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## Feiyu Technology International Company Ltd.

飛魚科技國際有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1022)**

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The Board is pleased to announce the consolidated annual results of the Group for the year ended 31 December 2024, together with the comparative information for the year ended 31 December 2023.

#### FINANCIAL PERFORMANCE HIGHLIGHTS

	For the year ended 31 December		Change %
	2024 (RMB'000) (audited)	2023 (RMB'000) (audited)	
Revenue	<b>276,748</b>	226,189	22.4
Gross profit	<b>237,193</b>	194,467	22.0
(Loss)/Profit before tax	<b>(44,473)</b>	52,560	N/A
(Loss)/Profit after tax	<b>(46,146)</b>	52,180	N/A
(Loss)/Profit for the year attributable to owners of the parent	<b>(44,394)</b>	52,013	N/A

#### (LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic

For (loss)/profit for the year

RMB(0.03)

RMB0.03

Diluted

For (loss)/profit for the year

RMB(0.03)

RMB0.03

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

In 2024, China's online game industry continued to recover with regulatory environment stabilising. According to the China Game Industry Report for 2024 (《2024年中國遊戲產業報告》), domestic market recorded revenue growth of 7.5% year-on-year to a record high of RMB325.8 billion. Among all game categories, HTML5 games stood out achieving nearly 100% year-on-year revenue growth to RMB39.8 billion. However, challenges persisted as market competition further intensified and consumer confidence showed signs of weakening, underscoring the need for capability of crafting high-quality games and adaptability in the evolving landscape.

Amid the evolving market dynamics, the Company has remained committed to delivering superior games with engaging experiences and long lifecycles, leveraging our in-house developed library of intellectual properties (“IP”). Additionally, the Company has strategically capitalised on the growing opportunities within the HTML5 games segment, which has demonstrated remarkable growth potential. In 2024, the Company successfully launched three new games, predominantly HTML5 titles, among which the game *Yi Bu Liang Bu* (一步兩步) has gained significant traction and rising to the 8th position on the Weixin mini-game best-selling list in Jan 2025. Its unique design and enjoyable gameplay have resonated strongly with players, driving notable momentum and reinforcing the Company's reputation for innovation and quality in a competitive landscape.

Predominantly driven by early success of the new game *Yi Bu Liang Bu* (一步兩步), the Company achieved a 22.4% year-on-year growth in total revenue amounting to RMB276.7 million. *Yi Bu Liang Bu* (一步兩步) made significant contributions across both game operations and advertising revenue, underscoring its strong market reception. However, loss attributable to owners of the parent was RMB44.4 million, primarily due to increased selling and distribution expenses, which were largely associated with the promotional efforts for *Yi Bu Liang Bu* (一步兩步). Despite the short-term pressure on profitability due to the lagging effect of payback period following promotion, *Yi Bu Liang Bu* (一步兩步) is expected to deliver strong returns, and is expected to support sustained growth and strengthen the Company's market position in the year ahead.

In addition to the new games, maintaining the long-term operations of existing games has always been a core strength of the Company. During the year, our signature titles, including *Shen Xian Dao* (神仙道), *San Guo Zhi Ren* (三國之刃), and the *Carrot Fantasy* (保衛蘿蔔) series, continued to deliver relatively stable cash flows, despite some having been in operation for over 10 years. Notably, *Carrot Fantasy 4* (保衛蘿蔔4), which was launched in 2022, achieved a 22.2% growth in advertising revenue compared to 2023, highlighting the game's enduring popularity among users and its sustained appeal to advertisers. This performance underscores the Company's ability to nurture and sustain its established IPs, ensuring their relevance and profitability in a highly competitive market.

Leveraging the success of our hit titles and their unique designs that enjoy great popularity among players, we continued to expand the *Carrot Fantasy* (保衛蘿蔔) series' IP into non-gaming applications. The *Carrot Fantasy* (保衛蘿蔔) ABO Programme, which introduces the exquisitely crafted figurines based on the game series' main character, Carrot Abo, made significant strides in 2024, adding 6 new series of products, bringing the total number of product series to 13 by the end of the year. Additionally, the Golden Carrot Initiative released a limited-edition series of Golden *Carrot Fantasy* (保衛蘿蔔) collectible figurines during the year. The batch was sold out within 5 minutes of its release, setting a new record for the fastest sell-out of *Carrot Fantasy* (保衛蘿蔔) merchandise.

On *Carrot Fantasy* (保衛蘿蔔) IP-licensed products, the Company launched a total of 48 small merchandise items, primarily focusing on lifestyle products and workspace accessories. Several of these items have undergone multiple restocks to meet the enthusiastic demand from fans. The Company also invested in live streaming and offline exhibitions to enhance the interaction between Carrot Abo and its fanbase. These initiatives have further strengthened the emotional connection between the IP and its audience, while boosting the commercial success of the merchandise line. The continued development of the *Carrot Fantasy* (保衛蘿蔔) IP not only demonstrates the enduring appeal of the IP but also highlights the Company's ability to innovate and create value beyond online games, further solidifying our brand's influence and market presence.

### **Principal risks relating to the Company's business**

There are certain risks involved in the Company's operations and prospects, and future financial results could be materially and adversely affected by these risks. The following highlights the principal risks exposed to the Group and is not meant to be exhaustive:

- China has strict regulations and policies governing the online game industry and related businesses, and the online game industry is subject to the supervision of various authorities. Any failure of the Company to consistently obtain its license from the authorities may have an adverse impact on its business operations;
- The Company processes, stores and uses personal information and other data, and is therefore subject to governmental regulation and other legal obligations related to privacy, and the Company's actual or perceived failure to comply with such obligations could harm its business;
- Any defects, disruptions or other problems affecting the functioning of the Company's network infrastructure or information technology systems could materially and adversely affect its business;
- Delays in game launches could negatively affect the Company's operations and prospects;

- The Company's business could suffer if the Company does not successfully manage its current and future growth, which involves optimising its game portfolio, building its workforce and balancing its growth;
- The mobile game and web game industries are highly competitive. If the Company is unable to compete effectively, its business, financial condition, results of operations and prospects will be materially and adversely affected;
- The Company depends on key personnel, and its business and growth prospects may be severely disrupted if it loses their services or is unable to attract new key employees;
- The Company may not be able to continuously enhance its existing games and player experience and launch high-quality new games and services, which will materially and adversely affect its ability to continue to revenue and profitability. Due to the life cycle of games, changes in player preferences may cause uncertainties around the Company's ability to retain existing players and attract new players; and
- The Company utilises major social networking websites, online application stores and third-party payment vendors to generate a substantial portion of revenues and if the Company is unable to maintain a good relationship with these distribution and payment channels or if the use of these distribution or payment channels is adversely affected by any factor such as new measures imposed or intervention by any regulators or third parties, the business and results of operations of the Company will be adversely affected.

To mitigate the identified risks, the Company regularly monitors the risks, and reviews its business strategies and financial results. The Company has implemented the following strategies to ensure the risks are being managed:

- The Company sets up a professional team and engages external professional consultants to actively exchange views and information in relation to new policies and amendments to current policies of the game industry with relevant regulatory authorities, and takes appropriate actions to respond to the changes and ensure the Company is in compliance with the latest applicable laws and regulations;
- In order to safeguard the physical and mental health of our game players, the Company has established a game content review group to ensure the Company's game content is in strict compliance with relevant laws and regulations and does not contain inappropriate violence, gambling or nudity;
- The Company takes technical and other measures, such as encryption and access restrictions, and seeks advice from independent specialists over its data protection practices to prevent the collected personal information from any unauthorised disclosure, damage or loss;
- The Company continues to make significant investments in its technology infrastructure to maintain and improve all aspects of player experience and game performance;

- The Company adopts an OKR (Objectives and Key Results) goal system and uses third-party project management tools to closely monitors the progress of its pipeline games;
- The Company maintains and expands the game distribution platforms to deepen penetration in existing markets and expand into new markets within and outside of the PRC;
- The Company continues to manage and optimise its current game portfolio, as well as constantly enhance or upgrade its existing games, offer new and high-quality games to attract and retain players to increase player activity level and monetisation; and
- The Company attracts and retains talent, continues to manage, train, expand and motivate our workforce as well as maintains a positive corporate culture, to maintain the competitiveness of its R&D teams and operation teams.

## Outlook for 2025

As we enter 2025, we anticipate that the operating environment for China’s online game industry will remain challenging, characterised by intense competition, rising customer acquisition costs, and weakened consumer confidence. However, these challenges are accompanied by significant opportunities. The HTML5 game segment, in particular, continues to demonstrate strong growth potential due to its better accessibility compared to other game types. We believe that high-quality games will be increasingly rewarded in this competitive landscape. Additionally, the regulatory climate is becoming more favourable, encouraging the development of games that incorporate strong elements of Chinese culture. By leveraging our expertise in creating engaging, culturally rich gaming experiences and capitalising on emerging trends, we are well-positioned to navigate the evolving market dynamics and deliver sustained value to our players and stakeholders.

The Company will continue to develop new games across a variety of platforms, including HTML5, mobile apps, and consoles. In addition to a number of new HTML5 titles scheduled for launch in 2025, we will continue to invest in *Yi Bu Liang Bu* (一步兩步) building on the momentum it has gained since launch. Our HTML5 game publishing is mainly conducted in-house, which enhances communication and collaboration with our R&D teams. This integrated approach allows us to swiftly incorporate user feedback into game development, ensuring our new products closely align with player preferences and latest market trends. Additionally, *Neon Abyss 2* (霓虹深淵2), a console game following the success of its predecessor *Neon Abyss* (霓虹深淵) launched in 2020, is slated for release in 2025. This action-packed roguelike game, set in a cyber-mythological universe, offers players a thrilling and dynamic experience through its diverse combat mechanics and the unique feature of infinite item stacking.

At the same time, we will remain committed to the long-term operation of our existing hit titles, such as *Shen Xian Dao* (神仙道) and the *Carrot Fantasy* (保衛蘿蔔) series, which continue to deliver stable revenue and maintain strong player engagement. Looking ahead, we will also explore opportunities in overseas markets, aiming to introduce our games to a broader global audience and diversify our revenue streams.

From the *Carrot Fantasy* (保衛蘿蔔) IP licensing perspective, we will continue to develop the ABO Programme, introducing new models of the figurines that emphasise scarcity and collection value, further enhancing their appeal to collectors and fans. For IP-licensed products, we plan to further diversify merchandise categories and intensify promotional efforts to drive sales growth and strengthen brand recognition. Additionally, we aim to increase the physical presence of our *Carrot Fantasy* (保衛蘿蔔) IP through various offline channels, such as exhibitions, pop-up events, and cultural salons, to reach a broader and more diverse audience. These initiatives will not only deepen engagement with existing fans but also attract new customers.

#### **Event after the year ended 31 December 2024**

There was no material subsequent event during the period from 1 January 2025 to the date of this announcement.

#### **Final Dividend**

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

## FINANCIAL REVIEW

### Operating Information

#### *The Company's Games*

In 2024, the Company remained committed to the long-term operation of its esteemed IP portfolio, which includes *Carrot Fantasy* (保衛蘿蔔) and *Shen Xian Dao* (神仙道), laying a sturdy groundwork for potential sequels. We focus on understanding the ever-evolving needs of our users to ensure that our products continue to meet their expectations and create engaging gaming experience consistently. In addition, we have been investing in the R&D and distribution of HTML5 games, aiming to capitalise on the opportunities arising from this segment. On 1 August 2024, the Company officially launched an HTML5 game named *Yi Bu Liang Bu* (一步兩步) which received positive responses from users and successfully rose to the 8th position on the Weixin mini game best-selling list in January 2025. The Company also launched a Virtual Reality game named *Let's Plane* in July 2024 and an HTML5 game named *Piggy Survivor* (野人快跑) in December 2024.

The table below presents a breakdown of revenue from game operations in absolute amounts and as a percentage of total revenue, respectively:

	For the year ended 31 December			
	2024		2023	
	(RMB'000)	(% of Total Revenue)	(RMB'000)	(% of Total Revenue)
Game Operation				
Web games	10,196	3.7	12,094	5.4
Mobile games				
RPGs	57,944	21.0	60,770	26.9
Casual	76,924	27.8	98,058	43.3
PC games	2,257	0.8	2,170	0.9
HTML5 games	89,974	32.5	258	0.1
Console games	1,516	0.5	1,324	0.6
<b>Total</b>	<b>238,811</b>	<b>86.3</b>	<b>174,674</b>	<b>77.2</b>

Revenue contributed by game operations was approximately RMB238.8 million for the year ended 31 December 2024, representing an increase of approximately 36.7% from approximately RMB174.7 million for the year ended 31 December 2023. The increase was primarily due to the launch of *Yi Bu Liang Bu* (一步兩步) on 1 August 2024, which had been well received by the users. The increase was partially offset by the decline in revenue generated by *Carrot Fantasy 4* (保衛蘿蔔4), as we have been focusing on long-term operation of the game instead of instant monetisation.

## *The Company's Players*

The Company assesses its operating performance using a set of key performance indicators, which include MAUs, MPUs and ARPPU. Fluctuations in operating data were primarily a result of changes in the number of players who played, downloaded (in the case of mobile games and PC games) and paid for virtual items and premium features in the games. Using these key performance indicators helps the Company monitor its ability to offer engaging online games, the popularity of its games, the monetisation potential of its player base and the degree of competition in the online game industry, and as a result, it allows the Company to continuously improve its business strategies.

As at 31 December 2024, the Company's (i) RPG mobile games and web games had approximately 235.7 million cumulative registered users, composed of approximately 173.4 million web game users and approximately 62.3 million mobile game users; (ii) casual games had approximately 737.4 million cumulative activated downloads; (iii) HTML5 games had approximately 43.8 million cumulative registered users; (iv) PC games had approximately 2.3 million cumulative copies sold; and (v) console games had approximately 593,000 cumulative copies sold. For the month of December 2024, the Company's (i) RPG mobile games and web games had approximately 0.2 million MAUs in total, composed of approximately 0.1 million mobile game MAUs and approximately 0.1 million web game MAUs respectively; and (ii) casual games had approximately 4.3 million MAUs; (iii) HTML5 games had approximately 2.3 million MAUs.

The following table sets forth certain operating statistics related to the Company's business for the years indicated:

	<b>For the year ended</b>		
	<b>31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>Change %</b>
<b>Average MPUs</b>			
Web games (RPGs) (000's)	<b>5</b>	<b>6</b>	(16.7)
Mobile games (RPGs) (000's)	<b>49</b>	<b>94</b>	(47.9)
Casual (000's)	<b>155</b>	<b>316</b>	(50.9)
HTML5 (000's)	<b>69</b>	<b>–</b>	N/A
<b>ARPPU</b>			
Web games (RPGs) (RMB)	<b>181.0</b>	<b>181.4</b>	(0.2)
Mobile games (RPGs) (RMB)	<b>98.1</b>	<b>53.7</b>	82.7
Casual (RMB)	<b>41.3</b>	<b>25.9</b>	59.5
HTML5 (RMB)	<b>109.2</b>	<b>–</b>	N/A

*Note:* Duplicated paying users of games published on the Company's own platforms were not eliminated during calculation.

MPUs for web games averaged approximately 5,000 for the year ended 31 December 2024 as compared to approximately 6,000 for the year ended 31 December 2023, primarily due to our web games reached the later stage of their expected lifecycles. Average MPUs for mobile RPG games decreased by 47.9% from approximately 94,000 for the year ended 31 December 2023 to approximately 49,000 for the year ended 31 December 2024, primarily due to the debut of *Shen Xian Dao 3* (神仙道3) in 2023, which had higher number of MPUs in the early stage of its expected lifecycle. Average MPUs for casual games decreased by 50.9% from approximately 316,000 for the year ended 31 December 2023 to approximately 155,000 for the year ended 31 December 2024, primarily attributable to our strategy of maintaining long-term operation of the *Carrot Fantasy 4* (保衛蘿蔔4) instead of instant monetisation. Average MPUs for HTML5 games was approximately 69,000 for the year ended 31 December 2024 primarily driven by the newly launched *Yi Bu Liang Bu* (一步兩步) in the second half of 2024.

ARPPU for web games was approximately RMB181.0 for the year ended 31 December 2024, which remained steady as compared with the year ended 31 December 2023. ARPPU for RPG mobile games increased from approximately RMB53.7 for the year ended 31 December 2023 to approximately RMB98.1 for the year ended 31 December 2024, primarily due to the launch of *Shen Xian Dao 3* (神仙道3) in 2023, which had lower ARPPU when it was newly introduced. ARPPU for casual games increased by 59.5% from approximately RMB25.9 for the year ended 31 December 2023 to approximately RMB41.3 for the year ended 31 December 2024, primarily due to the increase in ARPPU for the *Carrot Fantasy* (保衛蘿蔔) game series, which was updated frequently with new features, resulting in users being more willing to make in-game purchases. ARPPU for HTML5 games was approximately RMB109.2 as the Company launched *Yi Bu Liang Bu* (一步兩步) in the second half of 2024.

As part of its business strategy, the Company continued to launch various in-game promotions and activities, release regular updates for premium games, and offer high-quality customer service, in order to enhance gaming experience and maintain user interest. The Company believes that these initiatives are vital for retaining active players and expanding the active player base of the Group.

**The year ended 31 December 2024 compared with the year ended 31 December 2023**

The following table sets forth the Group's income statement for the year ended 31 December 2024 as compared with the year ended 31 December 2023.

	<b>For the year ended</b>		<b>Change %</b>
	<b>31 December</b>		
	<b>2024</b>	2023	
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	
	<b>(audited)</b>	<b>(audited)</b>	
<b>Revenue</b>	<b>276,748</b>	226,189	22.4
Cost of sales	<u><b>(39,555)</b></u>	<u>(31,722)</u>	24.7
<b>Gross profit</b>	<b>237,193</b>	194,467	22.0
Other income and gains	<b>15,406</b>	22,310	(30.9)
Selling and distribution expenses	<b>(160,356)</b>	(37,494)	327.7
Administrative expenses	<b>(50,529)</b>	(54,576)	(7.4)
Research and development costs	<b>(68,265)</b>	(64,092)	6.5
Finance costs	<b>(4,130)</b>	(3,685)	12.1
Other expenses	<b>(15,242)</b>	(3,970)	283.9
Share of profits and losses of associates	<u><b>1,450</b></u>	<u>(400)</u>	N/A
<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>(44,473)</b>	52,560	N/A
Income tax expense	<u><b>(1,673)</b></u>	<u>(380)</u>	340.3
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<u><b>(46,146)</b></u>	<u>52,180</u>	N/A
Attributable to:			
Owners of the parent	<b>(44,394)</b>	52,013	N/A
Non-controlling interests	<u><b>(1,752)</b></u>	<u>167</u>	N/A

## Revenue

The following table sets forth a breakdown of the Group's revenue for the years ended 31 December 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	(RMB'000)	(% of Total)	(RMB'000)	(% of Total)
	(audited)	Revenue)	(audited)	Revenue)
Game Operations	238,811	86.3	174,674	77.2
Advertising revenue	24,386	8.8	18,711	8.3
Licensing and IP – related income	13,240	4.8	28,010	12.4
Online game distribution	298	0.1	2,672	1.2
Technical service income	13	–	257	0.1
Game development service income	–	–	1,865	0.8
Total	<b>276,748</b>	<b>100.0</b>	<b>226,189</b>	<b>100.0</b>

Total revenue increased by 22.4% to approximately RMB276.7 million for the year ended 31 December 2024 from approximately RMB226.2 million for the year ended 31 December 2023.

Revenue from game operations was approximately RMB238.8 million for the year ended 31 December 2024, representing an increase of approximately 36.7%, compared with approximately RMB174.7 million for the year ended 31 December 2023. The increase was primarily due to the launch of *Yi Bu Liang Bu* (一步兩步) on 1 August 2024, which had been well received by the users. The increase was partially offset by the decline in revenue generated by *Carrot Fantasy 4* (保衛蘿蔔4), as we have been focusing on long-term operation of the game instead of instant monetization.

Advertising revenue increased by approximately 30.3% from approximately RMB18.7 million for the year ended 31 December 2023 to approximately RMB24.4 million for the year ended 31 December 2024. The increase was primarily due to the launch of *Yi Bu Liang Bu* (一步兩步) on 1 August 2024 which contributed advertising revenue of approximately RMB4.6 million. The increase was also driven by the advertising revenue generated by other HTML5 games during their testing period.

Licensing and IP-related income decreased by approximately 52.7% from approximately RMB28.0 million for the year ended 31 December 2023 to approximately RMB13.2 million for the year ended 31 December 2024. The decrease was primarily attributable to the recognition of a one-off licensing fee for *Shen Xian Dao 3* (神仙道3) which was initially operated by third-party agency but transferred to the Company for our self-operation at the end of 2023. The termination of the licensing agreement resulted in the recognition of a one-off licensing fee of RMB20.3 million in 2023 while there was no such licensing fee recognised in 2024.

Revenue from online game distribution decreased by approximately 88.8% to approximately RMB0.3 million for the year ended 31 December 2024 from approximately RMB2.7 million for the year ended 31 December 2023. The decrease was mainly because the Company launched a mobile game named *Qing Kong Shuang Zi* (晴空雙子) which was developed by a third-party game developer in 2023 while the game was transferred to the game developer for its self-operation at the beginning of 2024.

Game development service income for the year ended 31 December 2023 represented the service income for the completion of a commissioned game development in early 2023 and there was no such commissioned game development in 2024.

### **Cost of sales**

Cost of sales increased by 24.7% to approximately RMB39.6 million for the year ended 31 December 2024 from approximately RMB31.7 million for the year ended 31 December 2023. The increase was mainly attributable to the increased staff cost from approximately RMB22.3 million for the year ended 31 December 2023 to approximately RMB29.0 million for the year ended 31 December 2024 as a result of the Company's preparation for the launch of new HTML5 games.

### **Gross profit and gross profit margin**

Gross profit increased by 22.0% to approximately RMB237.2 million for the year ended 31 December 2024 from approximately RMB194.5 million for the year ended 31 December 2023. Gross profit margin for the year ended 31 December 2024 was 85.7%, which remained steady as compared with 86.0% for the year ended 31 December 2023.

### **Other income and gains**

Other income and gains decreased by approximately 30.9% from approximately RMB22.3 million for the year ended 31 December 2023, to approximately RMB15.4 million for the year ended 31 December 2024. The decrease was primarily attributable to the lower investment income of approximately RMB1.2 million for the year ended 31 December 2024, as compared to approximately RMB7.2 million for the year ended 31 December 2023, which was primarily driven by the fair value changes in the Company's financial assets at fair value through profit or loss.

## **Selling and distribution expenses**

Selling and distribution expenses increased by approximately 327.7% from approximately RMB37.5 million for the year ended 31 December 2023, to approximately RMB160.4 million for the year ended 31 December 2024. The increase was mainly attributable to the increase in promotional and advertising expenses from approximately RMB9.7 million for the year ended 31 December 2023 to approximately RMB112.1 million for the year ended 31 December 2024, primarily due to the promotional activities for *Yi Bu Liang Bu* (一步兩步) which was launched on 1 August 2024. The increase was also due to the promotional activities and related expenses for *Shen Xian Dao 3* (神仙道3) undertaken by the Company after the game was transferred to our in-house operation from a third party agency at the end of 2023. The increase in selling and distribution expenses was also due to the increase in channel fees from approximately RMB22.9 million for the year ended 31 December 2023 to approximately RMB43.4 million for the year ended 31 December 2024. Such increase was mainly due to the launch of *Yi Bu Liang Bu* (一步兩步) on Weixin Mini Program which we recognised its revenue on a gross basis and its channel technical service fee in selling and distribution expenses.

## **Administrative expenses**

Administrative expenses decreased by approximately 7.4% from approximately RMB54.6 million for the year ended 31 December 2023 to approximately RMB50.5 million for the year ended 31 December 2024. The decrease was mainly attributable to the decrease in staff costs as a result of the Company's efforts to streamline its corporate structure to allocate resources to units generating higher business value.

## **R&D costs**

R&D costs increased by approximately 6.5% from approximately RMB64.1 million for the year ended 31 December 2023 to approximately RMB68.3 million for the year ended 31 December 2024. The increase was primarily attributable to the increase in staff costs from approximately RMB61.2 million for the year ended 31 December 2023 to approximately RMB65.5 million for the year ended 31 December 2024 as a result of the Company's increased investment in personnel for the development of HTML5 games.

## **Finance costs**

Finance costs increased by approximately 12.1% from approximately RMB3.7 million for the year ended 31 December 2023 to approximately RMB4.1 million for the year ended 31 December 2024. The increase was primarily due to the increase in interest expenses resulting from the further utilisation of bank facility in conjunction with the operation of the Company's R&D centre and headquarters building in Xiamen since the second half of 2023.

## **Other expenses**

Other expenses were approximately RMB15.2 million for the year ended 31 December 2024, compared with approximately RMB4.0 million for the year ended 31 December 2023. The increase was primarily due to the recognition of an investment loss of approximately RMB12.1 million for the year ended 31 December 2024 on the Group's investment in an unlisted limited partnership. The change was primarily due to a decrease in fair value of several investments of this unlisted limited partnership which primarily invested in sectors of intelligent system, auto system and information technology. The unlisted limited partnership expects to realise its investments at a later stage in order to capitalise on an improved market environment. The increase in other expenses was partially offset by the fair value changes of the Company's R&D centre and headquarters building in Xiamen.

## **Income tax expense**

Income tax expenses increased by approximately 340.3% from approximately RMB0.4 million for the year ended 31 December 2023, to approximately RMB1.7 million for the year ended 31 December 2024. The increase was primarily attributable to the change in deferred tax expenses resulting from the fair value changes and tax base changes of the investment properties.

## **Loss/Profit for the year**

As a result of the above, loss for the year ended 31 December 2024 was approximately RMB46.1 million, as compared to a profit for the year ended 31 December 2023 of approximately RMB52.2 million. Loss attributable to owners of the parent for the year ended 31 December 2024 was approximately RMB44.4 million, as compared to a profit attributable to owners of the parent for the year ended 31 December 2023 of approximately RMB52.0 million.

## **Financial Position**

As at 31 December 2024, total equity of the Group was approximately RMB482.6 million, compared with approximately RMB525.9 million as at 31 December 2023. The decrease was primarily attributable to the loss of approximately RMB46.1 million recorded for the year ended 31 December 2024.

As at 31 December 2024, the Group had net current assets of approximately RMB71.0 million, representing a decrease of approximately 50.5% from approximately RMB143.4 million as at 31 December 2023. The decrease was mainly due to the purchase of time deposits of approximately RMB50.0 million in 2024 and repayment of part of the bank loans of approximately RMB6.0 million in 2024. The decrease was also due to the investment associated with the promotional efforts for *Yi Bu Liang Bu* (一步兩步).

## Liquidity and Capital Resources

The table below sets forth selected cash flow data from the Group's audited consolidated statement of cash flows:

	2024 (RMB'000) (audited)	2023 (RMB'000) (audited)	Change %
Net cash flow (used in)/from operating activities	(10,876)	40,071	N/A
Net cash flow used in investing activities	(43,008)	(43,693)	(1.6)
Net cash flow (used in)/from financing activities	(7,415)	27,987	N/A
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(61,299)</b>	<b>24,365</b>	N/A
Cash and cash equivalents at the beginning of year	160,678	133,153	20.7
Effect of foreign exchange rate changes, net	1,308	3,160	(58.6)
Cash and cash equivalents at the end of year	<b>100,687</b>	<b>160,678</b>	(37.3)

Total cash and cash equivalents were approximately RMB100.7 million as at 31 December 2024, compared with approximately RMB160.7 million as at 31 December 2023. The decrease was primarily due to the purchase of time deposits of approximately RMB50.0 million in 2024 and repayment of part of the bank loans of approximately RMB6.0 million in 2024. The decrease was also due to cash outflow associated with the promotional efforts for *Yi Bu Liang Bu* (一步兩步).

As at 31 December 2024, approximately RMB12.4 million of financial resources (31 December 2023: RMB7.4 million) were held in deposits denominated in non-RMB currencies. The Company currently does not hedge transactions undertaken in foreign currencies, rather it manages foreign exchange exposure by limiting foreign currency exposure and constantly monitoring foreign currency levels. The Group adopts a prudent cash and financial management policy. In order to better control costs and minimise the cost of funds, the Group's treasury activities were centralised and cash was generally deposited at banks, denominated mostly in Renminbi, Hong Kong dollars and United States dollars.

As at 31 December 2024, the Group had aggregate bank loans of approximately RMB89.5 million (31 December 2023: RMB95.5 million), of which approximately RMB6.0 million is payable within one year, approximately RMB25.8 million is payable between one and five years and approximately RMB57.7 million is payable after five years. The Group did not have lease liability as at 31 December 2024 (31 December 2023: RMB1.7 million).

As at 31 December 2024, the Group's bank loans of approximately RMB89.5 million were used by the Company for the operation of the Company's R&D centre. The interest rate was approximately 3.6% per annum and the loans were secured by the land use rights, investment properties and building on the Land.

**Significant Debt Investments at Fair Value Through Other Comprehensive Income, Equity Investments Designated at Fair Value Through Other Comprehensive Income, and Financial Assets at Fair Value Through Profit or Loss**

As at 31 December 2024, the Company had debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss of approximately RMB125.8 million (31 December 2023: RMB147.0 million), which represented the Company's investment in straight bonds and a bond fund issued by banks or reputable companies with coupon rates ranging from 2.25% to 4.5% per annum, and interest held by the Group in six unlisted companies, one company listed on the National Equities Exchange And Quotations of the PRC and one company listed on Nasdaq Global Select Market.

The principal of the debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income, and financial assets at fair value through profit or loss as at 31 December 2024 were not protected.

According to the Company's current internal investment management policies, no less than 50% of total investments can be invested in risk-free or principal protected investments, while for the remainder, up to 50% of the total investments is invested in low-risk products. The Company has a diversified investment portfolio to mitigate risks. In addition, the abovementioned investments were made in line with the Company's effective capital and investment management policies and strategies.

**Performance and Future Prospect of Significant Debt Investments at Fair Value Through Other Comprehensive Income, Equity Investments Designated at Fair Value Through Other Comprehensive Income, and Financial Assets at Fair Value Through Profit or Loss**

Details of the Group’s debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income, and financial assets at fair value through profit or loss as at 31 December 2024 are presented as follows:

(A) *Straight Bonds*

Name of the straight bonds	Notes	Interest income recognised in consolidated statement of profit or loss for the year ended 31 December 2024 (RMB'000)	Gain/(loss) on fair value changes recognised in consolidated statement of comprehensive income for the year ended 31 December 2024 (RMB'000)	Fair value as at 31 December 2024 (RMB'000)	Percentage of total FVOCI and FVPL Investments at 31 December 2024	Percentage of total assets of the Group as at 31 December 2024
CHINLP Medium Term Note Programme (“CHINLP”)	2	560	(30)	21,410	17.0%	3.1%
POLHON Guaranteed Notes (“POLHON”)	3	796	341	19,310	15.3%	2.8%
NWDEVL Medium Term Note Programme (“NWDEVL”)	4	1,120	(3,224)	15,423	12.3%	2.3%

*Notes:*

- The Group’s investment in straight bonds has been accounted for as debt investments at fair value through other comprehensive income. The fair value of the straight bonds was estimated using a discounted cash flow valuation model based on the assumptions that were supported by observable market inputs. Please refer to note 12 to the financial statements for details of the investment in straight bonds.
- On 15 July 2021, the Group invested in a bond issued by CLP Power Hong Kong Financing Limited (“**CLP Financing**”) and guaranteed by CLP Power Hong Kong Limited (“**CLP HK**”) with a nominal amount of US\$3,500,000 at a consideration of US\$3,542,000 (equivalent to approximately RMB23.0 million). The bond has a coupon interest rate of 2.25% per annum with a maturity period of 10 years.

CLP Financing, the issuer, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of the guarantor CLP HK. CLP Financing was established to raise financing for CLP HK. The net proceeds from the issue of CHINLP will be on-lent by CLP Financing to CLP HK to be used for general corporate purposes. CLP HK, established in 1901 in Hong Kong, is one of the only two electricity providers in Hong Kong, which supplies approximately 80% of the electricity consumed in Hong Kong. CLP Holdings Limited, the parent company of CLP HK was listed on the Main Board of the Stock Exchange in 1998 with the stock code of 00002. CLP Holdings Limited, together with its subsidiaries, namely the CLP Group, is an investor and operator in the Asia-Pacific energy sector. In Hong Kong, through CLP HK, it operates a vertically-integrated electricity supply business providing a highly-reliable supply of electricity. Outside Hong Kong, CLP Group holds investments in the energy sector in Mainland China, India, Southeast Asia, Taiwan, and Australia. Its diversified portfolio of power generation assets include coal, gas, nuclear and renewables (wind, hydro, solar).

According to the annual report ended 31 December 2024 of CLP Holdings Limited, consolidated revenue rose by 4.4% to HK\$90,964 million, while operating profit before fair value adjustments increased by 8.1% to HK\$10,949 million. This growth was driven by the overall solid performance from the portfolio with notable improvements from EnergyAustralia. Total earnings surged to HK\$11,742 million, after taking into account one-off items affecting the comparability of financial results. Total dividends for 2024 increased to HK\$3.15 per share.

Building on its robust performance in 2024, the Group maintains an optimistic outlook on the future prospect of the bond CHINLP.

3. During the second half of July 2021, the Group successively invested in a bond issued by Ease Trade Global Limited (“**Ease Trade**”) and guaranteed by Poly Property Group Co. Limited (“**Poly Property**”) with an accumulated nominal amount of US\$2,800,000 at an accumulated consideration of US\$2,883,000 (equivalent to approximately RMB18.6 million). The bond has a coupon interest rate of 4.0% per annum with a maturity period of 5 years.

Ease Trade, the issuer, is the direct wholly owned subsidiary of the guarantor Poly Property, which is a limited liability company incorporated in Hong Kong and is listed on the Main Board of the Stock Exchange with the stock code of 00119. Poly Property, together with its subsidiaries, namely the Poly Group, is a prominent property developer in the PRC. It is principally engaged in the business of property development, investment and management. Its projects typically comprise various types of developments, including apartments, villas, offices and commercial properties. As at 31 December 2023, China Poly Group Corporation Limited, being one of the large-scale state-owned enterprises under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (SASAC), is deemed to be interested in 48.09% of the issued share capital of Poly Property under the Securities and Futures Ordinance (Cap. 571) of the law of Hong Kong.

According to the annual results announcement ended 31 December 2024 released by Poly Property, the recorded revenue was RMB40,208 million (2023: RMB40,932 million), representing a decrease of 1.8% when comparing to that of last year. Profit attributable to shareholders amounted to RMB183 million (2023: RMB1,445 million), representing a decrease of 87.3% when comparing to that of last year. The decreases were mainly due to the impact of the downward trend of the real estate market in Mainland China and Hong Kong, resulting in the decrease in the gross profit margin of projects with sales recognised during the Year. Meanwhile, impairment provision was made on properties under development and properties held for sale and such projects mainly included Hong Kong Chill Residence, Jinan Poly Mountain Villa and Changzhou Poly Jingyue Palace.

Despite the challenges faced during the year, Poly Property achieved contracted sales of RMB54.2 billion for the year, representing a year-on-year growth of 1%, and was one of only two listed companies which recorded growth among the top 20 real estate companies on the CRIC List. It ranked 17th in the industry in terms of total sales amount, a jump of 10 places from the end of 2023. The sales amount in the Yangtze River Delta and the GreaterBay Area accounted for 73%, a year-on-year increase of 6 percentage points, reflecting the further concentration of expansion resources in high-tier cities in recent years. During the year, the sales collection amounted to RMB54.8 billion, representing a collection rate of 101%. Building on this solid performance, the Group remains optimistic about the outlook for the bond POLHON.

4. On 15 July 2021, the Group invested in a bond issued by NWD (MTN) Limited (“**NWD**”) and guaranteed by New World Development Company Limited (“**New World**”) with a nominal amount of US\$3,500,000 at a consideration of US\$3,783,000 (equivalent to approximately RMB24.5 million). The bond has a coupon interest rate of 4.5% per annum with a maturity period of 10 years.

The issuer NWD is one of wholly owned subsidiaries of New World, the guarantor. New World is the holding company of one of the largest Hong Kong-based property developers. Established in 1970, New World was listed on the Main Board of the Stock Exchange in 1972 (Stock code 00017) and its shares are currently a constituent stock of the Hang Seng Index. New World, together with its subsidiaries, namely New World Group is one of the major property developers in Hong Kong and is engaged in the development of residential, retail, office and hotel properties. NWS Holdings Limited, one of New World’s subsidiary, engaged in roads construction and aviation infrastructure, is also listed on the Main Board of the Stock Exchange (Stock Code: 00659). New World China Land Limited, wholly-owned by New World, is one of the largest foreign property developers and investors in the PRC.

According to the interim results announcement for the six months ended 31 December 2024 of New World Group, recorded revenue from continuing operations was approximately HK\$16,789 million for the six months ended 31 December 2024, a year-on-year decrease of 1.6% compared with HK\$17,066 million in 2023. Loss from continuing operations for the six months ended 31 December 2024 amounted to HK\$5,701 million, compared with net profit from continuing operations of HK\$1,543 million for the corresponding period in 2023. The loss mainly arose from drop in market value of projects in both development and investment properties, due to quick changes in market macro factors in the last six months which include, among others, a slower-than-expected pace of interest rate reduction and consumer caution amidst uncertainties arising from the policy shifts of the new administration in the US, despite favourable housing policies launched in both Hong Kong and Mainland China. Additionally, the absence of one-off gain on redemption of fixed rate bonds and transfer to investment properties recorded in the six months ended 31 December 2023, totalling HK\$1,951 million, also explains the loss in current period.

With China rolling out favourable policies to speed up development in the Greater Bay Area and the Yangtze River Delta region, New World Group is strategically positioned to capture substantial market opportunities in Hong Kong by cooperating with quality partners to capitalize on complementary strengths for mutual success. As projects in Hong Kong, Guangzhou, Shanghai, Shenzhen, Ningbo and Hangzhou progressively reach completion, commence sales, and enter operational phases, the proportion of New World Group’s recurring rental income will increase, driving steady growth in its performance and providing sufficient cash flow. The Group is committed to closely and consistently monitoring the performance of the bond NWDEVL.

(B) Bond Fund

Name of the perpetual bonds	Notes	Interest income	Loss on	Fair value	Percentage of	Percentage of
		recognised in consolidated statement of profit or loss for the year ended 31 December 2024	fair value changes recognised in consolidated statement of profit or loss for the year ended 31 December 2024			
UBS Asian Bonds Series 5 (USD)	2	233	(91)	-	-	-

Notes:

1. The Group's investment in bond fund, UBS Asian Bonds, has been accounted for as financial assets at fair value through profit or loss. The fair value of the bond fund represented the net asset value of the sub-fund determined by UBS Asset Management (Singapore) Ltd, as manager (the "**Manager**") in consultation with HSBC Trustee (Cayman) Limited as trustee (the "**Trustee**"). Please refer to note 12 to the financial statements for details of the UBS Asian Bonds.
2. On 23 January 2020, the Group invested in 16,000 units of the UBS (CAY) Investment Fund Series – UBS Asian Bonds Series 5 (USD) Class A-qdist (USD) Units (the "**Sub-Fund**") at the subscription price of US\$100 per unit with a consideration of US\$1,614,000 (equivalent to approximately RMB11.1 million). The Sub-Fund has a maturity period of 4.5 years and a target yield to maturity of 4.8% to 5.3% per annum, assuming no defaults and is held to maturity. The Sub-Fund has matured on 28 June 2024 and the Group has recovered the funds of US\$1,024,506.36 on 5 July 2024.

(C) *Unlisted Equity Investments*

Company Name	Notes	Percentage of Shareholdings as at 31 December 2024	Gain on fair value changes recognised in consolidated statement of comprehensive income for the year ended 31 December 2024 (RMB'000)	Fair value as at 31 December 2024 (RMB'000)	Percentage of total FVOCI and FVPL investments as at 31 December 2024	Percentage of the total assets of the Group as at 31 December 2024
Xiamen eName Technology Co., Ltd. ("eName")	2	2%	3,872	26,635	21.2%	3.9%
Others	3	–	(533)	10,908	8.7%	1.6%

*Notes:*

1. The Group's unlisted equity investments have been accounted for as equity investments designated at fair value through other comprehensive income. The fair value of the unlisted equity investments was assessed by management or employed by other available methods.
2. eName is a company listed on China New Third Board (Stock Code: 838413) principally engaged in domain related businesses and providing domain registration, transfer and transaction services for internet customers. It is a well-known domain service provider in China.

Pursuant to eName's interim report for the six months ended 30 June 2024, eName recorded revenue of approximately RMB128.3 million, representing a decrease of 12.6% compared with the corresponding period, and net profit attributable to the shareholders of approximately RMB10.8 million, representing a decrease of 6.2% from RMB11.5 million for the six months ended 30 June 2023.

eName has established a leading position in the domain transaction and service industry through mature technical support, convenient transaction procedure and humanized service management. eName adhered to expand its domain name business and it has actively increased promotional efforts and successfully maintained its transactions despite the gloomy industry environment. The Group is therefore optimistic about the domain service market in China and the performance of eName in the future.

3. Others comprised four unlisted limited liability companies and none of these investments accounted for more than 1.1% of the total assets of the Group as at 31 December 2024.

(D) *Unlisted Debt Investments*

Company Name	Notes	Percentage of Shareholdings as at 31 December 2024	Gain on fair value changes recognised in consolidated statement of profit or loss for the year ended 31 December 2024 (RMB'000)	Fair value as at 31 December 2024 (RMB'000)	Percentage of total FVOCI and FVPL investments as at 31 December 2024	Percentage of the total assets of the Group as at 31 December 2024
Future Capital Discovery Fund II, L.P. ("Future Capital")	2	1.8797%	(12,107)	28,547	22.7%	4.2%
Others	3	-	312	1,753	1.4%	0.3%

*Notes:*

1. The Group's unlisted debt investments have been accounted for as financial assets at fair value through profit or loss. The fair value of the unlisted debt investments was assessed by management or employed by other available methods.
2. Future Capital is an unlisted limited partnership principally engaged in investment in companies which are primarily in the sectors of intelligent system, auto system and information technology to achieve gains in the form of medium to long term capital appreciation. The aggregate investment cost of the investment in Future Capital was USD1,452,197.91. As at 31 December 2024, the Company held approximately 1.8797% partnership interests in Future Capital.

Pursuant to Future Capital's financial statements for the year ended 31 December 2024, Future Capital recorded income of approximately US\$36,255 and net decrease in partners' capital resulting from operations of approximately US\$123.8 million. The substantial decrease in partners' capital resulting from operations was primarily due to an decrease in fair value changes on several Future Capital's investments. Future Capital expected to realise its investments at a later stage in order to enjoy a higher capital appreciation.

The Group believes that Future Capital has sufficient capital and is managed by an experienced management team and the sectors it invests in have positive future and its future business prospect is positive.

3. Others represented one unlisted debt investment which accounted for 0.3% of the total assets of the Group as at 31 December 2024.

(E) *listed Equity Investment*

Company Name	Notes	Percentage of Shareholdings as at 31 December 2024	Gain on fair value changes recognised in consolidated statement of profit or loss for the year ended 31 December 2024 (RMB'000)	Fair value as at 31 December 2024 (RMB'000)	Percentage of total FVOCI and FVPL investments as at 31 December 2024	Percentage of the total assets of the Group as at 31 December 2024
Li Auto Inc. (“Li Auto”)	2	–	(443)	1,815	1.4%	0.3%

*Notes:*

- The Group’s listed equity investment has been accounted for as financial assets at fair value through profit or loss. The fair value of the listed equity investment was determined based on the publicly available market price.
- Li Auto is a company listed on on the Nasdaq Global Select Market (Stock Code: LI) and the Hong Kong Stock Exchange (Stock Code: 02015). Li Auto is a leader in China’s new energy vehicle market, which designs, develops, manufactures, and sells premium smart electric vehicles. On 2 October 2024, Future Capital distributed a total of 10,526 Li Auto American depository shares (“LIADSs”) to the Company. As at 31 December 2024, the Company held 10,526 LIADSs.

Pursuant to Li Auto’s unaudited financial results for the full year ended 31 December 2024, it reported total revenue of RMB144.5 billion in 2024, representing an increase of 16.6% from RMB123.9 billion in 2023. Net income for 2024 amounted to RMB8.0 billion, representing a decrease of 31.9% from RMB11.8 billion in 2023. Additionally, basic and diluted net earnings per ADS attributable to ordinary shareholders were RMB8.06 and RMB7.58 in 2024, respectively, compared with RMB11.90 and RMB11.10 in 2023.

Li Auto’s performance in the fourth quarter propelled its full-year deliveries to surpass the 500,000 milestone, making it the first among premium automotive brands in China. Over the past year, Li Auto achieved significant breakthroughs in intelligentization. Looking ahead to 2025, it will launch next-generation autonomous driving architecture and new BEV models, bringing happiness to more families with enhanced intelligent features and a more diversified product portfolio. The Group believes that Li Auto remain committed to harnessing the power of technology to drive innovation, reinforcing its position as an industry leader and its future business prospect is positive.

There was no impairment made for any investments in debt instruments for the year ended 31 December 2024. Investments in equity instruments did not involve any separate impairment accounting under IFRS 9 – Financial Instruments.

## **Other significant investments held, significant acquisitions and disposal of subsidiaries, associates and joint ventures and future plans for material investments or capital assets**

Save as disclosed in this announcement, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended 31 December 2024. Except for those disclosed in this announcement, there was no plan authorised by the Board for other significant investments or acquisitions of major capital assets or other businesses in 2024. However, the Group will continue to identify new opportunities for business development.

### **Gearing ratio**

The Group's gearing ratio, which is calculated based on total liabilities divided by total assets, was 29.0% as at 31 December 2024 and 25.1% as at 31 December 2023.

### **Capital expenditures**

The following table sets forth the Group's capital expenditures for the years ended 31 December 2024 and 2023 respectively:

	<b>For the year ended 31 December</b>		<b>Change %</b>
	<b>2024</b>	<b>2023</b>	
	<b>(RMB'000)</b>	<b>(RMB'000)</b>	
Property, plant and equipment	<u>694</u>	<u>2,614</u>	<u>(73.5)</u>
<b>Total</b>	<b><u>694</u></b>	<b><u>2,614</u></b>	<b><u>(73.5)</u></b>

Capital expenditures consisted of property, plant and equipment which include but are not limited to office equipment, company vehicles for employees' use and leasehold improvements. The total capital expenditures for the year ended 31 December 2024 were approximately RMB0.7 million, compared with RMB2.6 million for the year ended 31 December 2023, representing a decrease of approximately 73.5%. The decrease was mainly attributable to the decrease in purchase of office equipment and company vehicles.

### **Pledge of Assets**

As at 31 December 2024, bank loans of approximately RMB89.5 million were used for the operation of the Company's R&D center. The bank loans were secured by the land use rights, investment properties and building on the Land with a total carrying value of approximately RMB237.2 million.

### **Contingent liabilities and guarantees**

As at 31 December 2024, the Company did not have any unrecorded significant contingent liabilities, guarantees or any litigation with claims made against it.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Company had 381 full-time employees, the majority of whom were based in Xiamen, Fujian Province of the PRC. The following table sets forth the number of employees categorised by function as at 31 December 2024:

	<b>Number of Employees</b>	<b>% of Total</b>
Development	223	58.5
Operations	83	21.8
Administration	58	15.2
Sales and marketing	17	4.5
<b>Total</b>	<b>381</b>	<b>100.0</b>

The remuneration of the Group's employees is determined based on their performance, experience, competence and market comparables. Their remuneration package includes salaries, bonuses related to the Group's performance, allowances, equity settled share-based payments and state-managed retirement benefit schemes for employees in the PRC. The Company also provides customised training to its staff to enhance their technical and product knowledge.

The remuneration of Directors and members of senior management is determined on the basis of each individual's responsibilities, qualifications, position, experience, performance, seniority and time devoted to the Group's business. They receive compensation in the form of salaries, bonuses, share options, RSUs, and other allowances and benefits-in-kind, including the Company's contribution to their pension scheme on their behalf. The remuneration policy of the Directors and the senior management is reviewed by the Remuneration Committee and approved by the Board.

In addition, the Group has currently adopted the 2024 Share Option Scheme and 2024 Restricted Share Unit Scheme as long-term incentive schemes.

### **Foreign currency risk**

For the year ended 31 December 2024, the Group did not encounter significant foreign currency risk from its operations and did not hedge against any fluctuation in foreign currency.

## **Interest rate risk**

Other than interest-bearing bank deposits and bank loans, the Group has no other significant interest-bearing assets or liabilities. The Directors do not anticipate any significant impact on the interest-bearing bank deposits resulting from changes in interest rates, because the bank deposit interest rates are not expected to change significantly. In addition, the Directors do not anticipate any significant impact on the bank loans resulting from changes in interest rates, because the interest rates are primarily determined with reference to the loan prime rate as at the drawdown date, which have a low likelihood of wide fluctuation in the short run. Therefore, the Group has not adopted any hedging policy to mitigate interest rate risk. However, the Group will continue to monitor the long-term interest rate fluctuations in the market and take appropriate actions to minimise interest rate risk.

## **Corporate Social Responsibility**

The Group has sought to operate in a responsible, transparent and sustainable way. The Group is committed to promoting the long-term sustainability of the environment by advocating green office practices such as using double-sided printing and copying, setting up recycling bins, installing energy-efficient lighting systems, growing plants in the office, attempting to provide good air quality on company premises and promoting the use of public transport and video conferencing in lieu of business travel to reduce the carbon footprint. The Group also improves employee awareness of environmental protection and encourages them to bring their own plants to make the office greener.

The Group has adopted a 3Rs (Reduce, Reuse and Recycle) strategy and taken effective measures for waste management, such as installing an efficient water flushing system in the restrooms and performing regular checks to prevent leakages.

The Group is determined to review and improve its policies and practices related to environmental protection from time to time to continuously contribute to making the earth a better planet.

The Group has also been committed to enhancing its contribution to local communities by participating in community services, supporting people in need and sponsoring educational activities. In addition, the Group also encourages its employees at all levels to participate in the activities by way of a charity bazaar. The Group will continue to invest in social activities to develop a better future for its community.

## **Compliance with Relevant Laws and Regulations**

To the best of the Directors' knowledge, information and belief, as at the date of this announcement, the Company has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

In relation to game development and operation, the Company is committed to complying with the laws and regulations such as Administrative Measures on Internet Information Services (2025 Revision), Regulation on Network Data Security Management (2024), Regulation on the Protection of Minors in Cyberspace (2024), Personal Information Protection Act of the PRC (2021), Data Security Act of the PRC (2021), Notice by the National Press and Publication Administration of Further Imposing Strict Administrative Measures to Prevent Minors from Becoming Addicted to Online Games (2021), Civil Code of the PRC (2020), Law on the Protection of Minors (2020 Amendment), the Copyright Law of the PRC (2020 Amendment), Regulation on the Administration of Publication (2020 Revision), Trademark Law of the People's Republic of China(2019 Revision), Provisions on Ecological Governance of Network Information Content (2019), Notice by the General Administration of Press and Publication of Preventing Minors from Indulging in Online Games (2019) and Online Publishing Service Management Rules (2016).

In addition, as a company listed on the Main Board of the Stock Exchange, the Company is subject to, among others, the requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, the Takeovers Code, and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Any changes in the applicable laws and regulations are brought to the attention of the relevant departments from time to time.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>REVENUE</b>	4	<b>276,748</b>	226,189
Cost of sales		<u><b>(39,555)</b></u>	<u>(31,722)</u>
<b>Gross profit</b>		<b>237,193</b>	194,467
Other income and gains	4	<b>15,406</b>	22,310
Selling and distribution expenses		<b>(160,356)</b>	(37,494)
Administrative expenses		<b>(50,529)</b>	(54,576)
Research and development costs		<b>(68,265)</b>	(64,092)
Other expenses		<b>(15,242)</b>	(3,970)
Finance costs		<b>(4,130)</b>	(3,685)
Share of profits and losses of:			
Associates		<u><b>1,450</b></u>	<u>(400)</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	5	<b>(44,473)</b>	52,560
Income tax expense	6	<u><b>(1,673)</b></u>	<u>(380)</u>
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<u><b>(46,146)</b></u>	<u>52,180</u>
Attributable to:			
Owners of the parent		<b>(44,394)</b>	52,013
Non-controlling interests		<u><b>(1,752)</b></u>	<u>167</u>
		<u><b>(46,146)</b></u>	<u>52,180</u>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
Basic			
For (loss)/profit for the year		<u><b>RMB(0.03)</b></u>	<u>RMB0.03</u>
Diluted			
For (loss)/profit for the year		<u><b>RMB(0.03)</b></u>	<u>RMB0.03</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b>(46,146)</b>	<b>52,180</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
<b>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</b>		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	(2,913)	(416)
Exchange differences on translation of financial statements	2,315	1,760
<b>Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods</b>	<b>(598)</b>	<b>1,344</b>
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b>		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	3,339	10,999
<b>Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>	<b>3,339</b>	<b>10,999</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>2,741</b>	<b>12,343</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	<b>(43,405)</b>	<b>64,523</b>
Attributable to:		
Owners of the parent	(41,657)	64,356
Non-controlling interests	(1,748)	167
	<b>(43,405)</b>	<b>64,523</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>2024</b>	2023
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>58,624</b>	60,577
Investment property		<b>154,498</b>	156,154
Right-of-use assets		<b>30,108</b>	32,601
Goodwill	<i>9</i>	<b>11,427</b>	11,427
Other intangible assets		<b>187</b>	417
Investments in associates		<b>14,562</b>	10,210
Prepayments, other receivables and other assets	<i>11</i>	<b>17,963</b>	19,261
Time deposits	<i>12</i>	<b>90,000</b>	40,000
Equity investments designated at fair value through other comprehensive income	<i>12</i>	<b>37,543</b>	34,204
Debt investments at fair value through other comprehensive income	<i>12</i>	<b>56,143</b>	58,177
Financial assets at fair value through profit or loss	<i>12</i>	<b>30,300</b>	54,644
		<hr/>	<hr/>
Total non-current assets		<b>501,355</b>	477,672
<b>CURRENT ASSETS</b>			
Accounts receivable and receivables due from third-party game distribution platforms and payment channels	<i>10</i>	<b>51,019</b>	36,940
Prepayments, other receivables and other assets	<i>11</i>	<b>15,655</b>	15,843
Other current assets		<b>9,551</b>	10,796
Financial assets at fair value through profit or loss	<i>12</i>	<b>1,815</b>	–
Cash and cash equivalents		<b>100,687</b>	160,678
		<hr/>	<hr/>
Total current assets		<b>178,727</b>	224,257
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		<b>90,980</b>	61,840
Interest-bearing bank loans		<b>6,000</b>	6,000
Lease liabilities		<b>–</b>	1,569
Tax payable		<b>3,308</b>	2,013
Contract liabilities		<b>7,481</b>	9,419
		<hr/>	<hr/>
Total current liabilities		<b>107,769</b>	80,841
<b>NET CURRENT ASSETS</b>			
		<hr/> <b>70,958</b> <hr/>	<hr/> 143,416 <hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<hr/> <b>572,313</b> <hr/>	<hr/> 621,088 <hr/>

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans		<b>83,500</b>	89,500
Lease liabilities		–	106
Deferred tax liabilities		<b>2,917</b>	2,169
Contract liabilities		<b>3,316</b>	3,373
		<hr/>	<hr/>
Total non-current liabilities		<b>89,733</b>	95,148
		<hr/>	<hr/>
<b>Net assets</b>		<b>482,580</b>	525,940
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>13</i>	<b>1</b>	1
Share premium		<b>604,624</b>	604,566
Reserves		<b>(134,803)</b>	(93,133)
		<hr/>	<hr/>
		<b>469,822</b>	511,434
		<hr/>	<hr/>
<b>Non-controlling interests</b>		<b>12,758</b>	14,506
		<hr/>	<hr/>
<b>Total equity</b>		<b>482,580</b>	525,940
		<hr/>	<hr/>

## 1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 6 March 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is the offices of Conyers Trust Company (Cayman) Ltd. at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Group is principally engaged in the operation and development of web and mobile games in the People's Republic of China (the "PRC"). The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 5 December 2014.

### Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Date of incorporation	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Feiyu Technology Hong Kong Ltd.	Hong Kong	HK\$1	25 March 2014	100	–	Investment holding
Xiamen Guanghuan Information Technology Co., Ltd. ("Xiamen Guanghuan")	PRC/Mainland China	RMB10,000,000	12 January 2009	–	100	Game development and distribution
Xiamen Youli Information Technology Co., Ltd. ("Xiamen Youli")	PRC/Mainland China	RMB150,000,000	19 September 2011	–	100	Game development and distribution
Xiamen Yidou Internet Technology Co., Ltd. ("Xiamen Yidou")	PRC/Mainland China	RMB20,000,000	11 June 2012	–	100	Game development
Beijing Kailuo Tianxia Technology Co., Ltd. ("Kailuo Tianxia")	PRC/Mainland China	RMB60,000,000	3 May 2012	–	100	Game development and distribution
Xiamen Feiyu Technology Co., Ltd.* ("Xiamen Feiyu")	PRC/Mainland China	US\$20,000,000	24 June 2014	–	100	Investment holding Game development
Xiamen Xiyu Internet Technology Co., Ltd. ("Xiamen Xiyu")	PRC/Mainland China	RMB30,000,000	4 June 2015	–	100	Game development
Beijing Baicai Tianxia Technology Co., Ltd. ("Baicai Tianxia")	PRC/Mainland China	RMB10,000,000	10 July 2015	–	100	Game development and distribution
Xiamen Feixiangyue Investment Management Co., Ltd. ("Xiamen Feixiangyue")	PRC/Mainland China	RMB200,000,000	9 August 2016	–	100	Asset management
Xiamen Feiyu Tianxia Information Technology Co., Ltd.* ("Feiyu Tianxia")	PRC/Mainland China	US\$10,000,000	21 July 2021	–	100	Game development
Xiamen Veewo Games Co., Ltd. ("Xiamen Veewo")	PRC/Mainland China	RMB1,350,000	29 February 2016	–	51	Game development

\* Xiamen Feiyu Technology Co., Ltd. and Xiamen Feiyu Tianxia Information Technology Co., Ltd. are registered as wholly-foreign-owned enterprises under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### *Basis of consolidation*

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

## 2.2 Changes in accounting policies and disclosures

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

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

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

## 2.3 Issued but not yet effective international financial reporting standards

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>3</sup>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>2</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
Amendments to IAS 21	<i>Lack of Exchangeability</i> <sup>1</sup>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption

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

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

*Annual Improvements to IFRS Accounting Standards – Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IAS 7 *Statement of Cash Flows*:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of IAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

### **3. OPERATING SEGMENT INFORMATION**

The Group focuses primarily on the operation and development of web and mobile games in Chinese Mainland. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

#### **Information about geographical areas**

Since no revenue or operating profit from transactions with a single geographical area other than Chinese Mainland accounted for 10% or more of the Group's revenue and all of the Group's identifiable assets and liabilities were located in Chinese Mainland, no geographical segment information in accordance with IFRS 8 Operating Segments is presented.

#### **Information about a major customer**

No revenue from the Company's sales to a single customer amounted to 10% or more of the Group's revenue for the year ended 31 December 2024 (2023: No revenue from the Company's sales to a single customer amounted to 10% or more of the Group's revenue).

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers	<b>276,748</b>	226,189

#### Revenue from contracts with customers

##### (a) *Disaggregated revenue information*

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Types of goods or services</b>		
Game operation	<b>238,811</b>	174,674
– Gross basis	<b>123,363</b>	72,022
– Net basis	<b>115,448</b>	102,652
Advertising revenue	<b>24,386</b>	18,711
Licensing income	<b>8,408</b>	25,135
Sale of goods	<b>4,832</b>	2,875
Online game distribution	<b>298</b>	2,672
Technical service income	<b>13</b>	257
Game development service	–	1,865
Total	<b>276,748</b>	226,189

##### **Timing of revenue recognition**

Services and goods transferred at a point of time	<b>268,340</b>	199,189
Services transferred over time	<b>8,408</b>	27,000
Total	<b>276,748</b>	226,189

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Licensing income	<b>7,480</b>	36,456
Game operation	<b>3,839</b>	2,907
Total	<b>11,319</b>	39,363

(b) *Performance obligations*

*Licensing income*

The performance obligation for licensing income is satisfied over the contracted licence period as the Group grants third-party licensees the exclusive right to operate its self-developed games in specific regions and provides related technical support and licensing products. The royalty fees, which include an upfront fee and, in certain cases, an additional fee based on player purchases, are recognized as follows: the upfront fee is recognized rateably over the contracted licence period, while the additional fee is recognized when the actual player purchases, registered with the third parties, exceed the agreed amounts in the contract.

*Game operation*

The performance obligation for online games is satisfied over time as the in-game items and premium features, purchased by virtual currencies, are rendered to players. Once players purchase virtual currencies, the proceeds are initially recorded as contract liabilities. Revenue is then recognized when the virtual currencies are used to acquire in-game items or premium features, either upon their consumption or rateably over the practical usage period as predetermined within the game.

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

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<b>7,481</b>	9,419
After one year	<b>3,316</b>	3,373
	<hr/>	<hr/>
Total	<b><u>10,797</u></b>	<u>12,792</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to licensing income, of which the performance obligations are to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Other income</b>		
Rental income	6,396	6,205
Interest income	5,465	3,146
Government grants	1,584	2,479
	<hr/>	<hr/>
Total other income	<b>13,445</b>	11,830
<b>Gains</b>		
Fair value gains, net:		
Financial assets	1,223	7,216
Gain on disposal of items of property, plant and equipment	35	213
Others	703	3,051
	<hr/>	<hr/>
Total gains	<b>1,961</b>	10,480
	<hr/>	<hr/>
Total other income and gains	<b>15,406</b>	22,310

## 5. (LOSS)/PROFIT BEFORE TAX

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of services provided	36,718	29,994
Cost of inventories sold	2,837	1,728
Channel costs	43,400	22,938
Advertising expenses	112,066	9,670
Depreciation of property, plant and equipment	2,373	4,062
Depreciation of right-of-use assets	2,294	3,086
Amortisation of intangible assets	230	231
Impairment of prepayments, other receivables and other assets, net	(3,732)	(100)
Lease payments not included in the measurement of lease liabilities	2,407	2,353
Auditor's remuneration	2,050	2,050
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	101,638	95,920
Pension scheme contributions	17,173	13,152
Equity-settled share option expense	-	-
	<hr/>	<hr/>
Total	<b>118,811</b>	109,072
	<hr/>	<hr/>
Foreign exchange differences, net	57	(37)
Loss/(gain) on disposal of items of property, plant and equipment, net	135	(117)
Changes in fair value of investment properties	1,656	3,012
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss	11,418	(6,391)
	<hr/>	<hr/>

## 6. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Under the relevant income tax law, the PRC subsidiaries were subject to income tax at a statutory rate of 25% for the year on their respective taxable income, except for Kailuo Tianxia and Xiamen Feixin, which were certified as High and New Technology Enterprises (“HNTes”) and one entitled to a preferential income tax rate of 15% from 2022 to 2025, and Xiamen Yidou, Xiamen Youli and Xiamen Feiyu which were certified as High and New Technology Enterprises (“HNTes”) in 2021 and entitled to a preferential income tax rate of 15% from 2021 to 2024. Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Singapore profits tax has been provided at the rate of 17% (2023: 17%) on the estimated assessable profits arising in Singapore during the year.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. At 31 December 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group’s subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB267,286,000 at 31 December 2024 (2023: RMB276,898,000).

	<b>2024</b>	2023
	<b>RMB’000</b>	RMB’000
Current tax expense	<b>925</b>	–
Deferred tax	<b>748</b>	380
	<b>1,673</b>	<b>380</b>

A reconciliation of the tax expense applicable to (loss)/profit before tax using the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	<b>2024</b>	2023
	<b>RMB’000</b>	RMB’000
(Loss)/profit before tax	<b>(44,473)</b>	52,560
Tax at the applicable tax rate	<b>(6,994)</b>	12,648
Lower tax rates enacted by local authorities	<b>2,827</b>	(3,131)
Expenses not deductible for tax	<b>281</b>	427
Other tax credit	<b>(10,897)</b>	(12,380)
Profits and losses attributable to associates	<b>(591)</b>	100
Tax losses utilised from previous years	<b>(1,460)</b>	(9,657)
Tax losses not recognised	<b>18,507</b>	12,373
Tax expense	<b>1,673</b>	<b>380</b>

## 7. DIVIDENDS

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

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

The calculation of the basic loss (2023: earnings) per share amount is based on the loss (2023: profit) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,749,429,091 (2023: 1,733,496,296) outstanding during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted loss (2023: earnings) per share amount is based on the loss (2023: profit) for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic loss (2023: earnings) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/earnings per share are based on:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation	<u>(44,394)</u>	<u>52,013</u>
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic (loss)/earnings per share calculations	<b>1,749,429,091</b>	1,733,496,296
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>–</u>	<u>614,317</u>
Total	<b><u>1,749,429,091*</u></b>	<b><u>1,734,110,613</u></b>

\* Because the diluted loss per share amount is decreased when taking share options into account, the share option had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted loss per share amounts are based on the loss for the year of RMB44,394,000 and the weighted average number of ordinary shares of 1,749,429,091 outstanding during the year.

## 9. GOODWILL

	<i>RMB'000</i>
At 31 January 2023	
Cost	432,278
Accumulated impairment*	<u>(420,851)</u>
Net carrying amount	<u>11,427</u>
Cost at 1 January 2023, net of accumulated impairment	11,427
Impairment during the year	<u>–</u>
At 31 December 2023	<u>11,427</u>
At 31 December 2023	
Cost	432,278
Accumulated impairment*	<u>(420,851)</u>
Net carrying amount	<u>11,427</u>
Cost at 1 January 2024, net of accumulated impairment	11,427
Impairment during the year	<u>–</u>
Cost and net carrying amount at 31 December 2023	<u>11,427</u>
At 31 December 2024	
Cost	432,278
Accumulated impairment*	<u>(420,851)</u>
Net carrying amount	<u>11,427</u>

- \* The Group recognised an accumulated full impairment amounting to RMB419,441,000 (2023: RMB419,441,000) for Carrot Fantasy cash-generating unit, Shenzhen Zhangxin cash-generating unit, Chengdu Guangcheng cash-generating unit and Jiong Xi You cash-generating unit and an accumulated impairment amounting to RMB1,410,000 (2023: RMB1,410,000) for Veewo cash-generating unit in prior years.

### **Impairment testing of goodwill**

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Veewo cash-generating unit
- Sanguo Zhiren cash-generating unit

The recoverable amounts of the above cash-generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by the senior management. The discount rates applied to the cash flow projections are 25% to 28% (2023: 22% to 23%). The growth rate used to extrapolate the cash flows of the relevant games beyond the five-year period is 2.3%. The carrying amount of goodwill allocated to each cash-generating unit is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Veewo cash-generating unit	<b>11,040</b>	11,040
Sanguo Zhiren cash-generating unit	<b>387</b>	387
	<hr/>	<hr/>
Carrying amount of goodwill	<b>11,427</b>	11,427
	<hr/>	<hr/>

Assumptions were used in the value-in-use calculation of the cash-generating units for the years ended 31 December 2024 and 31 December 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

**Budgeted income** – The budgeted income includes estimated income from existing games and games in the pipeline, taking into account game popularity, income patterns in the game life cycle and the Group's strategy in operation. The Company believes this budgeted income is justified given its strong game development capability and experience of games, the cooperation with major third-party distribution platforms and the successful record of developing its games.

**Discount rates** – The discount rates used are before tax and reflect specific risks relating to the relevant units.

#### **10. ACCOUNTS RECEIVABLE AND RECEIVABLES DUE FROM THIRD-PARTY GAME DISTRIBUTION PLATFORMS AND PAYMENT CHANNELS**

The Group's credit terms with customers generally range from one month to four months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its receivable balances. These receivables are non-interest-bearing.

An ageing analysis of the receivables as at the end of the year, based on the invoice date and net of loss allowance, is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	<b>51,019</b>	36,940
	<hr/>	<hr/>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The balances consist of receivables from third parties which have no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

## 11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Prepayments	<b>15,147</b>	15,260
Deposits and other receivables	<b>33,435</b>	39,559
Loans to employees	<b>11,548</b>	10,529
	<b>60,130</b>	65,348
Impairment allowance	<b>(26,512)</b>	(30,244)
	<b>33,618</b>	35,104

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

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
At beginning of year	<b>30,244</b>	30,344
Impairment losses, net ( <i>note 6</i> )	<b>(3,732)</b>	(100)
At end of year	<b>26,512</b>	30,244

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. The Group applies a general approach in calculating ECL for other receivables and prepayments. Other receivables and prepayments related to debtors that are in default are classified as Stage 3 and the lifetime ECL rate was estimated to be 100% based on historical credit loss experience, resulting in an impairment balance of RMB26,512,000 (2023: RMB30,244,000). The remaining other receivables and prepayments are classified as Stage 1 without any significant increase in credit risk since initial recognition. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as at 31 December 2024 was considered to be insignificant. During the year, there was a transfer from Stage 1 to Stage 3 with a carrying amount of RMB4,850,000 as at 31 December 2024 (2023: nil). Due to the impairment allowance written off and reversal of impairment losses, the prepayment and other receivables at stage 3 decreased by RMB8,582,000 (2023: RMB100,000).

**12. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<i>Notes</i>	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Debt investments at fair value through other comprehensive income</b>			
Straight bonds	(1)	<u>56,143</u>	<u>58,177</u>
<b>Equity investments designated at fair value through other comprehensive income</b>			
Unlisted equity investments, at fair value	(2)	<u>37,543</u>	<u>34,204</u>
<b>Financial assets at fair value through profit or loss</b>			
Unlisted debt investments, at fair value	(3)	<b>30,300</b>	47,297
Bond fund	(4)	–	7,347
Listed equity investment, at fair value	(5)	<u>1,815</u>	–
		<u><b>32,115</b></u>	<u>54,644</u>

- (1) On 15 July 2021, the Group invested in a bond issued by CLP Power Hong Kong Financing Limited with a nominal amount of US\$3,500,000 at a consideration of US\$3,542,000 (equivalent to approximately RMB23.0 million). The bond has a coupon interest rate of 2.25% per annum with a maturity period of 10 years.

During the second half of July 2021, the Group successively invested in a bond issued by Ease Trade Global Limited with an accumulated nominal amount of US\$2,800,000 at an accumulated consideration of US\$2,883,000 (equivalent to approximately RMB18.6 million). The bond has a coupon interest rate of 4.0% per annum with a maturity period of 5 years.

On 15 July 2021, the Group invested in a bond issued by New World Development Company Limited with a nominal amount of US\$3,500,000 at a consideration of US\$3,783,000 (equivalent to approximately RMB24.5 million). The bond has a coupon interest rate of 4.5% per annum with a maturity period of 10 years.

Debt investments at fair value through other comprehensive income are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

- (2) The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature, which represented equity investments in one company listed on the National Equities Exchange And Quotations of the PRC, and three unlisted entities incorporated in the PRC and Singapore.
- (3) The above unlisted debt investments represented the investments in one unlisted limited partnerships, and one unlisted entity incorporated in the Cayman Islands.
- (4) In January 2020, the Group invested in a bond fund issued by UBS (CAY) Fund Series with a nominal amount of US\$1,600,000 and with an income stream from a diversified portfolio at a consideration of US\$1,614,000 (equivalent to approximately RMB11.1 million).
- (5) The listed equity investment, which represented an equity investment in a company listed on the Nasdaq Global Select Market was classified as a financial asset at fair value through profit or loss as it was held for trading.

### 13. SHARE CAPITAL

#### Shares

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Issued and fully paid:		
1,749,442,062 (2023: 1,749,166,062) ordinary shares	<u>1</u>	<u>1</u>

A summary of movements in the Company's share capital is as follows:

	Number of issued and fully paid ordinary shares	Nominal value of ordinary shares <i>RMB'000</i>	Share premium <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	1,718,826,062	1	597,945	597,946
Share options exercise	<u>30,340,000</u>	<u>–</u>	<u>6,621</u>	<u>6,621</u>
At 31 December 2023 and 1 January 2024	<u>1,749,166,062</u>	<u>1</u>	<u>604,566</u>	<u>604,567</u>
Share options exercise	276,000	–	58	58
At 31 December 2024	<u>1,749,442,062</u>	<u>1</u>	<u>604,624</u>	<u>604,625</u>

### 14. EQUITY-SETTLED SHARE-BASED PAYMENTS

#### Share option schemes

The Company approved and adopted a post-IPO share option scheme (the “Post-IPO Share Option Scheme”) pursuant to shareholders’ written resolutions and directors’ written resolution passed on 17 November 2014. The Post-IPO Share Option Scheme was terminated in the extraordinary general meeting on 24 May 2024. All 5,800,000 outstanding share options under the Post-IPO Share Option Scheme would continue to be valid and exercisable in accordance with the principal terms of the Post-IPO Share Option Scheme.

The Company approved and adopted a new share option scheme (the “2024 Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the scheme include the employee participants, the related entity participants, and the service providers. The Scheme became effective on 24 May 2024 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options and awards currently permitted to be granted under the 2024 Share Option Scheme and any other share schemes of the Company is an amount equivalent, upon their exercise, to 10% of the shares of the Company, being 174,944,206 shares, as at the adoption date. The maximum number of shares issuable under share options and awards to be granted to service providers under the 2024 Share Option Scheme and any other share schemes of the Company is limited to 1% of the shares of the Company in issue on the adoption date.

The maximum number of shares issuable under share options and awards granted to each eligible participant under the 2024 Share Option Scheme and any other share schemes of the Company within any 12-month period is limited to 1% of the shares of the Company in issue as at the date on which the share options are granted to the relevant eligible participants. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options proposed to be granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the total number of shares issuable under all share options and awards granted under the 2024 Share Option Scheme and any other share schemes of the Company within the 12-month period exceeding 0.1% of the shares of the Company in issue on the grant date are subject to shareholders' approval in advance in a general meeting.

On 27 March 2017, under the Post-IPO Share Option Scheme, share options were granted to employees to subscribe for 10,160,000 shares at an exercise price of HK\$1.256 per share. 7,160,000 share options granted will be vested equally in four tranches as to 25% of the number of shares on 31 December 2017, 2018, 2019 and 2020, respectively. 3,000,000 share options granted will be vested in three tranches as to 50%, 25% and 25% of the number of shares on 30 June 2017, 2018 and 2019, respectively. Each option granted if not exercised subsequently will expire on 26 March 2027. On 15 May 2017, under the Post-IPO Share Option Scheme, share options were granted to employees to subscribe for 5,000,000 shares at an exercise price of HK\$1.1 per share. All share options granted will be vested equally in four tranches as to 25% of the aggregate number of shares on 15 May 2018, 2019, 2020 and 2021, respectively. Each option granted if not exercised subsequently will expire on 14 May 2027. On 13 November 2017, under the Post-IPO Share Option Scheme, share options were granted to one member of senior management to subscribe for 15,000,000 shares at an exercise price of HK\$1.026 per share. All share options granted will be vested equally in three tranches as to 33% of the aggregate number of shares on 13 November 2018, 2019 and 2020, respectively. Each option granted if not exercised subsequently will expire on 12 November 2027. On 1 January 2020, under the Post-IPO Share Option Scheme, share options were granted to employees to subscribe for 22,000,000 shares at an exercise price of HK\$0.1804 per share. 10,000,000 share options granted will be vested in three tranches as to 10%, 40%, 50% of the number of shares on 31 December 2020, 2021 and 2022, respectively. 12,000,000 share options granted will be vested equally in three tranches as to 33% of the number of shares on 31 December 2020, 2021 and 2022, respectively.

Each option granted if not exercised subsequently will expire on 21 January 2024. On 8 May 2020, under the Post-IPO Share Option Scheme, share options were granted to employees to subscribe for 90,000,000 shares at an exercise price of HK\$0.1804 per share. 50,000,000 share options granted will be vested in three tranches as to 20%, 30%, 50% of the number of shares on 31 December 2020, 2021 and 2022, respectively. 18,000,000 share options granted will be vested in two tranches as to 44%, 56% of the number of shares on 31 December 2021 and 2022, respectively. 22,000,000 share options granted will be vested in three tranches as to 32%, 32%, 36% of the number of shares on 31 December 2020, 2021 and 2022, respectively. Each option granted if not exercised subsequently expired on 21 January 2024.

The following share options were outstanding under the Schemes during the year:

	<b>2024</b>		<b>2023</b>	
	<b>Weighted average exercise price HK\$ per share</b>	<b>Number of options '000</b>	<b>Weighted average exercise price HK\$ per share</b>	<b>Number of options '000</b>
At 1 January	<b>0.71</b>	<b>8,300</b>	0.34	108,300
Forfeited during the year	–	–	0.36	(69,660)
Exercised during the year	<b>0.18</b>	<b>(276)</b>	0.18	(30,340)
Expired during the year	<b>0.18</b>	<b>(2,224)</b>	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	<b>0.93</b>	<b>5,800</b>	0.71	<b>8,300</b>

The weighted average share price at the date of exercise for share options exercised during the year was HK\$0.1804 per share (2023: HK\$0.1804 per share).

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

#### 2024

<b>Number of options '000</b>	<b>Exercise price* HK\$ per share</b>	<b>Exercise period</b>
<hr/> 5,800	1.26	31-12-2017 to 26-03-2027
<hr/> <hr/> 5,800		

#### 2023

<b>Number of options '000</b>	<b>Exercise price* HK\$ per share</b>	<b>Exercise period</b>
5,800	1.26	31-12-2017 to 26-03-2027
<hr/> 2,500	0.18	31-12-2020 to 20-01-2024
<hr/> <hr/> 8,300		

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

At the end of the reporting period, the Company had 5,800,000 share options outstanding under the Schemes. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 5,800,000 additional ordinary shares of the company, additional share capital of approximately RMB4 and a share premium of approximately RMB6,648,687.

At the date of approval of these financial statements, the Company had 5,800,000 share options outstanding under the Schemes, which represented approximately 0.33% of the Company's shares in issue as at that date.

No share option expense was recognised by the Group for the year ended 31 December 2024 (2023: NIL).

## **OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS**

### **Annual General Meeting**

The 2025 AGM is scheduled to be held on Friday, 23 May 2025. A notice convening the AGM will be published and dispatched to the Shareholders in accordance with the requirements of the Articles of Association and the Listing Rules in due course.

### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the year ended 31 December 2024, neither the Company, its subsidiaries nor any of the PRC Operating Entities has purchased, sold or redeemed any of the Company's listed securities.

### **Final Dividend**

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

### **Closure of Register of Members**

To ascertain the eligibility of the Shareholders to attend and vote at the AGM to be held on Friday, 23 May 2025, the register of members of the Company will be closed as set out below:

Latest time to lodge transfer	At 4:30 p.m. on Monday, 19 May 2025
Closure of Register of Members	Tuesday, 20 May 2025 to Friday, 23 May 2025, (both days inclusive)
Record date	Friday, 23 May 2025

During the above closure period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than the aforementioned latest time.

### **Audit Committee**

The Company established the Audit Committee on 17 November 2014 with written terms of reference adopted in compliance with the CG Code and the terms of reference was amended on 28 December 2015, 27 December 2018 and 26 March 2024 respectively. As at the date of this announcement, the Audit Committee comprises Ms. LIU Qianli, Mr. LAI Xiaoling and Mr. Cao Xi, all of whom are independent non-executive Directors.

The Audit Committee, together with the Board and the auditors of the Company, has reviewed the accounting standards and practices adopted by the Group and the consolidated financial statements of the Company for the year ended 31 December 2024.

## **Scope of Work of The Company's Auditors in Respect of The Preliminary Announcement**

The figures in respect of the Group's consolidated statement of financial position, 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 the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The auditors made no comments as to the reasonableness or appropriateness of those assumptions of the "Non-IFRSs Measures" as presented in the preliminary announcement. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

## **Compliance with the CG Code**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. Save as disclosed herein below, the Company has complied with all applicable code provisions under the CG Code for the year ended 31 December 2024.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. YAO Jianjun serves as the Chairman and Chief Executive Officer of the Company. In view of Mr. YAO Jianjun's extensive experience in the industry, personal profile and role in the Group and its historical development, the Board believes that it is appropriate and beneficial to the business prospects of the Group that Mr. YAO Jianjun acts as both Chairman and Chief Executive Officer. Furthermore, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in an experienced and qualified person such as Mr. YAO Jianjun would provide strong and consistent leadership, allowing the Company to plan and implement business decisions and strategies more effectively. Besides, all major decisions have been made in consultation with members of the Board, which comprises experienced and high caliber individuals, appropriate Board committees, as well as the senior management team. The Board is, therefore, of the view that there are adequate checks and balances in place. Nevertheless, the Board will continue to monitor and review the Company's current structure and make necessary changes at an appropriate time.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

## **Compliance with the Model Code**

The Company has adopted the Model Code for securities transactions by the Directors. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code throughout the year ended 31 December 2024.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the year ended 31 December 2024.

## **Publication of the 2024 Annual Report**

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.feiyuhk.com](http://www.feiyuhk.com)), and the 2024 annual report containing all the information required by the Listing Rules will be published on the abovementioned websites in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their continued support and contribution.

## **GLOSSARY**

“2024 Restricted Share Unit Scheme”	the restricted share unit scheme adopted by the Shareholders on 24 May 2024
“2024 Share Option Scheme”	the share option scheme adopted by the Shareholders on 24 May 2024
“ARPPU”	average revenue per paying user, calculated by dividing monthly average revenue from the sale of virtual items and premium features during a certain period by the number of average MPUs during the same period
“Articles of Association”	the articles of association of the Company currently in force
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Cayman Islands”	the Cayman Islands
“CG Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules

“Chairman”	the chairman of the Board
“Chief Executive Officer”	the chief executive officer of the Company
“China” or “PRC” or “Mainland China”	the People’s Republic of China excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company” or “Feiyu”	Feiyu Technology International Company Ltd., an exempted company incorporated in the Cayman Islands with limited liability on 6 March 2014
“Director(s)”	director(s) of the Company
“Group” or “the Group”	the Company, its subsidiaries and the PRC Operating Entities
“HK\$” or “Hong Kong dollars” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IAS(s)”	International Accounting Standards
“IASB”	International Accounting Standard Board
“IFRS(s)”	International Financial Reporting Standards, amendments and interpretations issued by the IASB
“IP”	Intellectual Property
“Land”	the land located in Huli District, Xiamen, the PRC as disclosed in the Company’s announcement dated 21 July 2016
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)

“MAUs”	monthly active users, which is the number of players who logged into a particular game in the relevant calendar month. Under this metric, a player who logged into two different games in the same month is counted as two MAUs. Similarly, a player who plays the same game on two different publishing platforms in a month would be counted as two MAUs. Average MAUs for a particular period is the average of the MAUs in each month during that period
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“MPUs”	monthly paying users, which is the number of paying players in the relevant calendar month. Average MPUs for a particular period is the average of the MPUs in each month during that period
“PC”	personal computer
“PRC Operating Entities”	Xiamen Guanghuan and its subsidiaries and “PRC Operating Entity” means any one of them
“R&D”	research and development
“Renminbi” or “RMB”	Renminbi yuan, the lawful currency of the PRC
“RPG”	role-playing games, which involve a large number of players who interact with each other in an evolving fictional world. Each player adopts the role of one or more “characters” who develop specific skill sets (such as melee combat or casting magic spells) and control the character’s actions. There are unlimited possible game scenarios where the evolution of the game world is determined by the actions of the players, and the storyline continuously evolves even while the players are offline and away from the games
“RSU(s)”	restricted share units or any one of them
“Share(s)”	ordinary share(s) in the share capital of our Company with nominal value of US\$0.0000001 each
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)

“US\$”, “United States Dollars” or “USD”

United States dollars, the lawful currency of the United States of America

“Xiamen Guanghuan”

Xiamen Guanghuan Information Technology Co., Ltd. (廈門光環信息科技有限公司), a limited company incorporated under the laws of the PRC on 12 January 2009

By Order of the Board

**Feiyu Technology International Company Ltd.**

**YAO Jianjun**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 28 March 2025

*As at the date of this announcement, the Board comprises Messrs. YAO Jianjun, CHEN Jianyu, BI Lin, and LIN Zhibin, as executive Directors; and Ms. LIU Qianli, and Messrs. LAI Xiaoling and CAO Xi, as independent non-executive Directors.*