) Ltd. is the trustee of Intelligence Future Trust, and Mr. Huang and his family member are the beneficiaries of the Intelligence Future Trust. As such, Mr. Huang is deemed to be interested in our Shares held by Intelligence QC Holding Ltd. and Intelligence QC Ltd.. Mr. Huang is also a director of Intelligence QC Holding Ltd..*
- (4) *The Company is held as to 1.86% by Gentle Tiger Holding Ltd., following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Gentle Tiger Holding Ltd. is a company incorporated in the BVI and is held as to 99% by Sebastian Family Holding Limited and 1% by Gentle Tiger Ltd., a company wholly-owned by Mr. Liu. Sebastian Family Holding Limited is held by the Sebastian Family Trust, which was established by Mr. Liu as the settlor. TMF (Cayman) Ltd. is the trustee of the Sebastian Family Trust, and Mr. Liu and his family members are the beneficiaries of the Sebastian Family Trust. As such, Mr. Liu is deemed to be interested in our Shares held by Gentle Tiger Holding Ltd.. Mr. Liu is also a director of Gentle Tiger Holding Ltd..*
- (5) *Cloud Rings Ltd. is a company incorporated in the BVI which owns 7,439,214 shares of the Company and is wholly-owned by Mr. Zeng. As such, Mr. Zeng is deemed to be interested in the 7,439,214 Shares held by Cloud Rings Ltd..*

Save as disclosed above, so far as the Directors and the chief executive of the Company are aware, none of the Directors or the chief executive of the Company had registered an interest or short position in any Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified under Division 7 and 8 of Part XV of the SFO or recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## OTHER INFORMATION

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

As of June 30, 2024, the interests of relevant persons (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or the underlying shares, as recorded in the register required to be kept under Section 336 of SFO, were as follows:

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding interest <sup>(1)</sup>
Keiskei Holding Ltd. <sup>(2)</sup>	Beneficial owner (L)	206,057,019	29.81%
Yang Family Holding <sup>(2)</sup>	Interest in controlled corporation (L)	206,057,019	29.81%
Mr. Yang <sup>(2)</sup>	Settlor of a discretionary trust (L)	206,057,019	29.81%
HK Kunpan <sup>(3)</sup>	Beneficial owner (L)	128,243,058	18.55%
G-bits <sup>(3)</sup>	Interest in controlled corporation (L)	128,243,058	18.55%
Intelligence QC Ltd. <sup>(4)</sup>	Beneficial owner (L)	37,307,058	5.40%
Mr. Huang <sup>(4)</sup>	Settlor of a discretionary trust (L)	25,015,715	3.62%
	Interest in controlled corporation (L)	37,307,058	5.40%
Rapid Yacht Limited <sup>(5)</sup>	Beneficial interest (L)	50,156,076	7.26%
Mr. Ye Jiting ("Mr. Ye") <sup>(5)</sup>	Interest in controlled corporation (L)	50,156,076	7.26%
TMF (Cayman) Ltd. <sup>(6)</sup>	Trustee (L)	243,915,526	35.28%
Alibaba Qookka <sup>(7)</sup>	Beneficial interest (L)	36,884,938	5.34%
Alibaba <sup>(7)</sup>	Interest in controlled corporation (L)	36,884,938	5.34%

## Notes:

- (1) The calculation is based on the total number of issued shares of the Company as at the June 30, 2024, being 691,330,500 Shares.



## OTHER INFORMATION

- (2) *The Company is held as to 29.81% by Keiskei Holding Ltd., following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Keiskei Holding Ltd. is a company incorporated in the BVI and is held as to 99% by Yang Family Holding Limited and 1% by Keiskei QC Ltd., a company wholly-owned by Mr. Yang. Yang Family Holding Limited is held by the Peter Yang Family Trust, which was established by Mr. Yang as the settlor. TMF (Cayman) Ltd. is the trustee of the Peter Yang Family Trust, and Mr. Yang and his family members are the beneficiaries of the Peter Yang Family Trust. As such, Mr. Yang is deemed to be interested in our Shares held by Keiskei Holding Ltd.. Mr. Yang is also a director of Keiskei Holding Ltd..*
- (3) *HK Kunpan is a direct wholly-owned subsidiary of G-bits.*
- (4) *The Company is held as to 3.62% and 5.40% by Intelligence QC Holding Ltd. and Intelligence QC Ltd., respectively, following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Intelligence QC Holding Ltd. is a company incorporated in the BVI and is held as to 99% by Intelligence Future Holding Limited and 1% by Intelligence QC Ltd., a company wholly-owned by Mr. Huang. Intelligence Future Holding Limited is held by Intelligence Future Trust, which was established by Mr. Huang as the settlor. TMF (Cayman) Ltd. is the trustee of Intelligence Future Trust, and Mr. Huang and his family member are the beneficiaries of the Intelligence Future Trust. As such, Mr. Huang is deemed to be interested in our Shares held by Intelligence QC Holding Ltd. and Intelligence QC Ltd.. Mr. Huang is also a director of Intelligence QC Holding Ltd..*
- (5) *The Company is held as to 7.26% by Rapid Yacht Limited following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022, and Rapid Yacht Limited is wholly owned by Mr. Ye. As such, Mr. Ye is deemed to be interested in our Shares held by Rapid Yacht Limited.*
- (6) *TMF (Cayman) Ltd. is the trustee of Intelligence Future Trust, Peter Yang Family Trust and Sebastian Family Trust which in aggregate held 243,915,526 Shares. Hence, TMF (Cayman) Ltd. is deemed to be interested in such 243,915,526 Shares as a trustee.*
- (7) *Alibaba Qookka is ultimately owned by Alibaba.*

Saved as disclosed above, so far as the Directors are aware, no other persons had registered an interest or short position in any Shares or underlying shares or debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO, or as otherwise notified.



## OTHER INFORMATION

## CHANGES IN DIRECTORS' INFORMATION

Mr. Yuan Yuan ceased to be an independent director of Leo Group Co., Ltd. (002131.SZ), and Professor Lam Sing Kwong Simon ceased to be the director of the Centre of Asian Entrepreneurship and Business Values at the University of Hong Kong.

Save as disclosed above, since the publication of the Company's latest annual report, there has been no change to the information of the Directors subject to disclosure under Rule 13.51B(1) of the Listing Rules.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period (including sale of treasury shares). As of the end of the Reporting Period, no treasury shares were held by the Company.

## EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Group after June 30, 2024 and up to the date of this report.

## USE OF NET PROCEEDS FROM LISTING

The shares of the Company were listed on the Stock Exchange on December 16, 2021. The net proceeds received from the Global Offering (taking into account the partial exercise of the over-allotment option and after deducting the underwriting fees and commission and other estimated expenses payable by the Company in connection with the Global Offering) was approximately HK\$925.8 million.

The table below sets out the planned usage of the net proceeds from the Global Offering and actual usage up to June 30, 2024:

Use of proceeds	Net proceeds from the Global Offering (after taking into account the partial exercise of the over-allotment option) (HK\$ million)	Amount	Utilized	Unutilized	Expected timeline for fully utilizing the unutilized amount <sup>(1)</sup>
		utilized during the Reporting Period (HK\$ million)	amount up to June 30, 2024 (HK\$ million)	amount up to June 30, 2024 (HK\$ million)	
For expanding our game portfolio and invest in our game R&D capabilities and related technologies	324.0	43.1	296.7	27.3	By June 2025



## OTHER INFORMATION

Use of proceeds	Net proceeds from the Global Offering (after taking into account the partial exercise of the over-allotment option) (HK\$ million)	Amount utilized during the Reporting Period (HK\$ million)	Utilized amount up to June 30, 2024 (HK\$ million)	Unutilized amount up to June 30, 2024 (HK\$ million)	Expected timeline for fully utilizing the unutilized amount <sup>(1)</sup>
For expanding our business in the overseas markets	231.4	0	231.4	0	N/A
For strengthening our game publication and operation capabilities in China's mobile game market and the market recognition of our "QingCi" brand and our IPs	138.9	4.6	111.9	27.0	By June 2025
For pursuing strategic investments in and acquisitions of upstream and downstream companies along the mobile game industry chain	138.9	16.6	131.9	7.0	By December 2024
For working capital and general corporate purposes	92.6	0	92.6	0	N/A
<b>Total</b>	<b>925.8</b>	<b>64.3</b>	<b>864.5</b>	<b>61.3</b>	

**Note:**

- (1) The expected timeline for utilization of the unutilized proceeds disclosed above is based on the best estimation from the Board in accordance with latest information as at the date of this report.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules and the Company has adopted the CG code as its own code of corporate governance.

The Board is of the view that the Company has complied with all code provisions as set out in part 2 of the CG Code for the Reporting Period.

The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.





## OTHER INFORMATION

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the transactions of securities of the Company by its Directors and the relevant employees who would likely possess inside information of the Company. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the Model Code throughout the six months ended June 30, 2024.

### AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consist of three independent non-executive Directors, namely Mr. Yuan Yuan (Chairman), Professor Lam Sing Kwong Simon and Ms. Fang Weijin. Mr. Yuan Yuan possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed the unaudited interim financial information of the Group for the six months ended June 30, 2024 together with the Group's auditor, PricewaterhouseCoopers, and have discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

### SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's unaudited interim financial information and the related notes thereto for the six months ended June 30, 2024 as set out in the report have been reviewed by the Group's auditor, PricewaterhouseCoopers.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our Shareholders and business partners for their continued support, and to our employees for their dedication and hard work.

By Order of the Board

**Qingci Games Inc.**

**Liu Siming**

*Executive Director*

Hong Kong, August 22, 2024



# Report on Review of Interim Financial Information

**To the Board of Directors of Qingci Games Inc.**  
*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 81, which comprises the interim condensed consolidated statement of financial position of Qingci Games Inc. (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2024 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong, August 22, 2024



## Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2024

	Notes	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenues	6	342,622	333,937
Cost of revenues	7	(130,835)	(108,524)
<b>Gross profit</b>		<b>211,787</b>	225,413
Selling and marketing expenses	7	(131,912)	(123,052)
Research and development expenses	7	(47,128)	(44,701)
General and administrative expenses	7	(27,440)	(21,199)
Net impairment losses on financial assets	7	(275)	(288)
Fair value changes on investments measured at fair value through profit or loss	8	42,050	6,603
Other income	9	757	9,176
Other losses, net	10	(11,569)	(104)
<b>Operating profit</b>		<b>36,270</b>	51,848
Finance income		5,322	8,658
Finance costs		(1,295)	(1,168)
Finance income, net	11	4,027	7,490
Share of results of investments accounted for using equity method	17	(1,340)	(948)
<b>Profit before income tax</b>		<b>38,957</b>	58,390
Income tax expenses	12	(754)	(16,673)
<b>Profit for the period</b>		<b>38,203</b>	41,717
<b>Other comprehensive income:</b>			
Items that may not be reclassified to profit or loss			
– Currency translation differences		7,589	43,084
Items that may be subsequently reclassified to profit or loss			
– Currency translation differences		3,209	–
<b>Total comprehensive income for the period</b>		<b>49,001</b>	84,801



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the six months ended June 30, 2024

	Notes	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		45,059	41,482
Non-controlling interests		(6,856)	235
		<b>38,203</b>	41,717
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Company		55,225	84,784
Non-controlling interests		(6,224)	17
		<b>49,001</b>	84,801
<b>Earnings per share for profit for the period attributable to the equity holders of the Company</b>			
Basic and diluted earnings per share (RMB)	13	0.07	0.06

The notes on pages 33 to 81 are an integral part of these condensed consolidated financial statements.



# Condensed Consolidated Statement of Financial Position

As at June 30, 2024

	<i>Notes</i>	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	As at December 31, 2023 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	15,594	17,141
Right-of-use assets	15	20,529	22,522
Deferred tax assets	16	31,169	23,684
Investments accounted for using the equity method	17	36,896	38,236
Long-term investments measured at fair value through profit or loss	18	182,109	168,546
Prepayments, deposits and other assets	19	61,169	48,293
		<b>347,466</b>	318,422
<b>Current assets</b>			
Trade receivables	20	45,213	68,096
Inventories		998	1,327
Prepayments and other assets	19	50,959	84,128
Short-term investments measured at fair value through profit or loss	21	1,096,351	988,852
Term deposits	22(b)	23,091	-
Cash and cash equivalents	22(a)	421,838	538,003
		<b>1,638,450</b>	1,680,406
<b>Total assets</b>		<b>1,985,916</b>	1,998,828
<b>EQUITY</b>			
Share capital	23	44	44
Share premium	23	5,117,821	5,117,821
Other reserves	24	(2,900,682)	(2,910,848)
Accumulated deficit		(414,629)	(459,688)
<b>Equity attributable to equity holders of the Company</b>		<b>1,802,554</b>	1,747,329
Non-controlling interests		(10,693)	(4,469)
<b>Total equity</b>		<b>1,791,861</b>	1,742,860



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

	<i>Notes</i>	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	As at December 31, 2023 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	26	12,431	15,193
Borrowings	27	19,968	19,974
Deferred tax liabilities	16	55	–
		<b>32,454</b>	35,167
<b>Current liabilities</b>			
Trade payables	28	51,469	78,581
Other payables and accruals	29	47,313	82,935
Contract liabilities	25	41,597	42,090
Current income tax liabilities		11,134	318
Lease liabilities	26	10,075	9,193
Short-term liabilities measured at fair value through profit or loss	21	–	7,671
Borrowings	27	13	13
		<b>161,601</b>	220,801
<b>Total liabilities</b>		<b>194,055</b>	255,968
<b>Total equity and liabilities</b>		<b>1,985,916</b>	1,998,828

The notes on pages 33 to 81 are an integral part of these condensed consolidated financial statements.

The financial statements on pages 26 to 81 were approved by the Board of Directors on August 22, 2024 and were signed on its behalf.

**Yang Xu**  
Director

**Liu Siming**  
Director



## Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

	Attributable to equity holders of the Company						
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated deficit RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
<i>Notes</i>							
(Unaudited)							
<b>As at January 1, 2024</b>	44	5,117,821	(2,910,848)	(459,688)	1,747,329	(4,469)	1,742,860
<b>Comprehensive income</b>							
Profit for the period	-	-	-	45,059	45,059	(6,856)	38,203
Other comprehensive income							
- Currency translation differences	-	-	10,166	-	10,166	632	10,798
<b>Total comprehensive income for the period</b>	-	-	10,166	45,059	55,225	(6,224)	49,001
<b>As at June 30, 2024</b>	44	5,117,821	(2,900,682)	(414,629)	1,802,554	(10,693)	1,791,861



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

<i>Notes</i>	Attributable to equity holders of the Company				Sub-total RMB'000	Non-	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated deficit RMB'000		controlling interests RMB'000	
(Unaudited)							
<b>As at January 1, 2023</b>	44	5,117,821	(2,932,121)	(422,317)	1,763,427	(4,527)	1,758,900
<b>Comprehensive income</b>							
Profit for the period	-	-	-	41,482	41,482	235	41,717
Other comprehensive income							
– Currency translation differences	-	-	43,302	-	43,302	(218)	43,084
<b>Total comprehensive income for the period</b>	-	-	43,302	41,482	84,784	17	84,801
<b>As at June 30, 2023</b>	44	5,117,821	(2,888,819)	(380,835)	1,848,211	(4,510)	1,843,701

The notes on pages 33 to 81 are an integral part of these condensed consolidated financial statements.





# Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	Notes	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations		(22,140)	23,816
Income tax paid		(1,710)	(8,829)
<b>Net cash (used in)/generated from operating activities</b>		<b>(23,850)</b>	14,987
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	14	(1,106)	(1,124)
Purchase of short-term financial assets at fair value through profit and loss	21	(337,108)	(713,531)
Redemption of short-term financial assets at fair value through profit and loss	21	280,692	347,964
Purchase of term deposits with initial term of over three months		(23,091)	-
Acquisition of long-term investments measured at fair value through profit or loss	18	(3,563)	(4,000)
Dividends from long-term investments measured at fair value through profit or loss		43	-
Repayment of deposits for foreign exchange forward contracts	22	-	8,573
<b>Net cash used in investing activities</b>		<b>(84,133)</b>	(362,118)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	27	-	20,000
Repayments from borrowings	27	(6)	(6)
Payment for lease liabilities (including interests)	15	(5,148)	(4,258)
<b>Net cash (used in)/generated from financing activities</b>		<b>(5,154)</b>	15,736
<b>Net decrease in cash and cash equivalents</b>		<b>(113,137)</b>	(331,395)
Cash and cash equivalents at the beginning of the period		538,003	1,001,922
Effects of exchange rate changes on cash and cash equivalents		(3,028)	21,889
<b>Cash and cash equivalents at the end of the period</b>	22(a)	<b>421,838</b>	692,416

The notes on pages 33 to 81 are an integral part of these condensed consolidated financial statements.



# Notes to the Interim Financial Information

For the six months ended June 30, 2024

## 1 GENERAL INFORMATION

Qingci Games Inc. (the “Company”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands on March 12, 2021.

The Company is an investment holding company. The Company and its subsidiaries, including consolidated structured entities (together, the “Group”) are principally engaged in development and operation of mobile games and provision of information services in the People’s Republic of China (the “PRC”) and other areas. For the purpose of preparing the consolidated financial statements, mainland China refers to the PRC excluding Hong Kong Special Administrative Region of the PRC (“Hong Kong”), Macau Special Administrative Region of the PRC (“Macau”) and Taiwan Province of the PRC.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since December 16, 2021.

The condensed consolidated financial statements for the six months ended June 30, 2024 (the “Interim Financial Information”) are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) unless otherwise stated.

## 2 BASIS OF PREPARATION

The Interim Financial Information have been prepared in accordance with International Accounting Standard 34 (“IAS 34”), “Interim Financial Reporting”.

The Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board (“IASB”) (“IFRS Accounting Standards”) as set out in 2023 annual report of the Company dated March 26, 2024 (the “2023 Financial Statements”).



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the 2023 Financial Statements, except for the adoption of new and amended standards as set out below.

#### (a) New and amended standards adopted by the Group

The Group has adopted the following new and amended standards which are relevant to the Group's operations and are mandatory for the financial year beginning on or after January 1, 2024:

Amendments to IAS 1	Classification of Liabilities as current and non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The adoption of these new and amended standards does not have material impact on the condensed consolidated financial statements of the Group.

The Group applied Amendments to IAS 12 from the effective date on January 1, 2023. In accordance with the amendments, the Group recognised deferred tax related to assets and liabilities arising from a single transaction of leases that gave rise to equal taxable and deductible temporary differences on the initial recognition of leases that occurred on or after the beginning of the earliest comparative period presented. As a result, with the beginning of the earliest comparative period presented being January 1, 2023, an adjustment of RMB2.3 million was recognised to the gross amounts of deferred tax liabilities and deferred tax assets simultaneously, and the resultant deferred income tax assets and deferred income tax liabilities met the setoff provisions and was presented on a net basis on the consolidated statement of financial position. Since the Group had considered the lease as a single transaction in which the assets and liabilities were integrally linked and recognised deferred tax on a net basis previously, there were nil impact on the opening balance of accumulated deficit upon the adoption of the amendments.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) New standards and amendments to standards that have been issued but not effective**

The following new standards and amendments to standards have been issued, but are not effective for the Group's financial year beginning on January 1, 2024 and have not been early adopted by the Group. None of these new standards and amendments to standards is expected to have a material impact on the consolidated financial statements of the Group.

		<b>Effective for accounting year beginning on or after</b>
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IAS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
Amendments to IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

**4 FINANCIAL RISK MANAGEMENT****4.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the 2023 Financial Statements.

There were no significant changes in any material risk management policies during the six months ended June 30, 2024.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 4.2 Capital management

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

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the directors of the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to owners, return capital to owners, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's risk associated with capital management is low.

#### 4.3 Fair value estimation

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

##### (a) Fair value hierarchy

The table below analyses the Group's financial instruments carried at fair value as at June 30, 2024 and December 31, 2023, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

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



NOTES TO THE INTERIM FINANCIAL INFORMATION  
For the six months ended June 30, 2024

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 4.3 Fair value estimation (continued)

#### (a) Fair value hierarchy (continued)

The following table presents the Group's assets and liabilities that are measured at fair value as at June 30, 2024.

	Notes	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Unaudited)					
<b>As at June 30, 2024</b>					
<b>Financial assets</b>					
Short-term investments measured at fair value through profit or loss					
	21				
		-	-	1,089,188	1,089,188
		7,163	-	-	7,163
Investments in unlisted companies and private equity funds					
	18				
		-	-	135,071	135,071
		-	-	47,038	47,038
		7,163	-	1,271,297	1,278,460



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****4.3 Fair value estimation (continued)****(a) Fair value hierarchy (continued)**

The following table presents the Group's assets and liabilities that are measured at fair value as at December 31, 2023.

	Notes	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Audited)					
<b>Financial assets</b>					
<b>As at December 31, 2023</b>					
Short-term investments					
measured at fair value					
through profit or loss					
	21				
				982,464	982,464
		6,388			6,388
Investments in unlisted					
companies and private					
equity funds					
	18				
				47,038	47,038
				121,508	121,508
<hr/>					
		6,388		1,151,010	1,157,398
<hr/>					
<b>Financial liabilities</b>					
Short positions in stocks of					
	21	7,671			7,671

- (i) *Investment funds' principal and returns are not guaranteed. The Group invested in investment funds which holds a combination of term deposits, securities and futures. Fair value of Level 2 investment funds were recognized based on the periodic reports from investment funds. Fair value of Level 3 investment funds were determined by using various applicable valuation techniques. Changes in fair value of these financial assets had been recognized in "Fair value changes on investments measured at fair value through profit or loss" in the consolidated statements of comprehensive income.*
- (ii) *Investment in listed companies represented investments in listed companies' equity security. Short positions in stocks of listed companies represented the fair value of short positions held in listed companies' equity security.*



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

## 4.3 Fair value estimation (continued)

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

The following table presents the changes in level 3 items including investments in unlisted companies and private equity funds for the six months ended June 30, 2024 and 2023.

*Investment funds*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>982,464</b>	482,577
Additions	<b>337,108</b>	710,577
Changes in fair value	<b>41,993</b>	11,648
Redemption	<b>(278,171)</b>	(343,261)
Currency translation impact	<b>5,794</b>	31,004
<b>At the end of the period</b>	<b>1,089,188</b>	892,545
Net unrealized gains	<b>32,836</b>	5,006

*Investments in unlisted companies and private equity funds*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>168,546</b>	200,223
Additions	<b>13,563</b>	–
Changes in fair value	–	(3,012)
<b>At the end of the period</b>	<b>182,109</b>	197,211
Net unrealized loss	–	(3,012)





## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****4.3 Fair value estimation (continued)****(c) Valuation process and techniques**

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

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

- For investments in unlisted companies, their fair values have been determined using applicable valuation techniques including comparable companies approach and comparable transactions approach etc. These valuation approaches require significant judgments, assumptions and inputs, including expected volatility, discount for lack of marketability ("DLOM"), relevant underlying financial projections and recent transactions, etc. Independent external valuer has been involved in determining the fair value, when appropriate;
- For investments in private equity funds, the Group determines fair values as at the reporting date based on the fair value of underlying investments in unlisted companies invested by those private funds. For those underlying investments with recent transactions, management determines their fair value at the end of each reporting period by taking reference to those recent transaction prices; For those underlying investments with no recent transactions, their fair values have been determined using applicable valuation techniques including comparable companies approach and comparable transactions approach etc. Management established fair values of these underlying investments by using significant judgments, assumptions and inputs including expected volatility and DLOM, etc. Independent external valuer has been involved in determining the fair value, when appropriate;
- For investments in investment funds, the Group determines fair values as at the reporting date based on the periodic fair value reports of the respective funds provided by fund administrators and fund managers. The Group also discusses with the respective fund managers to understand the performance of the underlying investments and fair value measurement basis conducted by the respective fund administrators and fund managers, obtains and reviews latest available financial information (if applicable), in order to assess whether the fair values as stated in the periodic fair value reports at the end of each reporting period are appropriate.

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



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

## 4.3 Fair value estimation (continued)

## (d) Valuation inputs and relationship to fair value

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

Description	Fair value		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)		As at June 30, 2024	As at December 31, 2023	
Investments in unlisted companies	135,071	121,508	Expected volatility	44.48% - 52.08%	44.48% - 52.08%	The higher the expected volatility, the higher the fair value
			DLOM	28.52% - 30%	28.52% - 30%	The higher the DLOM, the lower the fair value
Investments in private equity funds	47,038	47,038	Expected volatility	41.14% - 68.12%	41.14% - 68.12%	The higher the expected volatility, the higher the fair value
			DLOM	25.00% - 30.00%	25.00% - 30.00%	The higher the DLOM, the lower the fair value
Investment funds	1,089,188	982,464	Periodic fair value report	N/A	N/A	N/A



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

### 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 Financial Statements.

### 6 SEGMENT INFORMATION AND REVENUE

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the directors of the Company consider that the Group's operation is operated and managed as a single segment and no segment information is presented, accordingly.

As at June 30, 2024 and December 31, 2023, substantially all of the non-current assets of the Group were located in the PRC.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**6 SEGMENT INFORMATION AND REVENUE (CONTINUED)**

Revenue for the six months ended June 30, 2024 and 2023 are as follows:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Game operating revenues		
– Self-developed	<b>196,738</b>	237,930
– Licensed	<b>126,434</b>	80,433
<b>Subtotal</b>	<b>323,172</b>	318,363
Game licensing revenue	<b>6,323</b>	11,317
Information service revenue	<b>9,290</b>	2,528
Other revenue	<b>3,837</b>	1,729
<b>Total revenues</b>	<b>342,622</b>	333,937
Cost of revenues	<b>(130,835)</b>	(108,524)
<b>Gross profit</b>	<b>211,787</b>	225,413
<b>Gross margin</b>	<b>62%</b>	68%

Revenues of approximately RMB14 million and RMB13 million for the six months ended June 30, 2024 and 2023, respectively, were from five largest single customers.

During the six months ended June 30, 2024 and 2023, none of single customers individually exceeding 10% of the Group's revenue.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**6 SEGMENT INFORMATION AND REVENUE (CONTINUED)**

The table below sets forth a breakdown of the Group's revenue by timing of recognition for the six months ended June 30, 2024 and 2023, respectively:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Over the time	<b>173,538</b>	155,154
At a point of time	<b>169,084</b>	178,783
<b>Total</b>	<b>342,622</b>	333,937

The table below sets forth a breakdown of the Group's game operating revenue by geographical areas for the six months ended June 30, 2024 and 2023, respectively:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Mainland China	<b>199,907</b>	269,043
Other areas (a)	<b>142,715</b>	64,894
<b>Total</b>	<b>342,622</b>	333,937

(a) Revenue from other areas mainly include revenue from local versions operated in Japan, the United States of America, Canada, Australia, New Zealand, Hong Kong, Macau and Taiwan Province.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 7 EXPENSES BY NATURE

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Marketing and promotion expenses	<b>107,893</b>	103,531
Employee benefits expenses	<b>82,977</b>	70,421
Commissions charged by distribution channels	<b>68,157</b>	69,598
Commissions charged by game developers and IP holders	<b>38,173</b>	11,892
Bandwidth and server custody fee	<b>8,953</b>	10,287
Outsourced technical services	<b>6,501</b>	7,798
Office expenses	<b>5,364</b>	4,708
Depreciation of right-of-use assets <i>(Note 15)</i>	<b>5,253</b>	4,998
Professional services fee	<b>4,694</b>	4,947
Depreciation of property, plant and equipment <i>(Note 14)</i>	<b>2,578</b>	2,932
Auditor remuneration		
– Audit service	<b>2,000</b>	2,035
– Non-audit service	<b>102</b>	60
Commissions charged by payment channel	<b>1,011</b>	991
Impairment of non-financial assets	<b>1,000</b>	–
Tax surcharges	<b>639</b>	1,123
Rental expenses and utilities	<b>612</b>	1,023
Net impairment losses on financial assets	<b>275</b>	288
Others	<b>1,408</b>	1,132
<b>Total</b>	<b>337,590</b>	297,764



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 8 FAIR VALUE CHANGES ON INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Fair value changes on long-term investments measured at fair value through profit or loss (Note 18)	–	(3,012)
Fair value changes on short-term investments measured at fair value through profit or loss (Note 21)	42,148	12,317
Fair value changes on short positions in stocks of listed companies (Note 21)	(98)	–
Fair value changes on derivative instruments (Note 21)	–	(2,702)
<b>Total</b>	<b>42,050</b>	<b>6,603</b>

## 9 OTHER INCOME

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Government subsidies	714	9,176
Dividend distribution from long-term investments measured at fair value through profit or loss	43	–
<b>Total</b>	<b>757</b>	<b>9,176</b>

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



NOTES TO THE INTERIM FINANCIAL INFORMATION  
For the six months ended June 30, 2024

## 10 OTHER LOSSES, NET

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Foreign exchange (losses)/gains, net	(11,448)	458
Donations to charity organizations	(223)	(553)
Others	102	(9)
<b>Total</b>	<b>(11,569)</b>	<b>(104)</b>

## 11 FINANCE INCOME, NET

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Finance income</b>		
Interest income from bank deposits	5,322	8,658
<b>Finance costs</b>		
Interest expenses on lease liabilities	(572)	(576)
Bank charges	(520)	(413)
Interest expenses on bank borrowings	(203)	(179)
<b>Finance income, net</b>	<b>4,027</b>	<b>7,490</b>





## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

### 12 INCOME TAX

#### Cayman Islands

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

#### British Virgin Islands

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

#### Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit in respect of operations in Hong Kong.

#### PRC corporate income tax (“CIT”)

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the six months ended June 30, 2024 and 2023.

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

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (“Super Deduction”). The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the six months ended June 30, 2024 and 2023.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**12 INCOME TAX (CONTINUED)****PRC Withholding Tax (“WHT”)**

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5% in certain circumstances.

Since the Group intends to permanently reinvest earnings from QC Digital Group to further expand its businesses in PRC after the reorganization, 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 the end of each reporting period. Cumulative undistributed earnings of the Company’s PRC subsidiaries intended to be permanently reinvested were RMB255 million as at June 30, 2024.

	<b>Six months ended June 30,</b>	
	<b>2024</b> <b>RMB’000</b> <b>(Unaudited)</b>	<b>2023</b> <b>RMB’000</b> <b>(Unaudited)</b>
Current income tax	<b>8,952</b>	14,004
Deferred income tax <i>(Note 16)</i>	<b>(8,198)</b>	2,669
<b>Total income tax expenses</b>	<b>754</b>	16,673



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**12 INCOME TAX (CONTINUED)****PRC Withholding Tax (“WHT”) (continued)**

Income tax expenses are recognised based on management’s best knowledge of the income tax rates that would be applicable to the full financial year.

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB’000</b>	RMB’000
	<b>(Unaudited)</b>	(Unaudited)
Profit before income tax	<b>38,957</b>	58,390
Tax calculated at statutory income tax rate of 25% in Mainland China	<b>9,739</b>	14,598
Tax effects of:		
Effect of different tax rates available to different jurisdictions	<b>1,990</b>	(2,220)
Preferential income tax rates applicable to subsidiaries	<b>(5,258)</b>	(8,354)
Expenses not deductible for income tax purposes	<b>421</b>	1,755
Non-taxable income	<b>(7,216)</b>	(2,171)
Super Deduction for research and development expenses	<b>(7,285)</b>	(5,527)
Tax losses utilised from prior years	<b>(9,088)</b>	-
Tax losses for which no deferred income tax assets were recognized	<b>16,015</b>	11,230
Temporary differences for which no deferred income tax assets were recognized, net	<b>1,524</b>	7,362
Previous years tax adjustments	<b>(88)</b>	-
<b>Total income tax expenses</b>	<b>754</b>	16,673



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**13 EARNINGS PER SHARE****(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of outstanding shares during the six months ended June 30, 2024 and 2023.

	<b>Six months ended June 30,</b>	
	<b>2024 (Unaudited)</b>	<b>2023 (Unaudited)</b>
Profit attributable to ordinary shareholders of the Company (RMB'000)	<b>45,059</b>	41,482
Weighted average number of outstanding ordinary shares	<b>691,330,500</b>	691,330,500
<b>Basic earnings per share (RMB)</b>	<b>0.07</b>	0.06

**(b) Diluted earnings per share**

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

For the six months ended June 30, 2024 and 2023, diluted earnings per share presented is the same as the basic earnings per share as there was no dilutive potential ordinary share.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 14 PROPERTY, PLANT AND EQUIPMENT

	Servers and other equipment RMB'000	Furniture and appliances RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
(Unaudited)					
<b>At January 1, 2023</b>					
Cost	1,170	8,962	6,729	9,480	26,341
Accumulated depreciation	(1,170)	(2,830)	(1,880)	(1,456)	(7,336)
Net book amount	-	6,132	4,849	8,024	19,005
<b>Six months ended June 30, 2023</b>					
Opening net book amount	-	6,132	4,849	8,024	19,005
Additions	-	472	352	300	1,124
Depreciation (Note 7)	-	(792)	(625)	(1,515)	(2,932)
Disposal	-	(1)	-	(252)	(253)
Currency translation impact	-	(16)	-	-	(16)
Closing net book amount	-	5,795	4,576	6,557	16,928
<b>At June 30, 2023</b>					
Cost	1,170	9,285	7,081	9,003	26,539
Accumulated depreciation	(1,170)	(3,490)	(2,505)	(2,446)	(9,611)
<b>Net book amount</b>	-	5,795	4,576	6,557	16,928



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Servers and other equipment RMB'000	Furniture and appliances RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
(Unaudited)					
<b>At January 1, 2024</b>					
Cost	1,170	10,990	8,259	9,902	30,321
Accumulated depreciation	(1,170)	(4,786)	(2,849)	(4,375)	(13,180)
Net book amount	-	6,204	5,410	5,527	17,141
<b>Six months ended June 30, 2024</b>					
Opening net book amount	-	6,204	5,410	5,527	17,141
Additions	-	837	257	12	1,106
Depreciation (Note 7)	-	(1,323)	(276)	(979)	(2,578)
Disposal	-	(42)	-	-	(42)
Currency translation impact	-	(33)	-	-	(33)
Closing net book amount	-	5,643	5,391	4,560	15,594
<b>At June 30, 2024</b>					
Cost	1,170	11,605	8,517	8,788	30,080
Accumulated depreciation	(1,170)	(5,962)	(3,126)	(4,228)	(14,486)
Net book amount	-	5,643	5,391	4,560	15,594

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of revenues	390	541
Selling and marketing expenses	531	681
Research and development expenses	1,151	1,190
General and administrative expenses	506	520
	<b>2,578</b>	2,932



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 15 RIGHT-OF-USE ASSETS

	<b>Properties</b> RMB'000
<b>(Unaudited)</b>	
<b>At January 1, 2023</b>	
Cost	46,224
Accumulated depreciation	(20,056)
Net book amount	26,168
<b>Six months ended June 30, 2023</b>	
Opening net book amount	26,168
Additions	–
Depreciation (Note 7)	(4,998)
Disposal	(914)
Currency translation impact	(65)
Closing net book amount	20,191
<b>At June 30, 2023</b>	
Cost	45,164
Accumulated depreciation	(24,973)
Net book amount	20,191
<b>(Unaudited)</b>	
<b>At January 1, 2024</b>	
Cost	<b>46,539</b>
Accumulated depreciation	<b>(24,017)</b>
Net book amount	<b>22,522</b>
<b>Six months ended June 30, 2024</b>	
Opening net book amount	<b>22,522</b>
Additions	<b>3,255</b>
Depreciation (Note 7)	<b>(5,253)</b>
Disposal	–
Currency translation impact	<b>5</b>
Closing net book amount	<b>20,529</b>
<b>At June 30, 2024</b>	
Cost	<b>38,651</b>
Accumulated depreciation	<b>(18,122)</b>
Net book amount	<b>20,529</b>



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**15 RIGHT-OF-USE ASSETS (CONTINUED)**

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

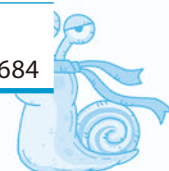
	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation charge of right-of-use assets	<b>5,253</b>	4,998
Interest expenses	<b>572</b>	576
Expenses relating to short-term leases	<b>612</b>	627
The cash outflow for leases payment related to short-term lease as operating activities	<b>734</b>	1,275
The cash outflow for leases as financing activities	<b>5,148</b>	4,258

**16 DEFERRED INCOME TAXES**

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

**Deferred tax assets**

	<b>As at</b>	As at
	<b>June 30,</b>	December 31,
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
The balance comprises temporary differences attributable to:		
– Marketing and promotion expenses	<b>12,002</b>	12,271
– Tax losses	<b>11,516</b>	2,995
– Impairment of non-financial assets	<b>3,595</b>	4,053
– Lease liabilities	<b>3,831</b>	4,280
– Contract liabilities	<b>3,226</b>	3,500
– Temporary difference related to payroll payables	<b>781</b>	849
– Loss allowance for financial assets	<b>9</b>	10
<b>Total gross deferred tax assets</b>	<b>34,960</b>	27,958
Set-off of deferred tax liabilities pursuant to set-off provisions	<b>(3,791)</b>	(4,274)
<b>Net deferred tax assets</b>	<b>31,169</b>	23,684





## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**16 DEFERRED INCOME TAXES (CONTINUED)**

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
Deferred tax assets:		
– to be recovered within 12 months	<b>21,009</b>	11,027
– to be recovered after 12 months	<b>10,160</b>	12,657
	<b>31,169</b>	23,684

**Deferred tax liabilities**

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
The balance comprises temporary differences attributable to:		
– Right-of-use assets	<b>3,846</b>	4,274
<b>Total gross deferred tax liabilities</b>	<b>3,846</b>	4,274
Set-off of deferred tax assets pursuant to set-off provisions	<b>(3,791)</b>	(4,274)
<b>Net deferred tax liabilities</b>	<b>55</b>	–



NOTES TO THE INTERIM FINANCIAL INFORMATION  
For the six months ended June 30, 2024

## 16 DEFERRED INCOME TAXES (CONTINUED)

### Deferred tax assets

The movement on the gross deferred income tax assets is as follows:

	Tax losses	Loss allowance for financial assets	Investments measured at fair value through profit or loss	Marketing and promotion expenses	Right-of-use assets and lease liabilities	Contract liabilities	Temporary difference related to payroll payables	Net impairment losses on non-financial assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)									
<b>At December 31, 2022</b>	6,201	8	63	16,076	56	4,745	1,085	-	28,234
Adjustment on Amendments to IAS 12	-	-	-	-	2,299	-	-	-	2,299
<b>At January 1, 2023</b>	6,201	8	63	16,076	2,355	4,745	1,085	-	30,533
Credited/(charged) to consolidated income statement	(1,433)	(1)	(57)	(799)	1,517	(617)	(137)	-	(1,527)
Currency translation impact	159	-	-	-	-	-	-	-	159
<b>At June 30, 2023</b>	4,927	7	6	15,277	3,872	4,128	948	-	29,165
(Unaudited)									
<b>At January 1, 2024</b>	2,995	10	-	12,271	4,280	3,500	849	4,053	27,958
Credited/(charged) to consolidated income statement	9,286	-	-	(269)	(429)	(274)	(68)	(458)	7,788
Currency translation impact	(765)	(1)	-	-	(20)	-	-	-	(786)
<b>At June 30, 2024</b>	<b>11,516</b>	<b>9</b>	<b>-</b>	<b>12,002</b>	<b>3,831</b>	<b>3,226</b>	<b>781</b>	<b>3,595</b>	<b>34,960</b>



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**16 DEFERRED INCOME TAXES (CONTINUED)****Deferred tax liabilities**

The movement on the gross deferred income tax liabilities is as follows:

	<b>Long-term investments measured at fair value through profit or loss RMB'000</b>	<b>Right-of-use assets and lease liabilities RMB'000</b>	<b>Total RMB'000</b>
(Unaudited)			
<b>At December 31, 2022</b>	373	–	373
Adjustment on Amendments to IAS 12	–	2,299	2,299
<b>At January 1, 2023</b>	373	2,299	2,672
Charged to consolidated income statement	(373)	1,515	1,142
Currency translation impact	–	–	–
<b>At June 30, 2023</b>	–	3,814	3,814
(Unaudited)			
<b>At January 1, 2024</b>	–	4,274	4,274
Charged to consolidated income statement	–	(410)	(410)
Currency translation impact	–	(18)	(18)
<b>At June 30, 2024</b>	–	<b>3,846</b>	<b>3,846</b>

The Group only recognizes deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at December 31, 2023 and June 30, 2024, the Group did not recognize deferred income tax assets of RMB54.09 million and RMB60.84 million, in respect of cumulative tax losses amounting to RMB220.02 million and RMB246.05 million. These tax losses in Mainland China will expire from 2026 to 2029.



NOTES TO THE INTERIM FINANCIAL INFORMATION  
For the six months ended June 30, 2024

## 17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>Six months ended June 30,</b>	
	<b>2024</b> RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>38,236</b>	19,858
Share of results of associates	<b>(1,340)</b>	(948)
<b>At the end of the period</b>	<b>36,896</b>	18,910

- (a) *The Group has interests in a number of individually immaterial associates that are accounted for using the equity method.*

	<b>As at</b> <b>June 30,</b> <b>2024</b> RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Aggregate carrying amount of individually immaterial associates	<b>36,896</b>	38,236
Aggregate amounts of the Group's share of:		
– Net loss	<b>(1,340)</b>	(1,814)



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**18 LONG-TERM INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS**

Movements in long-term investments measured at fair value through profit or loss during the six months ended June 30, 2024 and 2023, are as follows:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>At the beginning of the period</b>	<b>168,546</b>	200,223
Additions (a)	<b>13,563</b>	–
Change in fair value (Note 8)	–	(3,012)
<b>At the end of the period</b>	<b>182,109</b>	197,211

As at June 30, 2024 and December 31, 2023, long-term investments measured at fair value through profit or loss mainly represented: 1) investments in associates with significant influence in the form of redeemable instruments and measured at fair value through profit or loss; 2) equity investments in private equity funds in which the Group act as limited partners without significant influence and equity investments in unlisted companies where the Group has no significant influence. The Group has determined the fair value of these financial assets based on certain valuation techniques as disclosed in Note 4.3.

- (a) *During the six months ended June 30, 2024, the Group obtained 10% shares of an unlisted company which mainly engaged in Web3.0, with a consideration of RMB3.6 million. The Group had no significant influence in the investee. Accordingly, the Group recognized the investment as long-term investments measured at fair value through profit or loss.*

*During the six months ended June 30, 2024, the Group obtained 20% shares of an unlisted company which mainly engaged in mobile game development for a consideration of RMB10 million. Although the Group obtained one board seat, as the investment is in the form of redeemable instrument, the Group recognized the investment as long-term investments measured at fair value through profit or loss.*

	<b>As at</b>	As at
	<b>June 30,</b>	December 31,
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Investments in unlisted companies	<b>135,071</b>	121,508
Investments in private equity funds	<b>47,038</b>	47,038
	<b>182,109</b>	168,546



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 19 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
<b>Non-current</b>		
Prepayments for game licenses (a)	<b>36,357</b>	38,296
Prepayments for sharing of proceeds (a)	<b>22,983</b>	–
Rental and other deposits	<b>1,829</b>	1,997
Prepayment for investments	–	8,000
	<b>61,169</b>	48,293
<b>Current</b>		
Prepayments for sharing of proceeds (a)	<b>22,239</b>	24,083
Loans due from third parties	<b>9,140</b>	9,031
Prepayments for marketing and promotion services	<b>8,360</b>	17,812
Prepayments to service providers	<b>4,881</b>	7,875
Rental and other deposits	<b>1,499</b>	2,006
Amounts due from related parties (Note 31(c)(iv))	<b>1,157</b>	3,870
Loans due from employees	<b>1,250</b>	1,560
Deposits in stock accounts	<b>649</b>	16,007
Others	<b>2,268</b>	2,089
Less: allowance for impairment	<b>(484)</b>	(205)
	<b>50,959</b>	84,128

- (a) The Group licenses online games from game developers and pays game license fees and sharing of proceeds earned from selling in-game virtual items to game developers. The prepayments for game license fees are transferred to intangible assets when the Group receives related licensed games. The prepayments for sales-based sharing of proceeds are expensed and recorded into cost of revenues on incurred basis.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 20 TRADE RECEIVABLES

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
Distribution channels	<b>33,182</b>	60,216
Game publishers	<b>7,513</b>	5,872
Information service customers	<b>4,269</b>	1,682
Others	<b>284</b>	362
	<b>45,248</b>	68,132
Less: allowance for impairment	<b>(35)</b>	(36)
	<b>45,213</b>	68,096

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
Third parties	<b>37,759</b>	62,260
Related parties	<b>7,489</b>	5,872
	<b>45,248</b>	68,132
Less: allowance for impairment	<b>(35)</b>	(36)
	<b>45,213</b>	68,096



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 20 TRADE RECEIVABLES (CONTINUED)

- (a) Distribution Channels and game publishers and information service customers usually settle the amounts within 30–60 days. Aging analysis of trade receivables based on the recognition date of the gross trade receivables at the respective reporting dates are as follows:

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	As at December 31, 2023 RMB'000 (Audited)
Within 3 months	39,674	65,638
3 months to 6 months	4,896	2,342
6 months to 1 year	659	152
1 to 2 years	19	–
	<b>45,248</b>	68,132

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics and the days past due of each type of the trade receivables to measure the expected credit losses. During the six months ended June 30, 2024 and 2023, the expected loss rate for related parties trade receivables is low and immaterial, and the expected credit loss rates for third-parties trade receivables are determined according to provision matrix as follows:

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	As at December 31, 2023 RMB'000 (Audited)
Within 3 months	0.00%	0.00%
3 months to 6 months	0.14%	0.19%
6 months to 1 year	2.09%	3.16%
1 to 2 years	9.39%	18.94%
Over 2 years	100.00%	100.00%





## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**20 TRADE RECEIVABLES (CONTINUED)**

(b) (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 month before June 30, 2024 and December 31, 2023 respectively and the corresponding historical credit losses experienced within the period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified growth rate of Gross Domestic Product and IT & Information Service Output Price Index of the countries in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Movements on the Group's allowance for impairment of trade receivables are as follows:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>At the beginning of the period</b>	<b>36</b>	23
Provision	<b>35</b>	183
Reversal	<b>(36)</b>	–
<b>At the end of the period</b>	<b>35</b>	206

The provisions and reversal of provisions for impaired receivables have been included in "Net impairment losses on financial assets" in the consolidated statement of comprehensive income.

(c) The directors of the Group considered that the carrying amounts of the trade receivables balances approximated their fair value as at June 30, 2024 and December 31, 2023.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 20 TRADE RECEIVABLES (CONTINUED)

(d) The carrying amount of the Group's trade receivables is denominated in the following currencies:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
RMB	17,964	20,639
USD	16,583	31,948
JPY	7,219	4,122
HKD	2,789	10,266
SGD	693	1,157
	<b>45,248</b>	68,132

(e) The maximum exposure to credit risk as at June 30, 2024 and December 31, 2023 was the carrying value of the trade receivables. The Group did not hold any collateral as security.

## 21 FINANCIAL ASSETS/(LIABILITIES) MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (CURRENT)

The financial assets/(liabilities) measured at fair value through profit or loss (current) are foreign exchange forward contracts and investment funds of which principal and returns are not guaranteed. Fair value measurements are as disclosed in Note 4.3.

	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Financial assets – investment funds</b>		
<b>At the beginning of the period</b>	<b>988,852</b>	489,717
Additions	387,762	713,531
Change in fair value (Note 8)	42,148	12,317
Redemption	(328,243)	(351,046)
Currency translation impact	5,832	31,131
<b>At the end of the period</b>	<b>1,096,351</b>	895,650



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**21 FINANCIAL ASSETS/(LIABILITIES) MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (CURRENT) (CONTINUED)**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Financial liabilities – derivative instruments</b>		
<b>At the beginning of the period</b>	–	(420)
Change in fair value <i>(Note 8)</i>	–	(2,702)
Redemption	–	3,082
<b>At the end of the period</b>	–	(40)

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Financial liabilities – Short positions in stocks of listed companies</b>		
<b>At the beginning of the period</b>	<b>(7,671)</b>	–
Additions	<b>(62,976)</b>	–
Change in fair value <i>(Note 8)</i>	<b>(98)</b>	–
Redemption	<b>71,292</b>	–
Currency translation impact	<b>(547)</b>	–
<b>At the end of the period</b>	–	–



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 22 CASH AND BALANCES WITH BANK AND TERM DEPOSITS

## (a) Cash and cash equivalents

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	As at December 31, 2023 RMB'000 (Audited)
Cash on hand and cash in bank	<b>299,031</b>	426,023
Term deposit with initial terms within three months	<b>119,730</b>	107,232
Cash held by other financial institutions (i)	<b>3,077</b>	4,748
	<b>421,838</b>	538,003

- (i) As at June 30, 2024 and December 31, 2023, the Group had certain amounts of cash held in accounts managed by other financial institutions, such as Alipay and WeChat Pay in connection with the provision of online and mobile payment services which have been classified as cash and cash equivalents on the consolidated statements of financial position.

Cash and cash equivalents are denominated in the following currencies:

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	As at December 31, 2023 RMB'000 (Audited)
USD	<b>272,420</b>	217,102
RMB	<b>102,795</b>	184,842
HKD	<b>22,816</b>	60,527
JPY	<b>17,185</b>	69,015
SGD	<b>4,265</b>	5,974
KRW	<b>2,150</b>	–
AUD	<b>207</b>	543
	<b>421,838</b>	538,003



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 22 CASH AND BALANCES WITH BANK AND TERM DEPOSITS

(CONTINUED)

### (b) Term deposits

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Bank balances and term deposits	444,929	538,003
Less: Term deposits with initial term of over three months and less than one year	(23,091)	–
Cash and cash equivalents	421,838	538,003
Maximum exposure to credit risk	444,929	538,003

Term deposits with initial terms of over three months but less than one year were neither past due nor impaired and they were all denominated in USD. The Group considered that the carrying amount of the term deposits approximated to their fair value as of June 30, 2024.

The effective interest rates of the term deposits with initial terms of over three months of the Group for the six months ended June 30, 2024 were 5.80%.

## 23 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares '000	Nominal value of shares USD'000	Equivalent nominal value of shares RMB'000	Share premium RMB'000
<b>Authorised</b>				
As at December 31, 2023 and June 30, 2024	5,000,000	50	–	–
<b>Issued</b> (Unaudited)				
As at December 31, 2023 and June 30, 2024	691,331	7	44	5,117,821



NOTES TO THE INTERIM FINANCIAL INFORMATION  
For the six months ended June 30, 2024

## 24 OTHER RESERVES

	Capital reserve RMB'000	Statutory reserves RMB'000	Share-based compensation expense RMB'000	Currency translation differences RMB'000	Total RMB'000
(Unaudited)					
<b>As at January 1, 2023</b>	(3,139,354)	11,422	70,536	125,275	(2,932,121)
Currency translation differences	-	-	-	43,302	43,302
<b>As at June 30, 2023</b>	(3,139,354)	11,422	70,536	168,577	(2,888,819)
(Unaudited)					
<b>As at January 1, 2024</b>	(3,139,354)	11,422	70,536	146,548	(2,910,848)
Currency translation differences	-	-	-	10,166	10,166
<b>As at June 30, 2024</b>	(3,139,354)	11,422	70,536	156,714	(2,900,682)

## 25 CONTRACT LIABILITIES

Contract liabilities primarily consists of the unamortised revenue from sales of virtual items for mobile games, where there is still obligation to be provided by the Group to game players.

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Game operating	41,597	42,090



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**25 CONTRACT LIABILITIES (CONTINUED)**

The following table shows the amount of revenue recognized in the consolidated statements of comprehensive income for the respective years relating to contract liabilities brought forward:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue recognized that was included in the contract liabilities balance at the beginning of the period		
Game operating	<b>42,090</b>	41,283

**26 LEASE LIABILITIES**

	<b>As at</b>	As at
	<b>June 30,</b>	December 31,
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Minimum lease payments due		
– Within 1 year	<b>10,743</b>	9,590
– Between 1 and 2 years	<b>9,690</b>	8,543
– Between 2 and 5 years	<b>3,363</b>	7,970
	<b>23,796</b>	26,103
Less: future finance charges	<b>(1,290)</b>	(1,717)
Present value of lease liabilities	<b>22,506</b>	24,386



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 26 LEASE LIABILITIES (CONTINUED)

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	As at December 31, 2023 RMB'000 (Audited)
Lease liabilities		
– Within 1 year	<b>10,075</b>	9,193
– Between 1 and 2 years	<b>8,872</b>	9,752
– Between 2 and 5 years	<b>3,559</b>	5,441
	<b>22,506</b>	24,386

## 27 BORROWINGS

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	As at December 31, 2023 RMB'000 (Audited)
<b>Included in non-current liabilities</b>		
RMB bank borrowings – unsecured	<b>19,968</b>	19,974
<b>Included in current liabilities</b>		
RMB bank borrowings – unsecured	<b>13</b>	13
	<b>19,981</b>	19,987

In January 2023, the Group entered into unsecured three-year loan agreements with certain financial institutions and borrowed RMB20,000,000, bearing an fixed interest rate of 2.00% per annum and repayable by end of 2025. Pursuant to the loan agreements, these loans can only be used in research and development.

During the six months ended June 30, 2024, the Group repaid short-term bank borrowings amounting to RMB6,500. As at June 30, 2024, the borrowing balance of RMB13,000 was reclassified to current liabilities as the borrowings will be repayable within 12 months.





## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**28 TRADE PAYABLES**

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
Trade payables	<b>51,469</b>	78,581

Trade payables are primarily sharing of proceeds due to game developers and IP holders, advertisement and related to the purchase of services for server custody. The credit terms of trade payables granted to the Group are usually 30 to 90 days.

The carrying amount of the Group's trade payables is denominated in the following currencies:

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
RMB	<b>46,141</b>	72,002
USD	<b>5,243</b>	6,465
JPY	<b>54</b>	78
AUD	<b>26</b>	36
KRW	<b>5</b>	-
	<b>51,469</b>	78,581

As at June 30, 2024 and December 31, 2023, the fair value of trade payables approximated to their carrying amount.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**28 TRADE PAYABLES (CONTINUED)**

Aging analysis of trade payables based on the recognition date of the trade payables at the respective reporting dates are as follows:

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	As at December 31, 2023 RMB'000 (Audited)
Within 3 months	<b>26,061</b>	71,284
Over 3 months	<b>25,408</b>	7,297
	<b>51,469</b>	78,581

**29 OTHER PAYABLES AND ACCRUALS**

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	As at December 31, 2023 RMB'000 (Audited)
Salaries and benefits payables	<b>28,967</b>	58,013
Payables for investment	<b>12,000</b>	20,000
Other tax payables	<b>3,365</b>	1,928
Payables for professional fee	<b>2,719</b>	2,798
Others	<b>262</b>	196
	<b>47,313</b>	82,935



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**29 OTHER PAYABLES AND ACCRUALS (CONTINUED)**

The carrying amount of the Group's other payables is denominated in the following currencies:

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
RMB	<b>40,902</b>	82,823
JPY	<b>3,509</b>	22
USD	<b>2,742</b>	39
KRW	<b>147</b>	–
AUD	<b>13</b>	33
HKD	<b>–</b>	18
	<b>47,313</b>	82,935

**30 COMMITMENTS****(a) Capital commitments**

The Group made capital expenditure in respect of long-term equity investments as at June 30, 2024 and December 31, 2023. The Group has commitments to make the following future installments under non-cancelable agreements are as follows:

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
Capital investment in investees	<b>10,000</b>	12,000



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

## 31 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subjected to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

### (a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the six months ended June 30, 2024 and 2023.

Name of related parties	Relationship
Shenzhen Hot Zone Network Technology Co., Ltd.	Associate
Shenzhen Jishiwu Technology Co., Ltd.	Associate
Guangzhou Jodo Information and Technology Co., Ltd.	Associate
Fuzhou Kakapo Entertainment Co., Ltd.	Associate
Niuwan (1)	Associate
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	Associate
Shanghai Tuxian network technology Co., Ltd.	Associate
Chengdu Lemai Interactive Technology Co., Ltd.	Associate
Beijing Zhijianlvdong network Technology Co., Ltd.	Associate
G-bits Group (2)	Shareholder

(1) The following disclosure of significant transactions with Niuwan represented those transactions before the acquisition date.

(2) G-bits Network Technology (Xiamen) Co., Ltd. ("G-bits Xiamen") is a shareholder of the Company. G-bits Group represents G-bits Xiamen and its subsidiaries, including Shenzhen Leiting Information Technology Co., Ltd., Xiamen Leiting Network Technology Co., Ltd. and Hongkong Leiting Information Technology Co., Ltd.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**31 RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Significant transactions with related parties****(i) Game licensing revenue**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
G-bits Group	<b>6,206</b>	11,317

**(ii) Information service revenue**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
G-bits Group	<b>49</b>	-

**(iii) Other revenue**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Niuwan	<b>-</b>	250



NOTES TO THE INTERIM FINANCIAL INFORMATION  
For the six months ended June 30, 2024

### 31 RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) Significant transactions with related parties (continued)

##### (iv) Commission to game developers

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Chengdu Xingqiwán Technology Co. Ltd. and its subsidiary	21,100	–
Shenzhen Jishiwu Technology Co., Ltd.	2,551	1,702
Shenzhen Hot Zone Network Technology Co., Ltd.	914	1,098
	<b>24,565</b>	2,800

##### (v) Marketing and promotion expenses

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Guangzhou Jodo Information and Technology Co., Ltd.	2,980	5,348
G-bits Group	1,495	6,001
	<b>4,475</b>	11,349



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**31 RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Significant transactions with related parties (continued)****(vi) Rental expenses**

	<b>Six months ended June 30,</b>	
	<b>2024</b> RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
G-bits Group	1,230	1,204

**(c) Period end balances with related parties****(i) Trade receivables from related parties**

	<b>As at</b> <b>June 30,</b> <b>2024</b> RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
<b>Game publishing</b>		
G-bits Group	7,442	5,872
<b>Merchandise channel</b>		
Chengdu Lemai Interactive Technology Co., Ltd.	47	-

The above balances with related parties were mainly denominated in RMB and USD. They were unsecured, trade in nature, non-interest bearing and repayable to the Group on demand.



NOTES TO THE INTERIM FINANCIAL INFORMATION  
For the six months ended June 30, 2024

### 31 RELATED PARTY TRANSACTIONS (CONTINUED)

#### (c) Period end balances with related parties (continued)

##### (ii) Trade payables to related parties

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	As at December 31, 2023 RMB'000 (Audited)
<b>Commissions charged by game developers</b>		
Chengdu Xingqiwán Technology Co. Ltd. and its subsidiary	<b>31,550</b>	51,956
Shenzhen Jishiwu Technology Co., Ltd.	<b>2,465</b>	–
Shenzhen Hot Zone Network Technology Co., Ltd.	<b>231</b>	431
<b>Marketing and promotion</b>		
G-bits Group	<b>1,567</b>	1,120
Guangzhou Jodo Information and Technology Co., Ltd.	<b>579</b>	2,770
Chengdu Xingqiwán Technology Co. Ltd. and its subsidiary	–	2,869
<b>Total</b>	<b>36,392</b>	59,146

The above balances with related parties were mainly denominated in RMB. They were unsecured, trade in nature, non-interest bearing and repayable on demand.





## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**31 RELATED PARTY TRANSACTIONS (CONTINUED)****(c) Period end balances with related parties (continued)****(iii) Prepayments to related parties**

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
<b>Prepayments for sharing of proceeds and game licenses</b>		
Chengdu Xingqiwang Technology Co. Ltd.	<b>29,728</b>	29,904
Chengdu Lemai Interactive Technology Co., Ltd.	<b>2,484</b>	2,472
Shanghai Tuxian Network Technology Co., Ltd.	<b>2,017</b>	625
Fuzhou Kakapo Entertainment Co., Ltd.	<b>729</b>	-
G-bits Group	<b>704</b>	2,264
Beijing Zhijianlvdong network Technology Co., Ltd.	<b>-</b>	2,500
	<b>35,662</b>	37,765

The above balances with related parties were mainly denominated in RMB. They were unsecured, trade in nature and non-interest bearing.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

**31 RELATED PARTY TRANSACTIONS (CONTINUED)****(c) Period end balances with related parties (continued)****(iv) Other receivables from related parties**

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	<b>As at December 31, 2023 RMB'000 (Audited)</b>
<i>Non-trade</i>		
<b>Rental and other deposits (1)</b>		
G-bits Group	<b>223</b>	223
<b>Amounts due from related parties (2)</b>		
Guangzhou Jodo Information and Technology Co., Ltd.	<b>1,157</b>	-
Chengdu Xingqiwan Technology Co. Ltd.	-	3,870
	<b>1,380</b>	4,093

(1) According to the leasing agreement, the rental deposits will be repaid by G-bits upon expiry of the leasing agreement.

(2) The amount due from related parties was of non-trade nature, non-interest bearing and repayable on demand.

**32 CONTINGENCIES**

The Group did not have any material contingent liabilities as at June 30, 2024 and December 31, 2023.

**33 SUBSEQUENT EVENTS**

There were no material subsequent events during the period from June 30, 2024 to the approval date of the Interim Financial Information by the Board on August 22, 2024.



## Definitions

In this interim report, the following expressions have the meanings set out below unless the context requires otherwise:

“ACT”	the action games
“Alibaba”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ordinary shares of which are listed on the Main Board of the Stock Exchange with the Stock Code: 9988 and its American Depositary Shares (each representing eight ordinary shares) are listed for trading on the New York Stock Exchange under the symbol “BABA”
“Alibaba Qookka”	Qookka Entertainment Limited (formerly known as Ejoy.com Limited), a company incorporated in Hong Kong with limited liability on February 28, 2012
“ARPPU” or “average revenue per paying user”	average revenue per month per paying user, which is calculated by (i) dividing our revenue from a game for a specified period by the total MPUs of such game for that period; or (ii) dividing our total game revenue for a specified period by the aggregate of the total MPUs of all of our games for that period, as applicable
“AUD”	Australian dollars, the lawful currency of Australia
“Audit Committee”	the audit committee of the Company
“average MAUs”	calculated by dividing (i) the total MAUs of a game, or (ii) the aggregate of the total MAUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of average MAUs did not consider each game’s data before its official launch
“average MPUs”	calculated by dividing (i) the MPUs of a game, or (ii) the aggregate of the total MPUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of average MPUs did not consider each game’s data before its official launch
“Board” or “Board of Directors”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“CMGE”	CMGE Technology Group Limited, an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 0302)



## DEFINITIONS

“Company”	Qingci Games Inc. (青瓷游戏有限公司), an exempted company incorporated in the Cayman Islands with limited liability on March 12, 2021 and whose Shares are listed on the Stock Exchange
“Director(s)”	the director(s) of our Company
“G-bits”	G-bits Network Technology (Xiamen) Co., Ltd. (廈門吉比特網絡技術股份有限公司), a company incorporated in the PRC with limited liability on March 26, 2004 and is listed on the Shanghai Stock Exchange under the stock code: 603444, a substantial shareholder of the Company
“Global Offering”	has the meaning ascribed to it under the Prospectus
“Group”, “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries from time to time
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK Kunpan”	Hongkong Kunpan Co., Limited (香港坤磐有限公司), a company incorporated in Hong Kong with limited liability on December 16, 2016, and an indirect wholly-owned subsidiary of G-bits
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing”	the listing of Shares on the Main Board of the Stock Exchange on December 16, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“MAU(s)”	monthly active users, which represents the number of active users during a specified calendar month
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MPU(s)”	monthly paying users, which represents the number of paying players during a specified calendar month



## DEFINITIONS

“PRC”, “Mainland China” or “China”	the People’s Republic of China, excluding, for the purposes of this report, Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus issued by the Company on December 6, 2021 in connection with the Hong Kong public offering of the Shares
“R&D”	research and development
“Reporting Period”	six months from January 1, 2024 to June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Rogue-like RPG”	a type of RPG, which allows players to explore and unlock new content by levels in various adventures that embed randomness and surprises through treasure hunt, map discovery and other unpredictable events. Players acquire a sense of excitement during such adventures and a sense of self-achievement as their game avatars grow through their efforts
“RPG”	the role-playing games
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of Share(s)
“Shares”	ordinary share(s) in the capital of the Company with nominal value of US\$0.00001 each
“SLG”	the simulation games
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“USD” or “US\$”	United States Dollars, the lawful currency of the United States of America



