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友誼時光
F R I E N D T I M E S

FriendTimes Inc.

友誼時光股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6820)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024 (the “**Annual Results**”) together with comparative figures for the corresponding period in 2023, which have been prepared in accordance with HKFRS.

FINANCIAL PERFORMANCE SUMMARY

	Year ended 31 December		Changes
	2024	2023	
	RMB'000	RMB'000	%
Revenue	1,162,786	1,056,033	10.1%
Gross profit	813,522	702,405	15.8%
Loss before taxation	(35,834)	(72,928)	(50.9%)
Loss for the year	(48,856)	(138,120)	(64.6%)
Adjusted loss for the year*	(42,842)	(132,954)	(67.8%)

* Adjusted loss for the year represents loss for the year excluding share-based remuneration expenses. HKFRS does not define adjusted loss for the year and therefore it may not be comparable to similar indicators presented by other listed companies.

The Board did not propose the payment of dividend for the year ended 31 December 2024.

CHAIRMAN’S STATEMENT

As a leading mobile online game manufacturer and operator in China, FriendTimes has been focusing on content and quality products, adhering to the mission of “Let Culture Create Value”, making games as a new driver of culture, expanding our global strategic map, further consolidating its position as a leader in the female-oriented mobile game segment, and actively exploring the domain of male-oriented, general-user and mini game.

In 2024, at FriendTimes, we continued to deepen the breadth and depth of its product matrix by launching a variety of quality games covering ancient-style female-oriented products, male-oriented martial arts, and lightweight casual games, all of which have comprehensively satisfied the entertainment requirements across the user demographics. Our *Twist of the Fate* (浮生憶玲瓏) continued our lead in the ancient-style female-oriented genre by further solidifying our core user stickiness through immersive storytelling, national aesthetics, and innovative interactions. As our first male-oriented martial arts mobile game, the *Ink Sword: Jianghu* (墨劍江湖) integrates the water ink art style, diverse martial arts schools, and a high-degree-of-freedom combination of combat moves into the traditional martial arts culture, satisfying players’ infinite imagination of the martial arts world. Furthermore, we successfully launched several lightweight casual games, such as the *Promise of Lingyun H5* (凌雲諾H5) and *A Story of Lala’s: Rising Star H5* (杜拉拉升職記H5), all of which precisely capture fragmented entertainment scenarios through fast-paced gameplay and IP-based content, and achieve improvement in both user scale and brand influence.

At FriendTimes, we actively advanced the deep integration of games with AI applications. By focusing on the core goals of “Creation Empowered with Intelligent Technology Reshapes Gaming Experiences”, we strove to build a comprehensive AI application system covering research and development, distribution, and operations. We would focus on four core directions to deepen the AI technology layout: 1. Platform-based and tool-based empowerment: an AI tool matrix would be established to cover art, programming, copywriting, translation, audios, and other aspects, significantly enhancing efficiency and penetration; 2. Data Asset Systematization: the standardized sharing of creative experiences and resources repurposing would be achieved through the integration and accumulation of knowledge bases and databases; 3. Intelligent Agent Development: we would explore the in-depth application of AI in scenarios, such as automated testing, player behavior analysis, advertising & user acquisition, intelligent customer service, and personalized content generation, to optimize operational efficiency and user experience; and 4. Creative Gameplay Experimentation: We launched AI-driven innovative gameplay and interactive forms, such as developing humanoid intelligent NPCs, and training game level interactions to assist players in completing levels, thereby creating “AI + games” highlights.

In response to industry challenges and the changing market conditions, at FriendTimes, we achieved significant breakthroughs in cost reduction and efficiency improvement by introducing multi-dimensional measures, including optimizing personnel structure, empowering efficiency with technology, and upgrading precise marketing strategies. These measures have therefore laid a solid foundation for our sustainable business development. By scientifically evaluating job value and performance, we optimized organizational structure and performance systems, stimulating team vitality and improving the human resource efficiency. Following the in-depth integration of AI technology across the entire business process, we have enhanced efficiency in areas such as art resource generation, code assistance, multilingual translation, character voiceovers, and background sound effect processing. At the same time, leveraging data-driven user acquisition strategies, we strengthened the user portrait analysis and real-time tracking of delivery results, while dynamically optimizing channel combinations and content creativity. This has significantly reduced user acquisition costs while improving conversion rates.

At FriendTimes, we have always regarded promoting excellent Chinese traditional culture as our mission. By persisting in the concept of “digitalization empowers culture and innovation drives inheritance”, we have extensively implanted the essence of oriental aesthetics into our game products, and built a new ecosystem for cultural communication and industry collaboration through cross-industry integration and global layout. Using digital technology, the *Twist of the Fate* (浮生憶玲瓏) has successfully recreated the poetic scenes of Jiangnan gardens and the elegant charm of classical clothing, and collaborated with institutions such as culture and tourism authorities in Suzhou and Hangzhou, and China Academy of Art to create physical cultural products. Together with Shantang Scenic Area and West Lake boat tours, we organized Chinese-style activities, achieving a multi-dimensional integration of online immersive experiences and offline cultural tourism empowerment. Characterized by an ink-wash painting style, the *Ink Sword: Jianghu* (墨劍江湖) interprets the patriotic devotion to family and nation of the “greatest heroes” to depict the oriental wisdom and spiritual core of “the supreme goodness is like water” and “the way of no contention”. Furthermore, we continued to explore intangible cultural heritage treasures, from Suzhou gardens, Kunqu opera, Suzhou embroidery and traditional architecture to the four arts of the Chinese scholar (meaning the mastery of stringed instruments, the strategy game of Go, Chinese calligraphy, and Chinese ink painting), while simultaneously exploring and pursuing the integration of “technology + cultural creativity”. Our commitment to this mission has reinvigorated traditional culture for the new generation and achieving cross-industry communication.

At FriendTimes, we actively fulfilled our corporate social responsibility to give back to society through practical actions. In terms of protecting minors, we strictly follow national policies, comprehensively implementing real-name authentication, anti-addiction systems, and age-appropriate reminders for games, and make every effort to safeguard the healthy growth of minors. Regarding user information security, through continuously strengthening the information security, data protection function and digitalization, our system has met the internationally adopted requirement of ISO/IEC 27001 information security management system, ensuring the security of users' personal information to the fullest extent. At the same time, we actively participate in public welfare undertakings, such as supporting the improvement of education and teaching standards in remote areas, donating books, computers, and other learning supplies to schools in Sichuan Zhaojue, Shaanxi Yan'an, Guizhou and other places, and participating in rural public welfare activities in Yan'an to support rural revitalization and deliver consumption-driven support.

Looking ahead, FriendTimes will continue to deepen its strategic applications of "quality, diversification, and globalization". Acting in accordance with our mature R&D and operations integration system and agile market response mechanism, we will explore new frontiers in areas such as category innovation, technological integration, and industry ecosystem collaboration. Furthermore, we will continue to iterate on AI tools and collaboration models so as to accelerate the industrialization process. Driven by technological empowerment and product innovation, we will inject new momentum into the user experience and spare no effort to create high-quality products and services.

Lastly, on behalf of the Board, I would like to take this opportunity to thank the management of the Group and all our staff for their hard work over the past year. I would also like to extend my sincere gratitude to our Shareholders, business partners and stakeholders for their continued support, and wish for continuous support in the future.

Jiang Xiaohuang
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

As a leading mobile game developer, publisher and operator integrated with research and operation in the PRC, the Group has been focusing on content and quality of products, and is committed to creating timeless high-quality products for the world and becoming a global outstanding cultural and creative enterprise.

The Group is headquartered in Suzhou, China, with branches in regions including Shanghai, Wuxi, Chengdu and Hong Kong in China, and South Korea, and was listed on the Main Board of the Stock Exchange on 8 October 2019. Since our inception in 2010, we successfully launched core female-oriented products such as the Legend of Empress (熹妃傳), the Royal Chaos (熹妃Q傳), the Fate of the Empress (浮生為卿歌), Promise of Lingyun (凌雲諾), Twist of the Fate (浮生憶玲瓏) and others, which are well received among users. In 2024, we achieved exploratory breakthroughs in the male-oriented games, with the Ink Sword: Jianghu (墨劍江湖) successfully launched as a Chinese-style martial arts game.

As a key national cultural export enterprise and a pioneer in the segment of ancient Chinese-style female-oriented games, the Group keeps a professional global distribution and operation team. While consolidating the leading position in the domestic female market, we are actively exploring the domain of male-oriented, general-user and mini games, as well as overseas markets. We continue to adhere to the corporate cultural mission of “Let Culture Create Values”, and are committed to spreading excellent traditional Chinese culture to a wider group and region, so as to build a carrier for global outstanding cultural exchanges, promote cultural inheritance and heritage, and shape a more profound influence of culture.

Performance Review

For the year ended 31 December 2024, the Group’s total revenue was approximately RMB1,162.8 million, increasing by approximately 10.1% as compared to the corresponding period of last year; the net loss for the year was approximately RMB48.9 million, and narrowed by approximately 64.6% as compared to the corresponding period of last year; the adjusted net loss for the year was approximately RMB42.8 million, and narrowed by approximately 67.8% as compared to the corresponding period of last year.

The year-to-year growth in revenue of the Group during the Reporting Period was mainly due to the following reasons: (1) the domestic Simplified Chinese version of the game Twist of the Fate (浮生憶玲瓏) was launched on 2 January 2024, which was subsequently launched in Hong Kong, Macau and Taiwan of the PRC, as well as South Korea on 21 March and 27 June 2024, respectively; (2) the domestic Simplified Chinese version of the game Ink Sword: Jianghu (墨劍江湖) was launched on 19 July 2024; (3)

the revenue increment brought by the launch of the mini-games, among which the games Promise of Lingyun H5 (凌雲諾H5) and A Story of Lala's: Rising Star H5 (杜拉拉升職記H5) delivered a stellar performance, evidenced by their respective entry into the Top 50 best-selling list of WeChat mini-games and the Top 30 Popular Mini-games of Douyin; and (4) based on the aforementioned product performance, the revenue for the first half of 2024 recorded a period-on-period increase of approximately 20.7%, and the revenue for the second half of 2024 recorded a period-on-period increase of approximately 21.0%.

The decrease in loss incurred by the Group during the Reporting Period was mainly due to the following reasons: (1) the launch of the game Ink Sword: Jianghu (墨劍江湖) and multiple mini-games reaped profits quickly due to their short payback periods; (2) the cost-saving initiatives implemented during the Reporting Period resulted in successful reduction in various expenses; and (3) by effecting the aforementioned measures, the Group achieved positive profitability in the second half of 2024.

Business Review

The Group has consistently adhered to the strategy of “quality, diversification, and globalization”. Besides gaining insight into multiple levels of customer requirements, the Group continued to deepen the development of our core competitive areas, while constantly exploring creative breakthroughs. Amid our expansion of various user demographics, we continued to improve our diversified product pipeline, and identified new market increments. Furthermore, we refined gameplay design, scenario special effects, artistic quality, music effects, and other details for our products, by continuing investments in product optimization and iteration, while creating a variety of themed products, including ancient-style heroines, ancient detective stories, Xianxia (a fantasy of Chinese mythology and martial arts), classic martial arts, modern Chinese style, modern workplace, casual esports games, mini games and other products for general users.

The Group has consistently persisted in the long-term operational strategy, whereby taking an active approach to gauge user requirements, so that players are provided with detailed and comprehensive long-term services through high-frequency iterations, content updating, operational activities, and IP collaborations. Such strategy will continue to extend the product lifecycle, and stimulate product vitality. In the meantime, we tailor differentiated and localized game contents and marketing materials for overseas users in various regions, so as to better attract and retain local players. In addition to achieving excellent performance and reputation domestically, many of our products are also highly acclaimed in Hong Kong, Macau, and Taiwan of the PRC, South Korea, Japan, Southeast Asia, and North America. As a result, the Group's products, including the Legend of Empress (熹妃傳), Royal Chaos (熹妃Q傳), Fate of the Empress (浮生為卿歌), and Promise of Lingyun (凌雲諾), have maintained a satisfying cash inflow performance throughout the years they have been online.

Twist of the Fate (浮生憶玲瓏)



The *Twist of the Fate* (浮生憶玲瓏), being a love and mystery themed ancient-style mobile game launched for public beta on 2 January 2024, is the flagship female-oriented product of the Group in relation to ancient Chinese culture, which builds an open world with “Love & Mystery” for players through a series of gameplay modes such as deciphering clues, collecting adventures, and unlocking multiple identities. The game not only enriches the product design with traditional cultural elements, but also further enhances the creation of aesthetic conceptions, tracing back through scenery to a millennium of Chinese culture, while exploring the charm of the Jiangnan water towns. The *Twist of the Fate* (浮生憶玲瓏) is endorsed by the ancient costume icon Mr. Luo Yunxi, and has been added to the front-page recommendations from major channels, including Apple App Store and Huawei App Market, entering the Top 50 of the iOS games bestseller list in mainland China. On 21 March and 27 June 2024, the *Twist of the Fate* (浮生憶玲瓏) officially launched in Hong Kong, Macau, and Taiwan of the PRC, and South Korea respectively.

During the Reporting Period, the *Twist of the Fate* (浮生憶玲瓏) partnered with the China Academy of Art to embark on a “Jiangnan Aesthetics” research project, which resulted in the creation of the Jiangnan lantern “Linglong Lantern”, and the Chinese-style headpiece, “Linglong Hairpin”. In addition, the *Twist of the Fate* (浮生憶玲瓏) has developed a cultural and tourism plan for Suzhou and Hangzhou, including the release of a new short video of romance characterized by Chinese-style aesthetics, *My Longing Through Linglong* (玲瓏寄相思), as well as a new Chinese-style Jiangnan afternoon tea, “Linglong Feast”, in collaboration with West Lake (西湖) in Hangzhou, and romantic lantern festival activities for Valentine’s Day and Lantern Festival in collaboration with the Suzhou Qilishantang (七里山塘) Scenic Area. Furthermore, we launched the Children’s Day themed event “Porky Playland” (豚趣樂園) in collaboration with the healing IP “Little Yellow Capybara”, bringing exclusive surprises to players and invoking their reminiscence of endless joy from their childhood. On 2 July 2024, the *Twist of the Fate* (浮生憶玲瓏) launched the brand collaboration event “Nomadic Life to the End of the Moon” (月燼浮生) with the ancient-style Xianxia drama *Till the End of the Moon* (長月燼明), which stars the game ambassador Mr. Luo Yunxi.

Ink Sword: Jianghu (墨劍江湖)



Launched on 19 July 2024, the *Ink Sword: Jianghu* (墨劍江湖) is a mobile game which focuses on a poetic quest for martial arts, and a 2.5D ink-wash style RPG game set in a Chinese-style fictional universe, featuring the classic wuxia (武俠) culture as its core. Built on various martial arts genres, the game cleverly integrates the essence of traditional martial arts with modern game aesthetics by employing meticulous fine-brush and freehand painting techniques to depict landscapes, town scenes and character imagery, aiming to create a world of adventure, retribution, and heroism. At the same time, the unique weather system and time-of-day transitions enhance the game's immersive and realistic experience.

The *Ink Sword: Jianghu* (墨劍江湖) quickly entered the Top 50 iOS Best-selling Games in Mainland China after its launch, gaining recognition across major distribution channels. It reached Top 1 on the Vivo and Xiaomi Soaring Lists, and Top 2 on the TapTap New Product List, and received recommendations from the Apple App Store game page and TapTap Today's Game, with overall performance exceeding expectations, laying a good foundation for the subsequent deployment of the Company in the male-oriented market. In July 2024, the *Ink Sword: Jianghu* (墨劍江湖) officially announced a collaboration campaign with Mount Emei Scenic Area, seamlessly infusing the martial arts ambiance of the game into the breathtaking landscapes of the real world. Together, they embark on an in-depth dialogue between the world of martial arts and nature. In addition, The *Ink Sword: Jianghu* (墨劍江湖) was launched in Hong Kong, Macau and Taiwan of the PRC in January 2025, and entered the Top 30 iOS Best-selling Games in Taiwan of the PRC.

The Fate of the Empress (浮生為卿歌)

The Fate of the Empress (浮生為卿歌) was officially launched on 31 December 2019, being the flagship female-oriented product of the Group in relation to ancient Chinese culture. Besides mainland China, the game was launched in various regions including Hong Kong, Macau, and Taiwan of the PRC, South Korea, Japan, North America, and Southeast Asia, and selected as one of the “National Cultural Export Key Projects” and one of the “International Cooperation Key Projects” by the Ministry of Culture and Tourism under the “Belt and Road” Initiative. During the Reporting Period, we continued to launch innovative gameplays such as large-scale battle events, cross-server romantic adventures, and the Prestige Family’s “Alliance Saga” (世家「聯盟風雲錄」), to enrich game contents that will satisfy players’ gaming experiences. In addition, on 24 July 2024, the Fate of the Empress (浮生為卿歌) initiated brand collaboration events with the blockbuster TV drama Lost You Forever (長相思), which stars Andy Yang (楊紫), Zhang Wanyi (張晚意), Deng Wei (鄧為), JC-T (檀健次), and Wang Hongyi (王弘毅) etc. In addition, the Fate of the Empress (浮生為卿歌) officially entered with the collection certificate into the Game IP Pavilion of the China Audio-video and Digital Publishing Association in November 2024.

Mini Games



As for the mini game market, characterized by convenient access, fragmented gameplay, and lightweight experience, such games provide players with a lighter gaming style, meeting their multi-level entertainment needs, while helps the Group identify new user bases. During the Reporting Period, the Group continued to launch high-quality APP games, while seizing the opportunities from the development trend of the mini game market by releasing multiple mini game products, among which the Promise of Lingyun H5 (凌雲諾H5) and A Story of Lala’s: Rising Star H5 (杜拉拉升職記H5) delivered outstanding performances, evidenced by their respective entry into the Top 50 best-selling list of WeChat mini-games and the Top 30 Popular Mini-games of Douyin.

Game Reserve

Culinary Chaos (暴吵萌厨)



The Culinary Chaos (暴吵萌厨) is a real-time mobile game focusing on multi-player cooperation in cooking esports. Players will play as “adorable chefs (小萌厨)” with distinctive personalities and exceptional culinary skills, and experience the intensely exhilarating cooking challenges under the “Brawl Mode”, including rapidly switching ingredients, precisely controlling the fire, and collaborating with teammates to create gourmet dishes. This gameplay provides an immersive experience in a highly simulated kitchen environment. The game offers four main modes: story, management, survival, and competition. For instance, the competition mode supports 1v1 duels, 2v2 team battles, and 4v4 chaotic showdowns, allowing players to form teams freely or opt for random matchmaking, and elevate their ranking under the season-based ranking system. Some maps incorporate fun mechanism, such as interfering bosses to increase the unpredictability of battles. In the innovative management mode, players start as chefs, progress to managers, recruit unique NPC employees, partner with friends to co-manage a restaurant, develop new dishes, and upgrade their establishment to fulfill their entrepreneurial aspirations.

The game extensively integrates Chinese culinary culture into fantastical scene designs, introducing players a unique gaming experience. The recipe system, which covers both home-made dishes and regional specialties, such as hot pot, barbecue, sugar-coated hawthorn, and snail rice noodles, links the entire process from preparation to serving, and creates operational delights. The scenario maps break through realistic boundaries, by combining cultural landmarks (such as the West Lake canal towns and Chongqing Hongya Cave) and fantastical themes (such as the Monster Inn (妖怪客棧) and Cloud Garden (雲中花園)) with dynamic weather and interactive mechanisms to enhance the exploratory and immersive experience. The character designs emphasize the sense of “adorable contrast”, where chefs can engage in competitive “brawls” in levels and demonstrate their wisdom in the management mode. Through the trinitarian integration of food narratives, gameplay diversity, and social cooperation, the game constructs a cooking fantasy for players that combines both vibrancy and imagination.



As of the date of this announcement, the game Culinary Chaos (暴吵萌廚) has gained over 2.5 million online bookings, and garnered a large fanbase and over one million enthusiastic interactions on major social media platforms including TapTap, Red Note, Bilibili, and Douyin. Following completion of two beta tests recently, the game is expected to be officially launched in the second quarter of 2025.

Mini Games and Others

The Group continued to deepen its strategic development in the mini-game segment, and has approved multiple mini-game projects of different types and styles, which aim to create a more diversified and creative product pipeline. Furthermore, we actively explored various distribution channels. Among these games, the Legend of Empress H5 (熹妃傳H5), which was launched in March 2025, is being progressively promoted. Other mini-games, such as Code: Lovers (代號：戀人), Code: Flowers (代號：花), Code: Relics (代號：遺跡), and Code: HX (代號：HX), are currently under development and testing. In overseas markets, the Korean version of A Story of Lala’s: Rising Star (杜拉拉升職記) and the Japanese and Korean versions of The Promise of Lingyun (凌雲諾) are scheduled to be launched between March and April 2025.

AI Application Strategy

At FriendTimes, we have adopted an “AI + Games” strategy, whereby focusing on driving industrial upgrading and innovation in player experience through technological advancements. In pursuit of our core objective of “Creation Empowered with Intelligent Technology Reshapes Gaming Experiences”, we emphasize a dual-drive approach through technological research and development and practical application scenarios, so as to build a full-link AI application ecosystem that covers research and development, distribution, operations, and corporate management. Our efforts are concentrated on four key areas: platform-based tool development, data asset accumulation, intelligent agent innovation, and AI-native gameplay experiment.

Platform-based Tool Development: Building an AI Productivity Engine

FriendTimes focused on upgrading its games industrialization by creating an AI tool matrix that covers the entire research and development process. In the artistic application, our indigenously developed one-stop AI art production platform achieves automation in these areas, including original drawing generation, line drawing coloring, image expansion and editing, 3D modeling optimization, scene rendering, text-to-video conversion, image-to-video conversion, and scene special effects. This platform supports style transfer and multi-terminal adaptation, shortening the art production cycle with labor costs significantly reduced. As for audio and music applications, the platform supports dynamic voiceover generation in multiple languages and dialects. By incorporating the Company’s language database and emotion recognition technology, the NPCs are personalized for their voice acting. In addition, AI tools are used to create background music for games, substantially reducing outsourcing costs. As for localized translation, the platform integrates specialized terminology databases and cultural adaptation rules for the gaming industry, enabling unified translation of text, audio, and cultural symbols, and replacing initial manual translation. Looking ahead, at FriendTimes, we plan to further integrate toolchain data interfaces, building a full-stacked automated pipeline from “demand input — intelligent generation — multi-terminal output — platform sharing”. This plan aims to increase the AI application in all scenarios, significantly enhancing productivity and efficiency.

Data Asset Accumulation: From Experience Accumulation to Knowledge Graph

At FriendTimes, we have systematically combed through a decade of research and development, publishing, operations, and user interaction data to construct a full-lifecycle data asset system. Using our AI tools to clean, classify, and label historical unstructured data, we have created a retrievable game experience knowledge base. For example, we analyze tens of thousands of storyline scripts, extracting modular templates for character settings, narrative pacing, conflicts, and more. We extract style features and perform relational annotations in our art resource library to establish a mapping database of “style — theme — user preference”. In addition, based on the structured data, we are gradually building multi-dimensional databases, including player behaviors, gaming values, and cultural adaptation data. On top of these, our AI technology assists the Company in constructing an industry knowledge graph for the gaming industry, providing long-term support for intelligent decision-making and resource repurposing.

Intelligent Agent Innovation: Empowering AI Ecosystem and Performance System

At FriendTimes, our fully deployed privatized large models with their secondary development in progress, will drive AI from a functional tool to a “digital lifeform”, thereby achieving intelligent and automated enterprise management. As for research and operation, AI assists in generating plot branches and character setting drafts, improving planning efficiency. AI also simulates player behavior paths, detects logical flaws and numerical anomalies, enhancing testing efficiency. Our AI customer service, after launched, has solved common problems through semantic understanding, multi-turn conversations, and its own database. As for distribution, our AI models dynamically generate user acquisition strategies based on market feedback data analysis, optimizes advertising plans and materials, and precisely matches user profiles to improve conversion efficiency. In terms of corporate management, we have gradually introduced AI assistants into project management, daily operations, and information workflows to optimize resource allocation, in the hope of enhancing work efficiency and decision-making accuracy.

AI Native Gameplay Experiment: Deep Learning Reconstructs Game Interaction Ecosystem

At FriendTimes, we leverage deep learning technology to drive innovation in in-game level design and interaction logic. We utilize our self-developed models to train in-game levels, enabling them to adapt to players’ operational habits, map designs, and win/loss analysis, thereby assisting players in passing levels and enhancing their gaming experience. For instance, this technology has been used in our reserve game, the Culinary Chaos (暴吵萌廚). Meanwhile, this feature aids in automated level logic inspections. After our developers design new levels, the AI model automatically simulates millions of player paths and provides balance optimization recommendations, significantly shortening the game development and testing cycle. As for character interaction, we create humanized NPCs by granting them long-term memory, emotional feedback, and autonomous decision-making capabilities. For example, NPCs can generate differentiated dialogues based on a player’s historical behavior or perform in-game interactions according to the player’s instructions. Moving forward, we will continue to explore and implement AI-driven lightweight interaction and emotional companion mechanisms, continuing to expand the innovative boundaries of “AI + Games”.

SOCIAL RESPONSIBILITIES

The Group actively fulfills its corporate social responsibility by integrating the environmental, social, and governance (“ESG”) issues into its entire corporate management framework, while striving to build a healthy and harmonious online and offline ecosystem through charity activities. The Group actively responds to national environmental policies related to carbon neutrality, energy conservation, and waste reduction, by promoting sustainable development practices within the Company. In addition to establishing the ESG policies and procedures, the Group actively promotes the participation of our products and platforms, while integrating the sustainability concept into our daily operational management to enhance the environmental awareness among our employees and achieve long-term prosperity for its business development.

As always, the Group continues to contribute its efforts to promote charity campaigns through diverse philanthropic commitments. By consistently taking practical actions in areas such as education assistance, animal rescue, “red culture education”, environmental protection, and epidemic prevention and control, the Group continues to fulfill its social responsibility and mission, demonstrating and delivering a message of love in public welfare. In 2024, FriendTimes, in collaboration with the Public Charity Fund for “Love is here to Assist People with Disabilities”(這裏有愛助殘公益愛心基金), participated in the apple tree plantation program called “Join Me in Having a Tree towards Prosperity” in rural Yan’an, providing targeted assistance for rural revitalization and achieving consumption-driven support.

In strict compliance with relevant national policies, the Group connects all of its games to a comprehensive system encompassing real-name authentication, anti-addiction procedures, and age-appropriate reminders, imposes restrictions on underage spending, and operates a parental guardianship project with a dedicated channel for complaints from minors. To strictly enforce the new regulations on preventing addiction among minors issued by the National Press and Publication Administration, we only offer 1 hour of online gaming services to minors from 8 pm to 9 pm on Fridays, Saturdays, Sundays, and statutory holidays, ensuring the healthy growth of minors.

As for user information security, the Company continues to improve and optimize systems related to responsibilities for the principals, data security, and the filing of new technologies and applications. The Group has established systems for network content security, data security, and account management. As for user privacy protection, under stringent management systems and procedural frameworks, we exercise rigorous control over information security risks, and strictly align with relevant laws and regulations in all operating regions globally, thereby safeguarding data security, while maximally securing user personal information.

OUTLOOK

In 2024, while maintaining our leadership in the female-oriented ancient-style game segment, FriendTimes made a breakthrough in the male-oriented and casual game segments, which has perfected our diversified product matrix, and therefore validates our research and development strengths as well as our innovation capabilities. Looking into the future, we will deepen the integration of research and operations, strengthen underlying technology research and development capabilities, and refine our operational systems. By expanding multi-channel distribution networks and long-term operational mechanisms, we will enhance our full lifecycle product management capabilities. On the other hand, we will continue to iterate on management systems and performance mechanisms, rationalize the allocation of human resources and multi-tiered compensation systems, and improve the cost control. Furthermore, we will accelerate the application of AI technologies and innovative experiments, drive process innovation across all scenarios, and strive to bring players more refreshing experiences. By steadfastly implementing a global development strategy, and pursuing our strategy of “regional focus + category breakthrough”, we will create a premium game matrix characterized by cultural uniqueness with global aesthetics.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2024

(Expressed in RMB)

		Years ended 31 December	
		2024	2023
	Note	RMB'000	RMB'000
Revenue	2	1,162,786	1,056,033
Cost of sales		<u>(349,264)</u>	<u>(353,628)</u>
Gross profit		813,522	702,405
Other net income		48,843	55,891
Sales and marketing expenses		(556,994)	(430,780)
Research and development expenses		(292,731)	(345,993)
General and administrative expenses		<u>(41,787)</u>	<u>(50,270)</u>
Loss from operations		(29,147)	(68,747)
Finance costs		(3,935)	(1,438)
Changes in fair value of financial assets measured at fair value through profit or loss ("FVPL")		<u>(2,752)</u>	<u>(2,743)</u>
Loss before taxation	3	(35,834)	(72,928)
Income tax	4	<u>(13,022)</u>	<u>(65,192)</u>
Loss for the year		<u>(48,856)</u>	<u>(138,120)</u>
Attributable to:			
Equity shareholders of the Company		(48,856)	(138,120)
Non-controlling interests		–	–
Loss for the year		<u>(48,856)</u>	<u>(138,120)</u>
Loss per share			
Basic and diluted (RMB)		<u>(0.02)</u>	<u>(0.06)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

*for the year ended 31 December 2024
(Expressed in RMB)*

	Years ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss for the year	(48,856)	(138,120)
Other comprehensive income for the year		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company	861	1,578
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside mainland China	1,409	4,761
Other comprehensive income for the year	2,270	6,339
Total comprehensive income for the period	(46,586)	(131,781)
Attributable to:		
Equity shareholders of the Company	(46,586)	(131,781)
Non-controlling interests	–	–
Total comprehensive income for the period	(46,586)	(131,781)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

(Expressed in RMB)

		As at 31 December	
		2024	2023
	Note	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		220,499	242,468
Intangible assets		3,240	2,051
Right-of-use assets		7,063	8,149
Financial assets measured at FVPL	6	95,659	92,847
Time deposits		184,761	61,490
Deferred tax assets		5,412	8,879
Other receivables		7,591	1,915
		<u>524,225</u>	<u>417,799</u>
		-----	-----
Current assets			
Contract costs		1,987	3,761
Financial assets measured at FVPL	6	204,241	381,394
Trade and other receivables	7	84,537	87,409
Pledged bank deposits		1,903	1,851
Restricted cash		3,464	5,522
Time deposits		247,294	171,663
Cash and cash equivalents		334,825	396,216
		<u>878,251</u>	<u>1,047,816</u>
		-----	-----
Current liabilities			
Bank loans		149,420	147,419
Trade and other payables	8	86,038	90,328
Contract liabilities		10,543	16,110
Current taxation		1,430	1,412
Lease liabilities		–	465
		<u>247,431</u>	<u>255,734</u>
		-----	-----
Net current assets		<u>630,820</u>	<u>792,082</u>
		-----	-----
Total assets less current liabilities		<u>1,155,045</u>	<u>1,209,881</u>
		-----	-----

		As at 31 December	
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
Non-current liability			
Contract liabilities		<u>4,969</u>	<u>6,319</u>
		<u>4,969</u>	<u>6,319</u>
NET ASSETS		<u>1,150,076</u>	<u>1,203,562</u>
CAPITAL AND RESERVES			
	9		
Share capital		154	154
Reserves		<u>1,149,922</u>	<u>1,203,408</u>
TOTAL EQUITY		<u>1,150,076</u>	<u>1,203,562</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

The consolidated financial statements for the year ended 31 December 2024 comprise the Group and the Group's interests in associates and a joint venture.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "Functional Currency"). The financial statements are presented in RMB, rounded to the nearest thousands except for per share information, which is the presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that certain investments are stated at their fair value as described in the accounting policy set out in note 1(g).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 REVENUE

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by business lines is as follows:

	Years ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by business lines		
— Revenue from self-developed games published by the Group	1,137,849	1,013,412
— Revenue from self-developed games published through intellectual property license arrangement and others	24,937	42,621
	<u>1,162,786</u>	<u>1,056,033</u>

(ii) **Geographic information**

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the games were published, the intellectual property was licensed or the services were provided.

	Years ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland of the PRC	898,141	721,090
Overseas	264,645	334,943
	<u>1,162,786</u>	<u>1,056,033</u>

3 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) **Staff costs**

	Years ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	262,462	303,384
Equity settled share-based payments	6,014	5,166
Contributions to defined contribution plans	45,586	52,155
	<u>314,062</u>	<u>360,705</u>

(b) **Other items**

	Years ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	22,032	25,760
Depreciation of right-of-use assets	1,086	1,086
Amortisation of intangible assets	2,103	1,474
Impairment losses recognised in trade and other receivables	1,360	4
Auditors' remuneration	2,030	1,980
	<u>28,611</u>	<u>32,304</u>

4 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	Years ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current tax:		
Provision for current income tax for the year	–	1,390
Under-provision in prior years	9,555	–
	<u>9,555</u>	<u>1,390</u>
Deferred tax:		
Origination and reversal of temporary differences	3,467	63,802
	<u>13,022</u>	<u>65,192</u>

(b) Reconciliation between actual income tax and accounting profit at applicable tax rates:

	Note	Years ended 31 December	
		2024	2023
		RMB'000	RMB'000
Loss before taxation		<u>(35,834)</u>	<u>(72,928)</u>
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned	(i)	(10,457)	(24,089)
Tax effect of preferential tax rate	(ii)	3,894	(6,437)
Super-deduction of research and development expense	(iii)	(34,878)	(59,261)
Tax effect of non-deductible expenses		1,248	1,458
Tax effect of tax losses not recognised		45,744	87,834
Tax effect of write-down of previously recognised tax losses		–	60,219
Tax effect of temporary differences not recognised, net of utilisation of temporary differences not recognised in prior years		(2,086)	5,468
Effect on deferred tax balance resulting from a change in tax rate		2	–
Under-provision in prior years		9,555	–
Actual income tax		<u>13,022</u>	<u>65,192</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

The Company's subsidiary incorporated in Hong Kong is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023. Payments of dividends by Hong Kong companies are not subject to any withholding tax.

The Company's subsidiary incorporated in South Korea is liable to South Korea Profits tax at progressive tax rates from 9% to 24% of annual taxable profits.

The Group's PRC subsidiaries are liable to the PRC corporate income tax rate of 25%.

- (ii) The subsidiary of the Company, Suzhou Cheeryoo Network Technology Co., Ltd. ("Suzhou Cheeryoo") is entitled to a preferential income tax rate of 0% in 2021 and 2022 as Software Enterprise, and 15% from 2023 onwards as High and New Technology Enterprise.

The subsidiary of the Company, Suzhou Eagle Network Technology Co., Ltd. ("Suzhou Eagle") is entitled to a preferential income tax rate of 15% from 2024 onwards as High and New Technology Enterprise.

According to tax regulation issued by IRD, only profits which have a source in Hong Kong are taxable, while profits sourced offshore are not subject to Hong Kong Profits Tax. In 2021, the Inland Revenue Department's (IRD) has reviewed and subsequently agreed the offshore claims lodged by the subsidiary of the Company, Wish Interactive Technology Limited ("Wish Interactive"), that all of the income is treated as offshore sourced and non-taxable. The income of Wish Interactive remains being treated as offshore sourced and non-taxable for the year ended 31 December 2022. On 1 January 2023, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 came into effect. This legislation has introduced a new "foreign-sourced income exemption" ("FSIE") regime in the Hong Kong SAR. Under the new FSIE regime, intellectual property income is no longer exempt when received by an entity that carries out a trade, profession or business in the Hong Kong SAR, if that entity is within a multinational group. For the intellectual property income of Wish Interactive, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

- (iii) Under the PRC Income Tax Law and its relevant regulations 100% additional tax deduction is allowed for qualified research and development costs since 1 October 2022.

6 FINANCIAL ASSETS MEASURED AT FVPL

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Investment in Limited Liability Partnerships (“LLPs”)	90,659	92,847
Investment in wealth management products	169,757	356,133
Investment in listed equity securities	34,484	25,261
Investment in unlisted equity securities	5,000	–
	299,900	474,241
Financial assets measured at FVPL included in the consolidated financial statement:		
Current	204,241	381,394
Non-current	95,659	92,847

7 TRADE AND OTHER RECEIVABLES

		As at 31 December	
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
Trade receivables		66,311	58,329
Less: Loss allowance		(12)	(4)
Trade receivables, net	<i>(a)</i>	66,299	58,325
Prepayments		2,109	7,881
VAT deductible		7,285	4,330
Income tax recoverable		7,071	12,014
Other receivables		9,364	6,774
		92,128	89,324
Current		84,537	87,409
Non-current		7,591	1,915
		92,128	89,324

All of trade and other receivables classified as current portion are expected to be recovered or recognised as expenses within one year.

(a) Ageing analysis

As at the end of each of the years ended 31 December 2024 and 2023, the ageing analysis of trade receivables, based on the invoice date and net of allowance, is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 3 months	66,235	58,328
After 3 months but within 1 year	76	1
Less: Loss allowance	(12)	(4)
	<u>66,299</u>	<u>58,325</u>
Trade receivables, net	<u>66,299</u>	<u>58,325</u>

8 TRADE AND OTHER PAYABLES

	Note	As at 31 December	
		2024	2023
		RMB'000	RMB'000
Trade payables	(a)	38,102	31,455
Accrued payroll		42,602	55,216
Other payables and accruals		5,334	3,657
		<u>86,038</u>	<u>90,328</u>
Trade and other payables		<u>86,038</u>	<u>90,328</u>

All trade and other payables are expected to be settled within one year or are repayable on demand.

(a) An ageing analysis of trade payables, based on the invoice date, is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 3 months	37,300	31,435
Over 3 months but within 6 months	791	3
Over 6 months but within 12 months	3	–
Over 1 year	8	17
	<u>38,102</u>	<u>31,455</u>
	<u>38,102</u>	<u>31,455</u>

9 CAPITAL AND RESERVES

(a) Share capital

(i) Issued share capital

	Par Value US\$	No. of shares '000	US\$ '000
As at 1 January 2023, 31 December 2023 and 2024	<u>0.00001</u>	<u>2,180,850</u>	<u>20</u>
RMB equivalent ('000)			<u>154</u>

(ii) Shares held for Share Award Scheme

	2024 Shares '000	2023 Shares '000	2024 Shares HK\$'000	2024 Shares RMB'000	2023 Shares HK\$'000	2023 Shares RMB'000
Shares held for Share Award Scheme	<u>79,250</u>	<u>60,200</u>	<u>67,144</u>	<u>61,433</u>	<u>52,989</u>	<u>48,519</u>

These shares of the Company were acquired and held by the Trustee for the purpose of granting shares under the Share Award Scheme adopted by the Company. Total amount of HK\$70,999,960 (2023: HK\$59,000,000) was paid to the Trustee, with a balance of unutilised cash of HK\$3,740,756 as restricted cash as at 31 December 2024 (2023: HK\$6,011,000).

(b) Equity settled share-based transactions

The Company has adopted a share award scheme on 14 September 2020 (the "Share Award Scheme") for the purpose of incentivise directors, senior management and certain key employees for their contribution to the Group, and to attract and retain skilled and experienced personnel for the future growth of the Group by providing them with the opportunity to own equity interests in the Company. Mr. Jiang Xiaohuang, the controlling shareholder of the Company, decided to indirectly transfer an aggregate of 80,000,000 shares of the Company as a gift within three years, at nil consideration, as the pool of shares of the Share Award Scheme. A trust has been set up for the administration and vesting of RSUs granted pursuant to the Share Award Scheme.

On 1 January 2021, the first aggregate of 40,000,000 restricted shares were granted for nil consideration to 37 eligible employees of the Group under the Share Award Scheme with fair value of HKD1.99 per share determined by the latest closing market price of the shares to the date of grant. These restricted shares vest for a period from 1 month to 49 months. In addition to the service condition, there are other vesting conditions related to the employee's performance and the Group's performance for each of the vesting period.

On 5 January 2022, the aggregate of 16,000,000 restricted shares were granted for nil consideration to 27 eligible employees of the Group under the Share Award Scheme with fair value of HKD1.33 per share determined by the latest closing market price of the shares to the date of grant. These restricted shares vest for a period from 1 month to 37 months. In addition to the service condition, there are other vesting conditions related to the employee's performance and the Group's performance for each of the vesting period.

On 2 January 2023, the aggregate of 2,152,000 restricted shares were granted for nil consideration to 5 eligible employees of the Group under the Share Award Scheme with fair value of HKD0.96 per share determined by the latest closing market price of the shares up to the date of grant. These restricted shares vest for a period from 1 month to 37 months. In addition to the service condition, there are other vesting conditions related to the employee's performance and the Group's performance for each of the vesting period.

On 5 January 2023, the aggregate of 6,461,600 restricted shares were granted for nil consideration to 22 eligible employees of the Group under the Share Award Scheme with fair value of HKD0.99 per share determined by the latest closing market price of the shares up to the date of grant. These restricted shares vest for a period of 1 month with only service condition.

On 2 September 2024, the aggregate of 1,600,000 restricted shares were granted for nil consideration to 3 eligible employees of the Group under the Share Award Scheme with fair value of HKD0.495 per share determined by the latest closing market price of the shares up to the date of grant. Among which 750,000 of these restricted shares vested immediately and the remaining 850,000 restricted shares vest in 11 months. In addition to the service condition, there are other vesting conditions related to the employee's performance and the Group's performance for each of the vesting period.

On 31 December 2024, the aggregate of 18,857,000 restricted shares were granted for nil consideration to 154 eligible employees of the Group under the Share Award Scheme with fair value of HKD0.56 per share determined by the latest closing market price of the shares up to the date of grant. Among which 9,867,000 of these restricted shares vested immediately and the remaining 8,990,000 restricted shares vest for a period from 1 month to 37 months with only service condition.

The terms and conditions of the grants are as follows:

	Number of RSUs	Vesting Conditions	Contractual life of RSUs
RSUs granted to directors:			
— on 1 January 2021	2,000,000	25%, 25%, 20%, 20% and 10% of total shares separately vested in 1st, 13th, 25th, 37th and 49th month after the grant date	1 month to 49 months
RSUs granted to employees:			
— on 1 January 2021	38,000,000	23%, 23%, 20%, 20% and 14% of total shares separately vested in 1st, 13th, 25th, 37th and 49th month after the grant date	1 month to 49 months
— on 5 January 2022	16,000,000	54%, 16%, 20% and 10% of total shares separately vested in 1st, 13th, 25th and 37th month after the grant date	1 month to 37 months
— on 2 January 2023	2,152,000	54%, 14%, 19% and 13% of total shares separately vested in 1st, 13th, 25th and 37th month after the grant date	1 month to 37 months
— on 5 January 2023	6,461,600	100% of total shares vested in 1st month after the grant date	1 month
— on 2 September 2024	1,600,000	47% and 53% of total shares separately vested immediately and in 11th month after the grant date	0 to 11 months
— on 31 December 2024	18,857,000	52%, 4%, 21%, 21% and 2% of total shares separately vested immediately and in 1st, 13th, 25th and 37th month after the grant date	0 to 37 months
	<hr/>		
Total RSUs granted	<u><u>85,070,600</u></u>		

Movements in the number of RSUs granted to the Group's directors, senior management, and employees and the respective weighted-average grant date fair value are as follows:

	Number of RSUs	Weighted average grant date fair value per RSU <i>HKD</i>
Outstanding as of 31 December 2023	16,616,400	1.75
Granted during the year	20,457,000	0.55
Forfeited during the year	(7,040,000)	1.62
Vested during the year	<u>(14,054,600)</u>	<u>0.90</u>
Outstanding as of 31 December 2024	<u><u>15,978,800</u></u>	<u><u>1.02</u></u>

During the year ended 31 December 2024, a total number of 14,054,600 shares had been vested. As at 31 December 2024, a total of 15,978,800 shares was outstanding for vesting.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group recorded revenue of approximately RMB1,162.8 million, representing an increase of RMB106.8 million or approximately 10.1% from approximately RMB1,056.0 million for the year ended 31 December 2023. The increase in revenue in 2024 was mainly due to the revenue contribution from the launch of the Group's new products, including Twist of the Fate (浮生憶玲瓏) and Ink Sword: Jianghu (墨劍江湖), as well as the revenue increment brought by the launch of mini games.

Revenue by activity

The table below sets forth a breakdown of revenue by activity, shown in actual amounts and as percentage to total revenue for the periods indicated:

	Year ended 31 December				Year-on-year % change
	2024		2023		
	RMB'000	%	RMB'000	%	
Revenue from games	1,162,103	99.9%	1,055,378	99.9%	10.1%
Others	683	0.1%	655	0.1%	4.3%
Revenue	<u>1,162,786</u>	<u>100.0%</u>	<u>1,056,033</u>	<u>100.0%</u>	<u>10.1%</u>

Revenue from games by geographic markets

The table below sets forth a breakdown of revenue from games by geographic markets in absolute amounts and as percentages to our total revenue from games for the periods indicated:

	Year ended 31 December				Year-on-year % change
	2024		2023		
	RMB'000	%	RMB'000	%	
Mainland of the PRC	897,458	77.2%	720,435	68.3%	24.6%
Overseas	264,645	22.8%	334,943	31.7%	-21.0%
Revenue from games	<u>1,162,103</u>	<u>100.0%</u>	<u>1,055,378</u>	<u>100.0%</u>	<u>10.1%</u>

Cost of sales

For the year ended 31 December 2024, the Group's cost of sales amounted to approximately RMB349.3 million, representing a decrease of approximately RMB4.3 million or approximately 1.2% from approximately RMB353.6 million for the year ended 31 December 2023. Although the distribution costs increased in line with the growth in revenue, the reduction in employee expenses led to an overall decrease in cost of sales.

Gross profit and gross profit margin

As a result of the above, for the year ended 31 December 2024, the Group's gross profit amounted to approximately RMB813.5 million, representing an increase of approximately RMB111.1 million or approximately 15.8% from approximately RMB702.4 million for the year ended 31 December 2023. The gross profit margin for the year ended 31 December 2024 amounted to approximately 70.0%, representing an increase of 3.5 percentage points from approximately 66.5% for the year ended 31 December 2023, which was mainly due to (i) the lower overall distribution cost ratio of mini-games, which improved the overall gross profit margin, and (ii) the year-on-year reduction in employee expenses incurred by the operations department.

Sales and marketing expenses

For the year ended 31 December 2024, the Group's sales and marketing expenses amounted to approximately RMB557.0 million, representing an increase of RMB126.2 million or approximately 29.3% from approximately RMB430.8 million for the year ended 31 December 2023, which was mainly due to centralized-promotion expenses incurred from the launch of new products, including Twist of the Fate (浮生憶玲瓏), Ink Sword: Jianghu (墨劍江湖) and mini games.

Research and development expenses

For the year ended 31 December 2024, the Group's research and development expenses amounted to approximately RMB292.7 million, representing a decrease of RMB53.3 million or approximately 15.4% from approximately RMB346.0 million for the year ended 31 December 2023, mainly due to (i) a year-on-year decrease in employee expenses incurred by the research and development department, and (ii) the application of AI-assisted development, which improved efficiency and reduced production costs in areas such as art and music.

General and administrative expenses

For the year ended 31 December 2024, the Group's administrative expenses amounted to approximately RMB41.8 million, representing a decrease of RMB8.5 million or approximately 16.9% from approximately RMB50.3 million for the year ended 31 December 2023, mainly due to (i) the decrease in various service fees, (ii) the decrease in related expenses resulting from reduced number in employees of the Group, and (iii) the decrease in share-based remuneration expenses for administrative staff.

Finance costs

For the year ended 31 December 2024, the Group's finance costs amounted to approximately RMB3.9 million, representing an increase of RMB2.5 million from approximately RMB1.4 million for the year ended 31 December 2023, which was mainly due to additional financing obtained by certain subsidiaries to supplement their working capital.

Income tax

For the year ended 31 December 2024, the Group's income tax expense amounted to approximately RMB13.0 million, representing a decrease of RMB52.2 million from the income tax expense of approximately RMB65.2 million for the year ended 31 December 2023, mainly due to the impairment on deferred tax assets as a result of the expected unavailability of tax losses before they expire under the uncertainty caused by business volatility of the Company in 2023.

Loss for the year

In 2024, our net loss for the year amounted to approximately RMB48.9 million, representing a decrease of approximately RMB89.2 million or approximately 64.6% compared to the net loss for the year of 2023 of approximately RMB138.1 million.

Adjusted loss for the year

Adjusted loss for the year is calculated by adding back share-based remuneration expenses to the loss for the year.

The table below sets forth the reconciliation between the Group's loss and adjusted loss for the years ended 31 December 2024 and 2023:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(48,856)	(138,120)
Add: Share-based remuneration	6,014	5,166
	<u>(42,842)</u>	<u>(132,954)</u>
Adjusted loss for the year	<u>(42,842)</u>	<u>(132,954)</u>

Liquidity and capital resources

As of 31 December 2024, the Group's current liabilities/net assets amounted to approximately 0.22 (31 December 2023: 0.21).

As of 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB334.8 million. The Group monitors and maintains cash and cash equivalents to a level that management believes to be sufficient to meet the Group's operating needs, reducing the impact of cash flow fluctuations.

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash used in operating activities	(52,833)	(46,286)
Net cash generated from investing activities	5,860	60,112
Net cash used in financing activities	(15,313)	(21,699)
	<u>(62,286)</u>	<u>(7,873)</u>
Net decrease in cash and cash equivalents	(62,286)	(7,873)
Cash and cash equivalents as at the beginning of the year	396,216	403,942
Effect of foreign exchange rate changes	895	147
	<u>334,825</u>	<u>396,216</u>
Cash and cash equivalents as at 31 December	<u>334,825</u>	<u>396,216</u>

Operating activities

For the year ended 31 December 2024, net cash used in operating activities was RMB52.8 million, compared to net cash used of RMB46.3 million for the year ended 31 December 2023.

Investing activities

For the year ended 31 December 2024, net cash generated from investing activities was RMB5.9 million, which primarily included (1) payments for purchase of investments measured at FVPL of RMB1,264.3 million; (2) the proceeds from redemption of investments measured at FVPL of RMB1,443.6 million; (3) our payment for purchase of investments of time deposits of RMB402.8 million; (4) the proceeds from redemption of time deposit investment of RMB201.4 million; and net cash generated from investing activities for the year ended 31 December 2023 was RMB60.1 million.

Financing activities

For the year ended 31 December 2024, net cash used in financing activities was RMB15.3 million, which is mainly used to (1) repay the payment for unsecured bank borrowings of RMB149.7 million; (2) acquire the proceeds from unsecured bank borrowings of RMB147.8 million; and (3) Shares acquired for the Share Award Scheme of RMB12.9 million, and net cash used in financing activities for the year ended 31 December 2023 was RMB21.7 million.

Capital expenditures

The Group's capital expenditures mainly included (1) purchase of equipment such as servers and computers; and (2) software and IP licenses of literature and intangible assets such as various office software that has been used or to be used by our games.

For the year ended 31 December 2024, the Group's expenditures on the acquisition of equipments amounted to approximately RMB0.3 million, representing a decrease of RMB1.9 million from approximately RMB2.2 million for the year ended 31 December 2023, which was mainly attributable to the higher expenditures on the purchase of highly configured computers to lay out the application of AI technologies in 2023; for the year ended 31 December 2024, the Group's expenditures on acquisition of intangible assets amounted to approximately RMB3.3 million, representing an increase of RMB3.2 million from approximately RMB0.1 million for the year ended 31 December 2023, which was mainly attributable to the purchase of a two-year right to use the software license used for research and development in 2024.

Gearing ratio and capital structure

As at 31 December 2024, gearing ratio was 13.0% (31 December 2023: 12.3%). For the year ended 31 December 2024, the Group's balance of bank borrowings amounted to RMB149.4 million (31 December 2023: RMB147.4 million). The Group's share capital remained unchanged, being 2,180,850,000 Shares.

Contingent liabilities

As of 31 December 2024, the Group did not have any unrecorded significant contingent liabilities or any guarantees (2023: Nil).

Employees and remuneration policies

As of 31 December 2024, the Group had a total of 887 employees (31 December 2023: 1,076 employees), all based in the PRC. The Group determined the remuneration policy for the employees based on their performance, work experience and the current market salary scale. We did not experience any material labour disputes during the year ended 31 December 2024.

Restructuring and significant investments

During the year ended 31 December 2024, the Group did not have any restructuring and significant investments.

Financial assets

1. As of 31 December 2024, the Group's wealth management products were issued by licensed commercial banks in China, including principal-protected floating return structured deposits and medium-to-low-risk non-principal-protected floating return net worth products.
2. As of 31 December 2024, the wealth management products of the Group that have met the disclosable transaction requirements at the time of purchase under the Listing Rules were disclosed in relevant announcements. None of the remaining wealth management products had a fair value accounting for 5% or more of the Group's total assets.
3. As of 31 December 2024, the Group's limited partnership investments were investments in six venture capital partnerships as a limited partner, with fair value at the time of investment not exceeding 5% of the Group's total assets.

As of 31 December 2024, the said five venture capital partnerships (private funds) under the same fund manager exceeded 5% or more of the Group's total assets:

Time of investments	Names of private funds	Nature of funds	Fund manager	Scope of investments	Initial size of funds (RMB million)	Initial cost of investments (RMB million)	Initial percentage of investments	Cost of investments	Fair value	Fair value relative size to total assets
								as of 31 December 2024	as of 31 December 2024	as of 31 December 2024
								(RMB million)	(RMB million)	(RMB million)
July 2020	Suzhou Yongxin Ronghui Venture Capital Partnership (L.P.)* (蘇州永鑫融慧創業投資合夥企業 (有限合夥))	Comprehensive fund	Suzhou Yongxin Ark Equity Investment Partnership (蘇州永鑫方舟股權投資管理合夥企業 (普通合夥))	Investing in innovative enterprises in their startup and growth stages through equity investment	278.3	30.0	10.78%	30.0	39.0	
November 2021	Suzhou Yongxin Kaituo Venture Capital Partnership (L.P.)* (蘇州永鑫開拓創業投資合夥企業 (有限合夥))	Comprehensive fund	Suzhou Yongxin Ark Equity Investment Partnership (蘇州永鑫方舟股權投資管理合夥企業 (普通合夥))	Investing in innovative enterprises in their growth-stage through equity investment	500.9	30.0	5.99%	28.8	29.6	
November 2022	Suzhou Yongxin Rongchang Venture Capital Partnership (L.P.)* (蘇州永鑫融暢創業投資合夥企業 (有限合夥))	Specialized fund	Suzhou Yongxin Ark Equity Investment Partnership (蘇州永鑫方舟股權投資管理合夥企業 (普通合夥))	Investing through equity investment in the growth-oriented enterprises with core competitive advantages and potential for listing	76.3	5.0	6.55%	5.0	6.0	6.04%
July 2023	Suzhou Yongxin Rongyao Venture Capital Partnership (L.P.)* (蘇州永鑫融耀創業投資合夥企業 (有限合夥))	Comprehensive fund	Suzhou Yongxin Ark Equity Investment Partnership (蘇州永鑫方舟股權投資管理合夥企業 (普通合夥))	Investing in innovative enterprises in their growth-stage through equity investment	600.0	5.0	0.83%	5.0	5.0	
July 2023	Suzhou Yongxin Rongke Venture Capital Partnership (L.P.)* (蘇州永鑫融科創業投資合夥企業 (有限合夥))	Specialized fund	Suzhou Yongxin Ark Equity Investment Partnership (蘇州永鑫方舟股權投資管理合夥企業 (普通合夥))	Investing through equity investment in the growth-oriented enterprises with core competitive advantages and potential for listing	52.1	5.0	9.60%	5.0	5.0	

4. As of 31 December 2024, the Group's stock investments were all stock investments with an active stock market, and the fair value of stock investments did not exceed 5% or more of the Group's total assets.
5. As of 31 December 2024, the Group's investments in monetary funds referred to low-risk products in the securities investment funds, the fair value of which did not exceed 5% or more of the Group's total assets.
6. The Company has formulated standardized capital and investment management policies to monitor and control potential risks related to investment activities. When deciding whether to invest and what kind of products to invest in, the management will consider, among other things, the risk level, investment return, liquidity and maturity of the relevant wealth management products on a case-by-case basis. Our investment portfolio and policies are regularly reviewed by our Directors and management team.

Material acquisitions and disposals of assets

For the year ended 31 December 2024 and up to date of this announcement, there were no material acquisitions and disposals of assets.

Off-balance sheet arrangements

The Group has not entered into and has no intention to enter into any off-balance sheet arrangements. The Group has not entered into any financial guarantees or made other commitments to guarantee the payment obligations of third parties.

Pledge of assets by the Group

As of 31 December 2024, a portion of the borrowings of the Group's subsidiaries is pledged by time deposits of other subsidiaries in the amount of RMB60.0 million (31 December 2023: Nil).

Foreign currency exchange risks

For the year ended 31 December 2024, most of transactions denominated in non-RMB were denominated in U.S. dollars and Hong Kong dollars. The management team closely monitors foreign currency exchange risks to ensure that appropriate measures are implemented in a timely and effective manner. In the past, the Group has not incurred any significant foreign currency exchange losses in its operations. The management team will continue to closely monitor the Group's foreign currency exchange risks and will consider implementing appropriate measures.

EVENTS AFTER THE YEAR ENDED 31 DECEMBER 2024

Save as disclosed in this announcement and/or other announcements of the Company, there is no other material event that might affect the Group since the end of the Reporting Period and up to the date of this announcement.

OTHER INFORMATION

Dividend

The Board did not propose the payment of dividend for the year ended 31 December 2024 (dividend for the year ended 31 December 2023: Nil).

Annual General Meeting

The AGM will be held on Thursday, 22 May 2025. A notice convening the AGM will be published and dispatched to the Shareholders in due course in the manner prescribed by the Listing Rules.

Closure of Register of Members

Entitlement to attend and vote at the 2025 AGM

For determination of the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 19 May 2025 to Thursday, 22 May 2025 (both days inclusive), during which period no transfer of the Shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 May 2025.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed the listed securities of the Company (including sale of treasury shares as defined under the Listing Rules). The Company did not hold any treasury shares (as defined under the Listing Rules) as at 31 December 2024.

Share Award Scheme

The Board has approved the adoption of the Share Award Scheme of the Company on 14 September 2020.

Objectives of the Share Award Scheme

1. to further improve the Group's incentive system, align the interests of certain Eligible Participants with the Group's interests and encourage them to create long-term value for the Group; and
2. to attract and motivate key professional talents to enhance the competitiveness and promote the sustainable development of the Group.

Eligible Participants of the Share Award Scheme

Any Directors, senior and mid-level management, core technical personnel and key employees who, at the absolute discretion of the Board, will contribute or have contributed to any member of the Group.

Administration of the Share Award Scheme

1. The Share Award Scheme is subject to the Scheme Rules and the terms of the Trust Deed (as the case may be);
2. The Board may, by passing ordinary resolutions, appoint any one or more senior management of the Company as Authorised Representative(s) (or form an advisory committee) to give instructions or notices to the Trustee on all matters in connection with this scheme and other matters in the routine administration of the Trust; and
3. The Trustee will hold the Shares and the income derived therefrom in accordance with the Scheme Rules and subject to the terms of the Trust Deed.

Sources of Awarded Shares of the Share Award Scheme

1. Mr. Jiang Xiaohuang, the controlling shareholder of the Company, decided to indirectly transfer 80,000,000 Shares of the Company (representing approximately 3.7% of the issued shares of the Company as of the date of this announcement) as a gift, at nil consideration, as the pool of shares; and
2. As of 31 December 2024, a total of 90,010,000 Shares of the Company (representing approximately 4.1% of the issued Shares of the Company as of the date of this announcement) are purchased as the pool of shares under the Share Award Scheme.

Limit of the Share Award Scheme

The Board shall not make any further grant of award such that the total number of shares granted under the Share Award Scheme will exceed 10 per cent. of the total number of issued Shares as of the Adoption Date.

If the relevant subscription or purchase would result in the Trustee holding in aggregate, more than 10 per cent. of the total number of issued Shares of the Company as of the Adoption Date, the Trustee shall not subscribe, purchase or accept any further Shares.

Save as prescribed in the Share Award Scheme or as otherwise restricted by the Listing Rules, for any 12-month period, the aggregate number of Shares granted to any Eligible Participant shall not exceed 1% of the total number of the issued Shares at the relevant time, without Shareholders' approval.

The Share Award Scheme has no service provider sublimit under Chapter 17 of the Listing Rules.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust.

Duration and Termination of the Share Award Scheme

The Share Award Scheme shall be effective from the Adoption Date and shall be terminated at the earlier of (i) the tenth anniversary from the Adoption Date; or (ii) the date of early termination determined by Authorised Representative(s) (or the advisory committee). The termination of this Share Award Scheme shall not cause any material and adverse effect on any existing rights of any Selected Participants under this Share Award Scheme.

As at 31 December 2024, the remaining life of the Share Award Scheme was approximately 5.5 years, provided that the Board may decide early termination in accordance with the relevant rules under the Share Award Scheme (which is amended from time to time).

Implementation of the Share Award Scheme

1. On 14 September 2020, Mr. Jiang Xiaohuang, a controlling shareholder of the Company, decided to indirectly transfer an aggregate of 80,000,000 Shares of the Company as a gift within three years, at nil consideration, as the pool of Shares.
2. On 1 December 2020, Mr. Jiang Xiaohuang completed the first annual share contribution plan and indirectly transferred an aggregate of 40,000,000 Shares of the Company as a gift at nil consideration, as the pool of Shares.
3. On 28 December 2020, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant a total of 40,000,000 Awarded Shares, which have been held by the Trustee on behalf of the Selected Participants, at nil consideration to the Share Award Grantees. The grant of Awarded Shares has been effective from 1 January 2021. The Share Award Grantees include (1) Mr. Wu Jie, a former executive Director (awarded 2,000,000 Shares of the Company); (2) Mr. Sun Bo, an executive Director (awarded 2,000,000 Shares of the Company); and (3) employees of the Group (awarded 36,000,000 Shares of the Company). These Awarded Shares were granted as a gift at nil consideration with an exercise period ranging from 1 month to 49 months.
4. On 28 June 2021, Mr. Jiang Xiaohuang completed the second annual share contribution plan and indirectly transferred an aggregate of 20,000,000 Shares of the Company as a gift at nil consideration, as the pool of Shares.
5. On 4 January 2022, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant a total of 16,000,000 Awarded Shares, which have been held by the Trustee on behalf of the Selected Participants, at nil consideration to the Share Award Grantees. The grant of Awarded Shares has been effective from 5 January 2022. The Share Award Grantees are employees (excluding the Directors) of the Group. These Awarded Shares were granted as a gift at nil consideration with an exercise period ranging from 1 month to 37 months.
6. On 22 July 2022, Mr. Jiang Xiaohuang completed the third annual share contribution plan and indirectly transferred an aggregate of 20,000,000 Shares of the Company at nil consideration as the pool of Shares. By that time, the three-year gift plan of Mr. Jiang Xiaohuang has been completed.

7. On 2 and 5 January 2023, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant 2,152,000 and 6,461,600 Awarded Shares respectively, which have been held by the Trustee on behalf of the Selected Participants, at nil consideration to the Share Award Grantees. The grant of Awarded Shares has been effective from 2 and 5 January 2023 respectively. The Share Award Grantees are employees (excluding the Directors) of the Group. These Awarded Shares were granted as a gift at nil consideration with an exercise period ranging from 1 month to 37 months.
8. On 2 September 2024, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant 1,600,000 Awarded Shares, which have been held by the Trustee on behalf of the Selected Participants, at nil consideration to the Share Award Grantees. The grant of Awarded Shares has been effective from 2 September 2024. The Share Award Grantees are employees (excluding the Directors) of the Group. These Awarded Shares were granted as a gift at nil consideration with an exercise period ranging from the date of grant to 11 months.
9. On 31 December 2024, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant 18,857,000 Awarded Shares, which have been held by the Trustee on behalf of the Selected Participants, at nil consideration to the Share Award Grantees. The grant of Awarded Shares has been effective from 31 December 2024. The Share Award Grantees are employees (excluding the Directors) of the Group. These Awarded Shares were granted as a gift at nil consideration with an exercise period ranging from the date of grant to 37 months.
10. As of 31 December 2024, a total of 90,010,000 shares of the Company are purchased as the pool of Shares under the Share Award Scheme.

The number of Shares available for grant under the Share Award Scheme as at 1 January 2024 and 31 December 2024 was 100,763,000 and 107,506,000, representing approximately 4.6% and approximately 4.9% of the total number of Shares in issue as at 1 January 2024 and 31 December 2024, respectively.

Set out below are the details of the number of Awarded Shares granted and movements under the Share Award Scheme for the year ended 31 December 2024:

Name or category of the participant	Date of grant	Vesting period	Purchase price	Number of Awarded Shares					
				Unvested as at 1 January 2024	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	Unvested as at 31 December 2024
Directors									
	1 January 2021	1 January 2021 to 31 January 2024	nil ⁽⁶⁾	400,000	-	-	(400,000)	-	-
Mr. Sun Bo		1 January 2021 to 31 January 2025	nil ⁽⁶⁾	200,000	-	-	-	-	200,000
Five highest paid individuals (excluding directors) during the Reporting Period in aggregate									
In aggregate	1 January 2021	1 January 2021 to 31 January 2024	nil ⁽⁶⁾	1,360,000	-	-	(1,360,000)	-	-
		1 January 2021 to 31 January 2025	nil ⁽⁶⁾	760,000	-	-	-	-	760,000
In aggregate	5 January 2022	5 January 2022 to 31 January 2024	nil ⁽⁶⁾	1,760,000	-	-	(1,760,000)	-	-
		5 January 2022 to 31 January 2025	nil ⁽⁶⁾	600,000	-	-	-	-	600,000
In aggregate	2 September 2024	2 September 2024 to 30 September 2024	nil ⁽⁶⁾	-	300,000 ⁽¹⁾	(300,000) ⁽⁴⁾	-	-	-
		2 September 2024 to 31 July 2025	nil ⁽⁶⁾	-	300,000 ⁽¹⁾	-	-	-	300,000
In aggregate	31 December 2024	31 December 2024 to 31 January 2025	nil ⁽⁶⁾	-	600,000 ⁽²⁾	-	-	-	600,000
		31 December 2024 to 31 January 2026	nil ⁽⁶⁾	-	900,000 ⁽²⁾	-	-	-	900,000
		31 December 2024 to 31 January 2027	nil ⁽⁶⁾	-	1,100,000 ⁽²⁾	-	-	-	1,100,000
Employee Participants									
In aggregate	1 January 2021	1 January 2021 to 31 January 2024	nil ⁽⁶⁾	5,057,600	-	(3,337,600) ⁽³⁾	(1,720,000)	-	-
		1 January 2021 to 31 January 2025	nil ⁽⁶⁾	3,278,800	-	-	-	-	3,278,800
In aggregate	5 January 2022	5 January 2022 to 31 January 2024	nil ⁽⁶⁾	1,200,000	-	-	(1,200,000)	-	-
		5 January 2022 to 31 January 2025	nil ⁽⁶⁾	1,000,000	-	-	-	-	1,000,000
In aggregate	2 January 2023	2 January 2023 to 31 January 2024	nil ⁽⁶⁾	300,000	-	(100,000) ⁽³⁾	(200,000)	-	-
		2 January 2023 to 31 January 2025	nil ⁽⁶⁾	400,000	-	-	(100,000)	-	300,000
		2 January 2023 to 31 January 2026	nil ⁽⁶⁾	300,000	-	-	(300,000)	-	-
In aggregate	2 September 2024	2 September 2024 to 30 September 2024	nil ⁽⁶⁾	-	450,000 ⁽¹⁾	(450,000) ⁽⁴⁾	-	-	-
		2 September 2024 to 31 July 2025	nil ⁽⁶⁾	-	550,000 ⁽¹⁾	-	-	-	550,000
In aggregate	31 December 2024	31 December 2024 to 31 December 2024	nil ⁽⁶⁾	-	9,867,000 ⁽³⁾	(9,867,000) ⁽⁵⁾	-	-	-
		31 December 2024 to 31 January 2025	nil ⁽⁶⁾	-	200,000 ⁽³⁾	-	-	-	200,000
		31 December 2024 to 31 January 2026	nil ⁽⁶⁾	-	3,050,000 ⁽³⁾	-	-	-	3,050,000
		31 December 2024 to 31 January 2027	nil ⁽⁶⁾	-	2,840,000 ⁽³⁾	-	-	-	2,840,000
		31 December 2024 to 31 January 2028	nil ⁽⁶⁾	-	300,000 ⁽³⁾	-	-	-	300,000
Total				<u>16,616,400</u>	<u>20,457,000</u>	<u>(14,054,600)</u>	<u>(7,040,000)</u>	<u>-</u>	<u>15,978,800</u>

Note:

- (1) The Awarded Shares are subject to certain performance targets with reference to the annual results of the Company and the selected employees' individual key performance indicators for the financial year preceding the respective vesting date. The closing price of the Shares on the trading day (i.e. 30 August 2024) immediately before the date (2 September 2024) on which the Awarded Shares were granted during the year was HK\$0.495.
- (2) The Awarded Shares are subject to certain performance targets with reference to the annual results of the Company and the selected employees' individual key performance indicators for the financial year preceding the respective vesting date. The closing price of the Shares on the trading day (i.e. 30 December 2024) immediately before the date (31 December 2024) on which the Awarded Shares were granted during the year was HK\$0.58.
- (3) These Shares were all vested on the same date and the closing price of the Shares on the trading day (i.e. 30 January 2024) immediately before the date (31 January 2024) on which the Awarded Shares were vested during the Reporting Period was HK\$1.15.
- (4) These Shares were all vested on the same date and the closing price of the Shares on the trading day (i.e. 30 August 2024) immediately before the date (2 September 2024) on which the Awarded Shares were vested during the Reporting Period was HK\$0.495.
- (5) These Shares were all vested on the same date and the closing price of the Shares on the trading day (i.e. 30 December 2024) immediately before the date (31 December 2024) on which the Awarded Shares were vested during the Reporting Period was HK\$0.58.
- (6) As all the aforementioned Awarded Shares are donated by Mr. Jiang Xiaohuang, the Board has decided to grant the aforementioned Awarded Shares to the Eligible Participants at nil consideration.
- (7) There is no participant with Awarded Shares granted and to be granted in excess of the 1% individual limit, nor related entity participant or service provider with Awarded Shares granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue.
- (8) Due to inconsistencies between the directors and the five highest paid individuals for the year ended 31 December 2024 and the year ended 31 December 2023, the breakdown of "Unvested as at 1 January 2024" in this announcement is inconsistent with that in 2023 annual report, but the sum of the two is consistent.

The fair value per Awarded Share granted on 2 September 2024 and 31 December 2024 was HKD0.495 and HKD0.56, which was measured based on the market price of the Company's Shares at the respective grant dates. No expected dividends were incorporated into the measurement of fair value. Information on the fair value is provided in Part (f) of note 26 to the consolidated financial report in this announcement.

Compliance with the CG Code

The Company has adopted the code provisions as set out in the CG Code as its corporate governance framework. For the year ended 31 December 2024, the Company has complied with the code provisions set out in the CG Code except for the deviation from code provision C.2.1 as disclosed below.

Pursuant to the code provision C.2.1 of the CG Code, the roles of Chairman and CEO should be separated and should not be performed by the same individual.

Mr. Jiang Xiaohuang is the chairman of the Board and CEO of the Company currently. Due to Mr. Jiang's background, qualifications and experiences in the Company, he is considered to be the best candidate for both roles at present. The Board considers that Mr. Jiang's dual role at this stage is conducive to maintaining the continuity of the Company's policies and the operation efficiency and stability of the Company, which is appropriate and in the best interest of the Company and the Shareholders.

Besides, all major decisions of the Company have been made in appropriate consultation with members of the Board and appropriate committees, as well as the Senior Management. In addition, Directors are encouraged to participate actively in all meetings of the Board and of such Board committees of which they are members, and the Chairman ensures that all issues raised are properly briefed at the Board meetings, and he works with the Senior Management to provide adequate, accurate, clear, complete and reliable information to all members of the Board in a timely manner. Further, the Board meets with Mr. Jiang regularly to discuss issues relating to the operation of the Group.

The Board is therefore of the view that there is an adequate balance of power and that appropriate safeguards are in place. Mr. Jiang holding both positions of the chairman of the Board and CEO of the Company will not have any impact on the balance between power and authority of the Board and the Senior Management of the Company. However, the Board will continue to regularly monitor and review the Company's current structure and to make necessary changes when appropriate.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its code for Directors to conduct securities transactions. The Company has made specified enquiry with all the Directors, who have confirmed that, they have complied with the required standards set out in the Model Code during the year ended 31 December 2024.

The Company has also established employee stock trading regulations on terms no less exacting than the Model Code for employees who are likely to be in possession of unpublished price-sensitive data of the Company. No incident of non-compliance of the employee stock trading regulations by the employees was noted by the Company.

Fiscal Policies

The Group has adopted centralized financing and fiscal policies to strengthen control over bank deposits and ensure the safe and efficient operation of the Group's funds. The Group's surplus cash is generally investments in deposit products in RMB, U.S. dollars or HK dollars and low to medium- risk financial products.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, as at the date of this announcement, at least 25% of the Company's total number of issued Shares were held by the public at all time since Listing Date.

Audit Committee

The Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee comprises three members, namely, Mr. Zhu Wei, Ms. Tang Haiyan and Mr. Zhang Jinsong, all being independent non-executive Directors of the Company. Mr. Zhu Wei is the chairman of the Audit Committee, who possesses suitable professional qualifications.

The Audit Committee has reviewed the Company's audited consolidated results for the year ended 31 December 2024 and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

Scope of Work of the Company's Auditor

The financial figures in respect of the Group's consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this results announcement have been compared by the Group's Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024 and the amounts were found to be in agreement. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor.

Publication of the Annual Results and Annual Report

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.friendtimes.net). The 2024 annual report of the Group will be despatched to the Shareholders who have requested for corporate communications in printed copy and published on the aforementioned websites in due course in accordance with Rule 13.40 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Adoption Date”	14 September 2020, being the date on which the Board adopted the Share Award Scheme
“AGM”	the forthcoming annual general meeting of the Company to be held on 22 May 2025
“AI”	artificial intelligence
“APP”	a third-party application for smartphones
“App Store”	an online app distribution platform created by Apple Inc. for hardware running the iOS operating system
“Audit Committee”	the Company’s audit committee which was established in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting system, risk management and internal control
“Auditor”	KPMG, Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
“Award”	an award by the Board to a Selected Participant entitling the Selected Participant to receive such number of Awarded Shares and the related income on such terms and conditions as the Board may determine
“Awarded Shares”	in respect of a Selected Participant, such number of Shares determined by the Board under an Award

“Board” or “Board of Directors”	board of directors of the Company
“CEO”	chief executive officer
“CG Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	chairman of the Board
“China” or “PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only, unless otherwise stated, excludes the special administrative regions of Hong Kong and Macau, and Taiwan
“Company” or “our Company” or “the Company”	FriendTimes Inc., an exempted company incorporated in the Cayman Islands on 16 November 2018 with limited liability and listed on the Stock Exchange on 8 October 2019 (Stock code: 6820)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in the context of this announcement, refers to the controlling shareholders of our Company, being Mr. Jiang, Gorgeous Sunshine, Eternal Heart, Ling Long, Future Wisdom, Warm Sunshine, Agile Eagle, Purple Dream, Purple Crystal (as defined respectively in the Prospectus)
“Director(s)”	director(s) of the Company
“Eligible Participant”	any senior and mid-level management, core technical personnel and key employees who, at the absolute discretion of the Board, will contribute or have contributed to any member of the Group
“FVPL”	fair value through profit or loss
“Group”, “our Group”, “the Group”, “we”, “us”, “our”, or “FriendTimes”	the Company and its subsidiaries, or where the context refers to any time prior to the Company becoming the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
“HKFRS”	Hong Kong Financial Reporting Standards

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“H5” or “Mini Games”	new game products in form of a mini program, conveniently providing click-to-play experiences without downloading
“IP”	intellectual property
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	8 October 2019, the date on which the Shares of the Company were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macau”	the Macau Special Administrative Region of the PRC
“Ministry of Culture and Tourism”	Ministry of Culture and Tourism of the People’s Republic of China
“Model Code”	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix C3 to the Listing Rules
“NPC”	Non-Player Character, the game characters in electronic games that are not controlled by players
“Prospectus”	the prospectus of the Company dated 24 September 2019
“Reporting Period”	1 January 2024 to 31 December 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Rules”	the rules of the Share Award Scheme, as amended from time to time
“Selected Participant”	Eligible Participant(s) selected by the Board pursuant to the Scheme Rules who holds a subsisting Award

“Senior Management”	senior management of the Company
“Share(s)”	ordinary share(s) in the issued capital of the Company with nominal value of US\$0.00001 each
“Shareholder(s)”	holder(s) of the Shares
“Share Award Scheme”	the share award scheme adopted by the Company on the Adoption Date (in its present or any amended form)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	the company(ies) which are for the time being and from time to time the subsidiary(ies) (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Listing Rules) of the Company, whether incorporated in Hong Kong, the British Virgin Islands, the PRC or elsewhere
“Taiwan”	Taiwan Province of the PRC
“TapTap”	a game platform developed and operated by TapTap Network (易玩網絡) (official website address: www.taptap.com), which creates a mobile game sharing community and a third-party game download platform that closely connects gamers, developers, and operators. Users can download games, evaluate them, and share gaming experiences with other players on this platform
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	a trust deed entered into by and among the Company, the Trustee and its nominee (as restated, supplemented and amended from time to time)
“Trustee”	the trustee which has been appointed by the Company to manage the Share Award Scheme
“%”	per cent

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the management members and staff of the Group for their hard work in the past year. I would also like to give my sincere gratitude to our Shareholders, partners and stakeholders for their continued support, and hope to receive their continued support in the future.

By Order of the Board
FriendTimes Inc.
Jiang Xiaohuang
Chairman and Executive Director

Hong Kong, 24 March 2025

As at the date of this announcement, the board of directors comprises Mr. Jiang Xiaohuang, Mr. Xu Lin and Mr. Sun Bo as executive Directors; and Mr. Zhu Wei, Ms. Tang Haiyan and Mr. Zhang Jinsong as independent non-executive Directors.