望尘体育科技

望塵科技控股有限公司
Gala Technology Holding Limited

(incorporated in the Cayman Islands with limited liability)

Stock code: 2458

Annual Report 2024

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Jia Xiaodong *(Chairman and Chief Executive Officer)*
Mr. Huang Xiang
Mr. Li Xin

Independent Non-executive Directors

Mr. Leung Ming Shu
Mr. Zhan Peixun
Ms. Chak Hoi Kee Clara

COMPANY SECRETARY

Ms. Cheng Lucy

AUTHORIZED REPRESENTATIVES

Mr. Li Xin
Ms. Cheng Lucy

AUDIT COMMITTEE

Mr. Leung Ming Shu *(Chairman)*
Mr. Zhan Peixun
Ms. Chak Hoi Kee Clara

REMUNERATION COMMITTEE

Mr. Zhan Peixun *(Chairman)*
Mr. Li Xin
Mr. Leung Ming Shu

NOMINATION COMMITTEE

Mr. Jia Xiaodong *(Chairman)*
Ms. Chak Hoi Kee Clara
Mr. Zhan Peixun

ESG OVERSIGHT COMMITTEE

Mr. Jia Xiaodong *(Chairman)*
Ms. Lin Zhendan *(Administrative Management Director)*
Ms. Shao Jingfei *(Human Resource Director)*

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKS

Bank of China (Hong Kong) Limited
China Merchants Bank Co., Ltd.
Industrial and Commercial Bank of China Limited

LEGAL ADVISERS

As to Hong Kong Law
Haiwen & Partners LLP

COMPLIANCE ADVISOR

UOB Kay Hian (Hong Kong) Limited

REGISTERED OFFICE

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Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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66 Shuniu Street
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Qianhai Shenzhen-Hong Kong Cooperation Zone
Shenzhen
PRC

COMPANY'S WEBSITE ADDRESS

www.galasports.com

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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Shops 1712-1716, 17th Floor
Hopewell Centre
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Wan Chai
Hong Kong

STOCK CODE

02458

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Gala Technology Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I hereby present the annual report of the Group for the year ended 31 December 2024.

2024 witnessed the technological innovation in the game industry. The accelerated application of artificial intelligence ("**AI**") technologies in the game industry along with the rapid expansion of emerging game sectors, has enabled the game industry to showcase its boundless possibilities.

ROBUST PERFORMANCE OF CORE GAMES AND STRONG EMPOWERMENT OF NEW GAMES

Looking back at 2024, all our core games have delivered performance, much to our delight. With *Football Champion (最佳11人 — 冠軍球會)* entering the stable phase, we maintained stable scales of active users and revenue in 2024 by continuously exploring the effectiveness of content, thereby securing higher retention of original users and considerable improvements in the comprehensive performance of new users attributable to our refined operation. As the Company's flagship product, *Total Football (最佳球會)* also ushered in a leap-forward development in the past year, with gratifying performance in terms of user scale and payment scale. In 2024, we comprehensively upgraded the games in core experience, intellectual property ("**IP**") content depth and operation diversity. Through optimising game mechanics, introducing innovative gameplay and strengthening the integration of IP resources, we markedly improved our products' competitiveness in vertical areas, which further consolidated their leading position in the market segments. Meanwhile, we have brought in a number of professionals with extensive experience in the game industry who have provided key strategic support for our products in aspects such as market analysis, user operations and release strategies. Through in-depth insights into user needs, our teams precisely optimised our existing market release strategies, successfully expanded numerous potential regions and ultimately achieved significant growth of profits, laying a solid foundation for the long-term development of our products. Although *Clutch Hit Baseball (棒球大師)*, the Group's first operational action-based baseball game, has undergone many adjustments in the past year, we still managed to achieve remarkable progress and breakthroughs in various areas through persistent efforts and innovation. When comparing with 2023, our revenue increased by more than 20 times on a year-on-year basis, and the number of new users exceeded 2 million. In the meantime, we have also been actively exploring the Asian market to further enlarge our user base.

NBA Rivals (美職籃巔峰對決), a leading operational action-based basketball game which hit the online shelves in 2024, received overwhelming market response upon its launch and having topped the free game list of Apple's App Store in mainland China on the first three days of its release. Relying on the integration of precise user portrait positioning and innovative gameplay mechanism, it achieved breakthroughs in both user engagement and payment conversion rate in the first stage, initially demonstrating its differentiated competitive advantages, which has injected strong growth impetus into the Group's results. In September 2024, *NBA Rivals* rocked Apple's global product launch event as one of the selected sport action-based games. With its delicate graphics and innovative somatosensory operation technology, which was widely and hotly discussed among the industry media and core player base; in the first offline event, the Exhibition Tournament, held in the following month, Tim Cook, Apple's CEO, showed up unexpectedly and watched the whole event. Such interaction with Apple has also led to significant enhancements in its brand competitiveness.

ROBUST FINANCIAL PERFORMANCE AND INCREASED R&D INVESTMENT

Thanks to the stable performance of our core games and the strong contribution of our newly released games, the Group's total revenue increased significantly in 2024, reaching RMB776 million. Gross profit increased by 20.7% from approximately RMB345 million to approximately RMB416 million. Profit for the year increased from approximately RMB74.24 million for the year ended 31 December 2023 to approximately RMB84.15 million for the year ended 31 December 2024, representing a year-on-year increase of 13.3%. In order to further enhance the game experience of our players, we have placed greater emphasis on the quality of our research and development ("**R&D**") staff, and the research and development expenses increased by approximately RMB24.5 million, or 22.4%, from approximately RMB109.2 million for the year ended 31 December 2023 to approximately RMB133.7 million for the year ended 31 December 2024.

2024 has been a year of rapid growth for artificial intelligence generated content ("**AIGC**") technology. As a leading technology-driven mobile sports game company in China, we have adhered to the principle of "enhancing sports with technology for more fun" for over a decade. In the past year, Arena4D, the AIGC technology that the Group focuses on applying, also made significant progress in the restoration of the court and players' movements. Some of the players' signature and difficult moves could be more realistically reflected in the game, which greatly improved the players' game experience. Furthermore, the effective combination of physics constraint optimisation and neural network algorithm not only effectively addressed complex problems such as player's sliding steps, but also further improved the quality of movements and efficiency of action generation.

OUTLOOK

Looking ahead, 2025 continues to be a year full of challenges for the Group and we have never halted our progress towards globalization. For our core football games, *Football Champion (最佳11人 一冠軍球會)* and *Total Football (最佳球會)*, we will further optimise them based on the data from the 2024 launch tests in each region, making adjustments for different regions to better match the habits of local users, while maintaining the same basic and core game experience. We firmly believe that football, as the universal "language" of the world, will be able to achieve the same results in more regions as in Mainland China through our continuous enhancement in the understanding of the localization of each region. *NBA Rivals (美職籃巔峰對決)* is expected to be released in Hong Kong, Macau and Taiwan regions of China in 2025. Moreover, in the highly competitive game market, we have never stopped exploring new product forms. The *Football Champion (最佳11人 一冠軍球會)* spin-off game mini-game version 1.0 is also expected to be launched in 2025, creating more profit growth for the Group. In addition, we will continue to increase our investment in branding and ecological construction. In 2025, the top rising star of Major League Baseball ("**MLB**"), Boby Witt Jr., will officially join *Clutch Hit Baseball (棒球大師)* as the game's global spokesperson. We will launch a series of promotional activities around this cooperation to fully prepare for the arrival of the new season and further enhance brand influence and user engagement. In terms of the new reserve games, *"Code: Fishing Master" (代號：釣魚大師)* uses a real physics engine, motion capture technology, weather change system, real water surface effects, and high-definition fish modeling to provide players with an immersive fishing experience. And we are also excited to share with players that this game is expected to begin external testing in the second quarter of 2025.

It is clearly stated in the 2024 Report on the Work of the Government that the "Artificial Intelligence +" initiative will be promoted to encourage the integration of digital technology with traditional manufacturing and market advantages in a more effective manner. In 2025, we will also further develop in-game AI intelligence to further enhance gaming realism and apply it to more games. The rapid development of AIGC technology has presented the game industry with both infinite potential and numerous challenges. Leveraging on the Group's extensive experience in the sports game sector for over 10 years, we remain confident, and we will continue to deepen the development and operation of games to bring better game experience to players around the world.

Finally, on behalf of the Board, I would like to express my heartfelt thanks to all employees for their hard work, to Shareholders for their trust, and to partners for their support.

Jia Xiaodong
Chairman of the Board, Executive Director and Chief Executive Officer

27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Company has always adhered to the principle of "enhancing sports with technology for more fun" over the past 10 years. As a mobile sports game company, we established long-lasting and friendly partnership with international sports associations, including FIFPro, NBA, and NBPA, MLB and the Major League Baseball Association, as well as a number of top football clubs. We have always polished every piece of work with the spirit of craftsmanship, and gathered the passion of players around the world through the power of technology. Our existing games cover football, basketball and baseball, including *Football Master (足球大師)*, *NBA Basketball Master (NBA 籃球大師)*, *Total Football (最佳球會)*, *Football Champion (最佳 11 人 — 冠軍球會)*, *Clutch Hit Baseball (棒球大師)* and *NBA Rivals (美職籃巔峰對決)*.

The Group has always been committed to creating different sports game experiences for players with various cultural backgrounds, with its focus on technological innovation. In 2024, we further explored the content of the Group's well-known football management simulation game *Football Champion（最佳11人 — 冠軍球會)*. Its newly launched "Dual-Genre Series" Player ("雙流派系列"球員) and "Tactic Master Series" Player ("戰術大師系列"球員) have been generally recognized by the players, as they brought much more fun to the players. Meanwhile, in terms of IP storage, in the past year, we successively signed contracts with well-known football players including Rivaldo Vitor Borba Ferreira (里瓦爾多•維多•博巴•費雷拉), Marco Materazzi (馬爾特•馬特拉齊) and Wesley Sneijder (韋斯利•斯內德), and maintained good partnership with many of the world's top football clubs such as Real Madrid C.F., Manchester City F.C., F.C. Barcelona and Borussia Dortmund, laying a solid foundation for the long-term IP competitiveness of this product.

In the past year, the Group's core game *Total Football (最佳球會)* secured remarkable growth in terms of user scale and payment scale. In order to build a product growth model with a more virtuous cycle, we continued to ramp up investments in brands and IPs. In the past year, we have cooperated with numerous famous players, such as Rivaldo, Jonathan Cafú (若納坦•卡福), Sneijder and Wei Shihao (韋世豪). Besides, we signed contracts with the National Football Team of Germany, the host team for Euro 2024. During the Euro 2024, we cooperated with the National Football Team of Germany to launch a great number of co-branded activities, which not only enriched the game experience of players, but also increased our profits rapidly. In addition, we conducted strategic cooperation with China's top football media, All Football (懂球帝), for many times in 2024, initiating long-term community building and brand building through content synergy.

In 2024, although the overall income of baseball games in the core market has generally declined, *Clutch Hit Baseball (棒球大師)* has sustained its efforts and innovation. Additionally, we kept consolidating our leading position and remained the top 2 in the MLB authorized products category in the U.S. market. In the second half of 2024, we further expanded our user base by launching localized player cards and holding game events in Asian markets.

In August 2024, the Group officially launched its operational action-based competitive basketball game *NBA Rivals (美職籃巔峰對決)* in mainland China. By virtue of its leading visual presentation and rich content ecology, it topped Apple's App Store's top games list on the first three days and won unanimous praise from players. In October, its first offline event, the Exhibition Tournament, was successfully held in Beijing. Tim Cook, Apple's CEO, showed up at the scene for personal experience, and spoke highly of the exquisite game graphics and realistic visual effects of *NBA Rivals (美職籃巔峰對決)*. Under the strategic product release and the cross-industry co-branded collaboration, breakthroughs have been made in both the user scale and the industry reputation at the launch stage, paving the way for subsequent global release of the game.

Regarding our financial performance, benefiting from the rapid profit growth of the Group's core games and the increase in income arising from the launch of new games, the Group's income was RMB776 million, representing a year-on-year increase of 22.5%; the gross profit was RMB416 million, increasing by 20.7% from RMB345 million for the same period in the previous year; the profit for the year increased from approximately RMB74.24 million for the year ended 31 December 2023 to approximately RMB84.15 million for the year ended 31 December 2024, representing a year-on-year increase of 13.3%.

APPLICATION OF AI TECHNOLOGIES

In 2024, AI technologies have truly entered a stage of high-speed development, gradually penetrating into and leading the changes in all walks of life, especially in the game industry where they demonstrated strong vitality. The Group has been dedicated to AI technologies for many years. In order to provide players with more realistic game experience, the Group continued to increase research and development expenses. As of 31 December 2024, its research and development expenses grew to RMB133.7 million.

The Group has gradually completed the whole-chain technical layout of "AIGC + Game", and built an intelligent R&D ecosystem covering content production, user experience, operation and maintenance. As of 31 December 2024, AIGC technologies primarily applied by the Group included Arena4D technology, Stable Diffusion avatars/props image generation technology, automatic modeling technology for player 3D body/head/action, large model technology for self-generated training code and speech synthesis technology. The Company's proprietary Arena4D arena real-time reproduction technology has also made great progress, achieving more detailed reproduction of stars' iconic movements. In *Total Football (最佳球會)*, *NBA Rivals (美職籃巔峰對決)* and other products, the "exclusive movement databases" of numerous superstars such as LeBron Raymone James (勒布朗•雷蒙•詹姆斯) and Stephen Curry (斯蒂芬•庫里) have been deployed, which allow for more vivid capture of details such as slight shoulder shaking, sudden stop and crossover, greatly improving players' game experience. In addition, in the past year, the Group carried out the construction of AI-based action ecosystem across all platforms, and completed the cross-platform (including Android, iOS and HarmonyOS) intelligent matrix deployment for *Total Football (最佳球會)*, which allows players to switch among different AI styles to improve the degree of their online match.

Furthermore, in terms of game aesthetics, the Group has also been actively promoting the application of AIGC technologies such as Stable Diffusion and Midjourney in game original painting, game icons, props, and scene creation, effectively reducing the time and resources needed to produce a large amount of aesthetics content, and efficiently improving game aesthetics productivity. In the meantime, the Group has achieved full-process AI-based dubbing in multiple languages such as Chinese, English, Japanese, Korean, etc., empowering the voice generation and dynamic match of global game characters, which has significantly optimised the service experience of players from different time zones. In terms of the AI intelligent customer service, the Group has further improved the efficiency and strengthened the global service capability by combining rich databases and large models.

PRINCIPAL RISKS AND UNCERTAINTIES

As a mobile sports game developer, publisher and operator in the PRC, the Group faces various risks relating to its daily business operations as well as the industry and regulatory landscape in the PRC. These risks include (i) the Group may not be able to anticipate or successfully adapt to new trends and may face increasingly intense competition in the mobile game industry, which makes us difficult to evaluate our business and prospects; (ii) the Group may fail to renew the IP licensing agreements with the IP right holders or obtain new IP right licenses; and (iii) the Group's new games may not be commercially successful and the Group may not be able to attract new players.

FUTURE OUTLOOK

Looking ahead to 2025, *Football Champion (最佳11人 一冠軍球會)*, in its fifth year of operation, is now facing a stagnation phase in new user acquisition. However, we remain committed to lean operation, product enhancement, and prioritizing holistic experience across diverse users. We aim to create more diverse activities and content to elevate players' card game experience. In addition, we will draw upon the experience of our successful overseas releases to capture market share in more overseas regions and satisfy the needs of users in multiple regions. In addition, we are also actively preparing for the spin-off mini-game version 1.0, which is expected to be tested in the first half of the year. In the phase of rapid iteration of AI technology, *Total Football (最佳球會)*, representing the Group's top-notch technology, will continue to enhance the AI operating experience in 2025 to solidify the loyalty of veteran players to the product. Simultaneously, we will introduce more early-stage modifications that are more friendly to new players and facilitate the steady growth of the product's market share. Furthermore, in 2025, we will implement targeted optimisations in regions such as Hong Kong, South Korea, and Japan to further expand our revenue scale. Meanwhile, to further enhance our brand influence, *Clutch Hit Baseball (棒球大師)* has officially invited MLB's top rising star, Boby Witt Jr., to join and will increase investment in baseball e-sports events in the Mainland China market. We will further consolidate our presence in North America by continuously improving certain experiences and strengthening our localized operations. We will continue to deepen the strategic deployment of our global top-tier sports IP, *NBA Rivals (美職籃巔峰對決)*, another core product of the Group that has garnered significant attention from game players. We will collaborate with more renowned basketball stars to establish an IP matrix and introduce innovative gameplay to construct distinct competitive barriers and lead the race in the arena of competitive basketball games.

In terms of AI deployment, the Group will further enhance the revolutionary technology innovation of the Arena4D motion capture engine to further improve the accuracy and efficiency of motion pipeline reconstruction, iteratively enhancing the realism of in-game motion. Simultaneously, a new generation of AI agent ecosystem will be developed to create more realistic tactical gameplay in basketball competitive scenarios, providing game players with an exceptional competitive experience. Furthermore, a comprehensive upgrade has been made to the intelligent service system, enabling more precise responses from AI customer service.

Looking ahead, the game industry, as a fusion of culture and technology, plays a crucial role in the wave of the digital economy. Global strategic positioning is a key development focus for the Group. Game versions are refined and upgraded to cater to the distinctive user profiles in various regions, enabling the creation of more targeted products centered around user demands. With years of dedicated involvement in sports game, we are committed to ongoing technological innovation and advancement, poised to embark on a new chapter of development.

FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

The following table presents items of the audited consolidated statement of comprehensive income of the Group in absolute amounts and as percentages to the total revenue for the years indicated.

	Year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Revenue	**775,918**	**100.0**	633,633	100.0
Cost of revenue	**(360,035)**	**(46.4)**	(288,977)	(45.6)
Gross profit	**415,883**	**53.6**	344,656	54.4
Other gains /(losses), net	**737**	**0.1**	(4,256)	(0.7)
Other income	**12,678**	**1.6**	21,303	3.4
Selling and marketing expenses	**(147,333)**	**(19.0)**	(129,506)	(20.4)
General and administrative expenses	**(60,058)**	**(7.7)**	(45,617)	(7.2)
Research and development expenses	**(133,725)**	**(17.2)**	(109,231)	(17.2)
Finance cost	**(3,965)**	**(0.5)**	(4,593)	(0.7)
Share of results of an associate	**1,308**	**0.2**	0	0.0
Profit before tax	**85,525**	**11.0**	72,756	11.5
Income tax (expenses) credits	**(1,379)**	**(0.2)**	1,479	0.2
Profit for the year	**84,146**	**10.8**	74,235	11.7
Other comprehensive income for the year				
Item that will not be reclassified to profit or loss:				
Exchange differences on translation from functional currency to presentation currency	**378**	**0.0**	2,670	0.4
Total comprehensive income for the year	**84,524**	**10.9**	76,905	12.1
Profit/(loss) for the year attributable to:				
Owners of the Company	**84,159**	**10.8**	74,203	11.7
Non-controlling interests	**(13)**		32	

Key financial ratios

The following table sets forth the key financial metrics of the Group for the years indicated:

	Year ended 31 December	
	2024	2023
Gross profit margin	**53.6%**	54.4%
Net profit margin[1]	**10.8%**	11.7%
Return on equity[2]	**22.3%**	22.3%
Return on assets[3]	**13.3%**	14.1%
Interest coverage ratio[4]	**21.2 times**	16.8 times

	Year ended 31 December	
	2024	2023
Current ratio[5]	**2.5 times**	2.8 times
Quick ratio[6]	**2.5 times**	2.8 times

Notes:

1. Net profit margin equals profit for the year divided by revenue for the year, multiplied by 100%.

2. Return on equity equals profit attributable to owners of the Company for the year divided by the closing balance of the equity attributable to owners of the Company, multiplied by 100%.

3. Return on assets equals profit for the year divided by the closing balance of total assets, multiplied by 100%.

4. Interest coverage ratio equals operating profit for the year divided by interest expenses for the year.

5. Current ratio equals total current assets divided by total current liabilities as at the year end date.

6. Quick ratio equals total current assets less inventories divided by total current liabilities as at the year end date.

FINANCIAL REVIEW

Revenue

The following table sets out the revenue in absolute amounts and as percentages to the total revenue of the Group by publishing models for the years indicated:

	Year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Self-publishing games	**774,590**	**99.8**	630,140	99.4
Third-party publishing games	**1,328**	**0.2**	3,493	0.6
Total	**775,918**	**100**	633,633	100

The revenue increased by approximately RMB142.3 million, or 22.5%, from approximately RMB633.6 million for the year ended 31 December 2023 to approximately RMB775.9 million for the year ended 31 December 2024, primarily due to (i) the comprehensive upgrade of *Total Football (最佳球會)*, a flagship game of the Group, in core gaming experience, the depth of its IP content and the richness and diversity of its operation which greatly improved the product's competitiveness in the vertical areas and thus increased the revenue significantly; and (ii) the strong performance of *NBA Rivals (美職籃巔峰對決)*, a new game launched during the year.

Cost of revenue

The following table sets forth a breakdown of the cost of revenue in absolute amounts and as percentages to the total cost of revenue of the Group for the years indicated:

	Year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Commission fee to the Platforms	**224,824**	**62.5**	180,965	62.6
License fees	**91,116**	**25.3**	73,293	25.4
Revenue sharing to third-party publishers	**1,056**	**0.3**	2,622	1
Staff costs	**25,015**	**6.9**	18,053	6.2
Server usage expenses	**10,499**	**2.9**	11,990	4.1
Others*	**7,525**	**2.1**	2,054	0.7
Total	**360,035**	**100**	288,977	100

* Others mainly consist of depreciation of property, plant and equipment and depreciation of right-of-use assets.

The cost of revenue increased by approximately RMB71 million, or 24.6%, from approximately RMB289.0 million for the year ended 31 December 2023 to approximately RMB360 million for the year ended 31 December 2024. The increase in the cost revenue was primarily due to (i) the increase in commission fees to the Platforms as a result of the increase in the revenue of *Total Football (最佳球會)* and *NBA Rivals (美職籃巔峰對決)*; (ii) the Group's acquisition of the IP right license of the newly-launched game *NBA Rivals (美職籃巔峰對決)* from NBP and NBPA during the year, and the Group's certain IP right license arrangements requiring us to share the revenue from our income received, leading to the increase in the license fees; and (iii) the increase in the number of employees for the maintenance, operation and customer service of the newly-launched game *NBA Rivals (美職籃巔峰對決)*, which increased the staff costs.

Gross profit

The gross profit increased by approximately RMB71.2 million, or 20.7%, from approximately RMB344.7 million for the year ended 31 December 2023 to approximately RMB415.9 million for the year ended 31 December 2024. The gross profit margin of the Group decreased from approximately 54.4% for the year ended 31 December 2023 to approximately 53.6% for the year ended 31 December 2024. The increase in gross profit was mainly due to the increase in revenue of *Total Football (最佳球會)* and *NBA Rivals (美職籃巔峰對決)*. The decrease in gross profit margin was mainly due to the increase in commission fees to the Platforms, license fees and staff costs.

Other gains, net

Other gains, net were approximately RMB0.7 million for the year ended 31 December 2024, mainly due to currency exchange fluctuations.

Other income

Other income decreased by approximately RMB8.6 million, or 40.4%, from approximately RMB21.3 million for the year ended 31 December 2023 to approximately RMB12.7 million for the year ended 31 December 2024, mainly attributable to the reduction of available grants as a result of fewer government grant policies.

Selling and marketing expenses

Selling and marketing expenses increased by approximately RMB17.8 million, or 13.7%, from approximately RMB129.5 million for the year ended 31 December 2023 to approximately RMB147.3 million for the year ended 31 December 2024, primarily attributable to (i) the overseas launch of *Total Football (最佳球會)* and *MLB Clutch Hit Baseball (棒球大師)*; (ii) the introduction of a new game *"NBA Rivals (美職籃巔峰對決)"* in the second half of the year, which led to the rise in selling and marketing expenses.

General and administrative expenses

The general and administrative expenses increased approximately RMB14.5 million, or 31.8%, from approximately RMB45.6 million for the year ended 31 December 2023 to approximately RMB60.1 million for the year ended 31 December 2024, primarily due to the increase in the share-based compensation expenses and the increased expenses due to business development.

R&D expenses

R&D expenses increased by approximately RMB24.5 million, or 22.4%, from approximately RMB109.2 million for the year ended 31 December 2023 to approximately RMB133.7 million for the year ended 31 December 2024, primarily due to the increase in the number of the Group's R&D staff for the year ended 31 December 2024 for the development of the new games released during the year and in the pipeline, and the salary increment offered to reward the talented R&D personnel of the Group.

Finance cost

For the year ended 31 December 2024, finance cost amounted to approximately RMB4.0 million, mainly attributable to the interest accretion on non-current license fee and royalties payables arising from the Group's acquisition of the IP right licenses from MLB and NBA.

Liquidity, Financial and Capital Resources

As at 31 December 2024, the total assets of the Group increased by approximately RMB104.2 million or 19.8% to RMB631.6 million (2023: RMB527.4 million), the net current assets increased by approximately 9.0% to RMB292.9 million (2023: RMB268.6 million) and total equity increased by approximately 13.7% to RMB377.1 million (2023: RMB331.6 million) as compared to that as at 31 December 2023. The increase in current assets was mainly due to the increase in accounts receivable as well as cash and cash equivalents resulting from the growth in sales. The increase in current liabilities was mainly due to the rise in contract liabilities and other payables. The increase in total equity was mainly due to the climb in profit for the year.

As at 31 December 2023 and 31 December 2024, the Group had no bank borrowings.

The Group's current ratio increased to approximately 2.5 times for the year ended 31 December 2024 from approximately 2.8 times for the year ended 31 December 2023.

As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB377.7 million (2023: RMB300.4 million). The cash and cash equivalents were mainly denominated in RMB. For the purpose of presentation in the consolidated statement of cash flows, the cash and cash equivalents comprise cash on hand and demand deposits, which are subject to an insignificant risk of changes in value. The Group generally deposits its excess cash in interest-bearing bank accounts and current accounts.

	Year ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Net cash generated from operating activities	**176,316**	98,264
Net cash used in investing activities	**(40,763)**	(95,061)
Net cash (used in)/generated from financing activities	**(58,666)**	61,972
Net increase in cash and cash equivalents	**76,887**	65,175
Cash and cash equivalents at end of the year	**377,676**	300,411

The Company's working capital is sufficient to maintain its normal operations.

Net cash generated from operating activities

Primary source of cash generated from operating activities consists of revenue generated from game development and operation of the Group. Cash used in operating activities are mainly used to fund the development, publishing and operation of the games. Cash flows generated from operating activities for the year ended 31 December 2024 was approximately RMB176.3 million, representing an increase of approximately RMB78 million when compared to approximately RMB98.3 million for the year ended 31 December 2023. The increase in cash flows from operating activities was primarily attributable to (i) an increase in profit before tax of approximately RMB 12.7 million, (ii) an increase in trade and other payables of approximately RMB 29.7 million, and (iii) an increase in contract liabilities of approximately RMB 21.0 million.

Net cash used in investing activities

Net cash used in investing activities primarily reflects cash used for purchases of financial assets at fair value through profit or loss ("**FVTPL**"), and purchases of property, plant and equipment, purchases of intangible assets; offset by proceeds from disposal of financial assets at FVTPL and repayment from related parties. Cash flows used in investing activities for the year ended 31 December 2024 was approximately RMB40.8 million, representing a decrease of approximately RMB54.3 million when compared to approximately RMB95.1 million for the year ended 31 December 2023. The Group reduced its purchases of financial assets at FVTPL during the year.

Net cash (used in)/generated from financing activities

Net cash generated from/(used in) financing activities primarily reflects the buy-back of Shares, payment of dividends and payment for principal elements of lease liabilities. Net cash used in financing activities for the year ended 31 December 2024 was approximately RMB58.7 million, which was mainly due to the buy-back of Shares and payment of dividends.

Gearing ratio

As at 31 December 2024, gearing ratio (defined as debt divided by total equity, where debt includes lease liabilities and a financial liability at FVTPL) was 0.04 times (2023: 0.01 times).

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Leases liabilities		
– Current	**2,664**	4,330
– Non-current	**12,489**	330
Financial liability at FVTPL	**–**	–
Debt	**15,153**	4,660
Equity	**377,133**	331,588
Gearing ratio	**0.04 time**	0.01 time

Taking the operating cash flow, funds raised and other factors discussed in this report, the Board is of the view that the Group has sufficient financial resources to meet its funding requirements in the short or longer term.

Contingent Liabilities

As at 31 December 2024, the Group did not have any contingent liabilities (2023: nil).

Pledge of Assets

As at 31 December 2024, none of the assets of the Group was pledged (2023: nil).

Capital Commitments

As at 31 December 2024, the Group did not have any capital commitments (2023: nil).

Material Acquisitions and Disposal of Subsidiaries

The Group had neither material acquisition nor disposal of subsidiaries, associates and joint ventures for the year ended 31 December 2024 (2023: nil).

Significant Investments

The Group did not have any significant investments for the year ended 31 December 2024 (2023: nil).

Future Plans for Material Investments and Capital Assets

As at 31 December 2024, save as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 December 2022 (the "**Prospectus**"), the Group did not have any other future plans for material investments or capital assets (2023: same).

Treasury Policies and Foreign Exchange Exposure

The Group has adopted a prudent approach on treasury management for the purpose of investing the sufficient financial resources in wealth management products. The Group will closely monitor the liquidity position of the Group to ensure that the liquidity structure of the Group's assets, liabilities and other commitments is consistently able to meet its funding requirements.

The Group's foreign currency transactions are mainly denominated in United States dollar ("**US$**"), European dollar ("**EUR**") and Hong Kong dollar ("**HK$**"). The majority of assets and liabilities are denominated in RMB, US$, EUR and HK$ and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities denominating in a currency other than RMB, which is the functional currency of the major operating companies within the Group.

The Group did not experience any significant liquidity problems resulting from currency exchange fluctuations during the year ended 31 December 2024 (2023: same). The Group did not hedge its foreign currency exposure during the year ended 31 December 2024 (2023: same).

Employees and Remuneration Policy

The Group had 491 full-time employees as at 31 December 2024 (2023: 412), most of whom were based in the PRC. The total staff costs amounted to approximately RMB199.4 million for the year ended 31 December 2024 (2023: RMB144.6 million).

The Group has established rules and procedures of recruitment, job promotion, compensation, benefits, leave, dismissal, etc. The Group determines employees' compensation packages on the basis of work performance and the market standard of remuneration. The Group compensates its employees with base salaries and performance-based bonuses. The Group has adopted a share option scheme and two share award schemes which serve long term incentive designed to motivate, reward and retain directors and employees of the Group.

The Group's member companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and other defined contribution social security plans organized by relevant government authorities in the PRC on a monthly basis. The Group is committed to enhancing the professional knowledge and skills of our employees and promoting their personal growth and development. Our employees are also provided with training opportunities on various fronts, including induction training, business-related training and training on compliance and corruption prevention.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Jia Xiaodong (賈小東), aged 38, co-founded our Group with Mr. Huang in December 2013. Mr. Jia was appointed as our Director on 12 June 2018 and was re-designated as our executive Director and appointed as the chairman of our Board and the chief executive officer of our Group on 23 June 2021. Mr. Jia is also the chairman of the nomination committee of the Board (the "**Nomination Committee**") and the environmental, social and governance oversight committee of the Board (the "**ESG Oversight Committee**"). Mr. Jia is primarily responsible for formulating the overall business direction and strategic planning of our Group. Mr. Jia is also a director of certain other members of our Group, namely 深圳市望塵莫及科技有限公司 (Shenzhen Wangchen Moji Technology Co., Ltd.) ("**WFOE**"), 深圳市創真視界科技有限公司 (Shenzhen Chuangzhen Shijie Technology Co., Ltd.) ("**Chuangzhen Shijie**"), Gala Technology International Limited ("**Gala Technology (BVI)**"), Gala Technology (Hong Kong) Limited ("**Gala Technology (HK)**") and Gala Sports Technology Limited ("**Gala Sports HK**"). Mr. Jia is the sole director of Great Shine Holding Limited ("**Great Shine**"), a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**").

Prior to founding our Group in December 2013, from June 2010 to August 2013, Mr. Jia served as the main planner of "Fantasy Basketball Manager" and product manager of Shenzhen Fantasy Technology Co., Ltd. (深圳市範特西科技有限公司), and was subsequently promoted to be the general manager of the mobile department, where he was primarily responsible for the research and development of this company's only mobile game at the time, team management, publishing management and market development.

Mr. Jia has been a qualified High-Level Talents (高層次人才) certified by Human Resources Bureau of Bao'an District, Shenzhen (深圳市寶安區人力資源局) since October 2018 and a qualified High-Level Professional (高層次專業人才) certified by Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局) since May 2018.

Mr. Jia obtained a bachelor's degree in telecommunications engineering from Xi'an College of Posts & Telecommunications (西安郵電學院) in the PRC in July 2010 and obtained a master's degree in science in telecommunications from The Hong Kong University of Science and Technology in Hong Kong in November 2012.

Mr. Huang Xiang (黃翔), aged 41, co-founded our Group with Mr. Jia in December 2013. He was appointed as our Director on 12 June 2018 and was re-designated as our executive Director on 23 June 2021. Mr. Huang has been primarily responsible for overseeing the operations and technical aspects (including product development and know-how management) of our Group. Mr. Huang is also a director of certain other members of our Group, namely Gala Technology (BVI), Gala Technology (HK) and Wild Caly Pte. Ltd ("**Wild Caly**"). Mr. Huang is the sole director of High Triumph Holding Limited ("**High Triumph**"), a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. Huang has over 12 years of experience in the electronic engineering industry. From 2009 to 2012, Mr. Huang served as a software engineer at In2media Group, a creative digital agency, where he was primarily responsible for creative content and 3D engine development.

Mr. Huang obtained a bachelor's degree in business administration from Changsha University of Science and Technology (長沙理工大學) in the PRC in June 2006 and he is currently a doctoral student majoring in engineering science in Tsinghua University (清華大學) in the PRC.

Mr. Li Xin (李欣), aged 42, was appointed as our Director on 12 June 2018 and was re-designated as our executive Director on 23 June 2021. Mr. Li took up the role of the Chief Financial Officer on 29 April 2024. Mr. Li is a member of the remuneration committee of the Board (the "**Remuneration Committee**"). He is primarily responsible for overseeing the financial management, human resources management, marketing and business development of our Group. Mr. Li is also a director of Gala Technology (HK).

Prior to joining our Group in April 2016, from May 2010 to March 2014, Mr. Li served as a head of business development department of Chengdu High-Tech Investment Group Co., Ltd. (成都高新投資集團有限公司), an investment company, where he was primarily responsible for overseeing the sales and business development. From April 2014 to April 2016, he served as a vice president of Tap4fun Co., Ltd. (成都創人所愛科技股份有限公司), a mobile game development and publishing company, where he was primarily responsible for overseeing the business development, investment and overall management.

Mr. Li obtained a bachelor's degree in information engineering from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhan Peixun (詹培勛), aged 38, was appointed as an independent non-executive Director on 20 December 2022. He is also the chairman of the Remuneration Committee and a member of each of the audit committee of the Board (the "**Audit Committee**") and the Nomination Committee. Mr. Zhan is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Zhan has more than 6 years of finance experience. From December 2012 till now, he has been serving as director at Shenzhen Chiu Heung Tea Co., Ltd. (深圳潮鄉茶業有限公司), a brand retail firm, where he is mainly responsible for company strategy development and public relation management. Since May 2018, he has been serving as a director at Shenzhen Bonuo Management Consulting Company Limited (深圳博諾管理諮詢有限責任公司), a business consulting firm, where he is mainly responsible for providing professional advice to corporate clients on fundraising, investment and management.

Mr. Zhan has been a member of Chinese Financial Association of Hong Kong (香港中國金融協會) since November 2014. Since March 2017, he has been serving as the Deputy Secretary-General of Hong Kong Chiu Chow Chamber of Commerce (香港潮州商會), a prestigious centennial chamber of commerce. He was appointed as a committee member of the Youth Committee of All-China Federation of Returned Overseas Chinese (中國僑聯青年委員會) since November 2019. He was appointed as a Member of Guangdong Youth Federation (廣東省青聯委員) since June 2022. Mr. Zhan obtained a bachelor's degree in management from Sun Yat-sen University in June 2010 and a master's degree in social science from The Hong Kong University of Science and Technology in November 2011. Since 2019, he has been a part-time PhD candidate in finance at the Shanghai University of Finance and Economics.

Mr. Leung Ming Shu (梁銘樞), aged 50, was appointed as an independent non-executive Director on 20 December 2022. He is also the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Leung is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Leung has more than 24 years of corporate finance and management experience. From September 1998 to July 2001, he served as an accountant at PricewaterhouseCoopers (羅兵咸永道會計師事務所), where he was mainly responsible for providing annual audit services for listed companies. From October 1999 to December 2000, he served as a senior consultant at Arthur Andersen & Co (安達信會計師事務所), where he was mainly responsible for providing consultancy service for mergers and acquisitions and business restructuring projects. From February 2003 to March 2006, he worked as a senior manager in the mergers and acquisitions department at CDC Corporation, a NASDAQ listed company, and as chief financial officer of Sino Splendid Holdings Limited (中國華泰瑞銀控股有限公司) (formerly known as Chinadotcom Incorporation (中華網科技公司)), a subsidiary of CDC Corporation and mainly engaged in the provision of software and online information whose shares are listed on GEM of the Stock Exchange (stock code: 8006), where he was mainly responsible for investor relations, leading mergers and acquisition activities and overseeing the finance operations of the company. From November 2006 to January 2008, he served as chief financial officer of Beijing Lingtu Spacecom Technology Co., Ltd. (北京靈圖星訊科技有限公司), a subsidiary of Beijing Lingtu Software Co., Ltd. (北京靈圖軟件技術有限公司), a company mainly engaged in the provision of digital map and global positioning system (GPS) service, where he was responsible for conducting equity fund raising, and overseeing the finance operations of that company. Mr. Leung has been the company secretary of China ITS (Holdings) Co., Ltd. (中國智能交通系統(控股)有限公司) since January 2008 and the chief financial officer of this company from January 2008 to December 2012, a company mainly engaged in the provision of intelligent transportation solutions covering expressway, railway, and urban traffic sectors whose shares are listed on the Main Board of the Stock Exchange (stock code: 1900), where he was mainly responsible for strategies, financial management and investor relations. From January 2013 to January 2017, he served as chief financial officer of Visual China Group (視覺(中國)文化發展股份有限公司) whose shares are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000681.SZ), a company mainly engaged in the provision of image authorization, where he was mainly responsible for mergers and acquisitions, overall financial management of the company. Since January 2018, he has been serving as a founding and managing partner at Harmony Capital (和諧資本), an investment fund with a focus on internet and consumer sectors, where he is mainly responsible for fund overall management and investment operations.

Since April 2021, he has been serving as chief financial officer and a member of strategy committee of 58 Group and managing partner of 58 Industry Fund, where he is mainly responsible for overseeing overall financial and legal functions and strategic investment and management of 58 Industry Fund.

Mr. Leung had served or has been serving as a director of the following listed companies during the three years immediately preceding the date of this report:

Period of service	Name of company	Principal business	Place of listing and stock code/ticker symbol	Position
June 2008 to February 2021	Comtec Solar Systems Group Limited (卡姆丹克太陽能系統集團有限公司)	Provision of solar rooftop distributed generators	Main Board of the Stock Exchange (stock code: 0712)	Independent non-executive director
February 2013 to present	Cabbeen Fashion Limited (卡賓服飾有限公司)	Sale of apparel and related accessories in the PRC	Main Board of the Stock Exchange (stock code: 2030)	Independent non-executive director
March 2017 to present	Sun.King Technology Group Limited (賽晶科技集團有限公司) (formerly known as Sun. King Power Electronics Group Limited (賽晶電力電子集團有限公司))	Provision of power electron capacitor (電力電子電容器)	Main Board of the Stock Exchange (stock code: 0580)	Independent non-executive director
November 2019 to present	Renrui Human Resources Technology Holdings Limited (人瑞人才科技控股有限公司)	Provision of human resources services	Main Board of the Stock Exchange (stock code: 6919)	Independent non-executive director
February 2020 to April 2022	Glory Star New Media Group Holdings Limited (耀世星輝新文娛集團控股有限公司)	Provision of mobile entertainment	NASDAQ (ticker symbol: GSMG. US)	Independent director

Period of service	Name of company	Principal business	Place of listing and stock code/ticker symbol	Position
July 2021 to present	GOGOX HOLDINGS LIMITED (快狗打车控股有限公司)	Provision of logistic and delivery solution services and platform services which uses technology to connect transacting user and logistic and delivery service provider in the PRC, Hong Kong, Singapore, Republic of Korea, and other Eastern and Southern Asian countries	Main Board of the Stock Exchange (stock code: 2246)	Non-executive director
May 2022 to present	Infinities Technology International (Cayman) Holding Limited (多牛科技國際(開曼)集團有限公司) (formerly known as Jiu Zun Digital Interactive Entertainment Group Holdings Limited (九尊數字互娛集團控股有限公司))	Development and operation of mobile games and the distribution of digital media content in the PRC	Main Board of the Stock Exchange (stock code: 1961)	Independent non-executive director

Mr. Leung has been a Fellow Member of Association of Chartered Certified Accountants and the Fellow Member of the Hong Kong Institute of Certified Public Accountants since February 2007 and June 2010, respectively. Mr. Leung obtained a First Class Honor bachelor's degree in accounting from the City University of Hong Kong in November 1998 and a master's degree in accounting from The Chinese University of Hong Kong in November 2001.

Ms. Chak Hoi Kee Clara (翟凱琪), age 52, was appointed as an independent non-executive Director on 20 December 2022. She is also a member of each of the Audit Committee and the Nomination Committee. Ms. Chak is primarily responsible for providing independent advice on the operations and management of our Group.

Ms. Chak has more than 17 years of experience in the field of corporate development, mergers and acquisitions and private equity investments. From January 2004 to August 2006, she served with her last position as Associate Director at Sun Hung Kai Properties Direct Investment Ltd., an investment company where she was responsible for private equity and related investments. From September 2006 to May 2008, she served as Associate Director at GE Corporate Financial Services Asia, a financial services division of General Electric where she was responsible for conducting due diligence, valuation and negotiation on investments including the potential investments in financial institutions in the PRC and Vietnam. From June 2008 to April 2012, she served as Vice President at JRE Partners, a joint venture focused on Greater China where she was responsible for the full investment cycle from deal sourcing, due diligence, financial projections, terms negotiation to investment documentation. From May 2012 to April 2018, she served as Head of Business Development at Maxim's Caterers Limited, a Hong Kong based food, beverage and restaurant chain where she was responsible for the group's M&A and business development activities. From November 2018 to October 2019, she served as Chief Financial Officer at Bayshore Pacific Hospitality Limited, a Taiwan based restaurant chain where she was mainly responsible for the full accounting, finance and fund-raising functions. Since November 2019, she has been serving as Managing Director at LionRock Capital Limited, a Hong Kong based private equity fund where she was responsible for leading direct investment activities from deal sourcing, due diligence, financial projections, terms negotiation to investment documentation.

Ms. Chak has been qualified as a Chartered Financial Analyst (CFA) by the CFA Institute since August 2002. Ms. Chak obtained a bachelor's degree Economics and Political Science from University of Toronto in June 1995 and a master's degree in Business Administration from The Chinese University of Hong Kong in December 2000.

SENIOR MANAGEMENT

Mr. Zeng Ke (曾科), aged 41, joined our Group as the vice president of research and development department in April 2014 and he is primarily responsible for project management and engine development of our Group. Prior to joining our Group, from March 2011 to March 2014, he served as a software engineer of Microsoft Corporation, where he was primarily responsible for development of Microsoft Office 2013.

Mr. Zeng obtained a master's degree in computer science from University of Southern California in the United States in December 2010.

Mr. Zhao Xin (趙鑫), aged 37, joined our Group as the vice president in April 2016 and he is responsible for overseeing the business development for the domestic and overseas markets.

Prior to joining our Group, from July 2011 to November 2012, Mr. Zhao served as the product manager of Gospell Digital Technology Co., Ltd. (高斯貝爾數碼科技股份有限公司), a company mainly engaged in R&D and manufacturing of communication equipment, whose shares are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 2848), where he was primarily responsible for overseeing the strategy planning of the products and overall management of mobile department. From December 2012 to November 2015, Mr. Zhao served as the marketing director of Tap4fun Co., Ltd. (成都創人所愛科技股份有限公司), a software development company, where he was primarily responsible for the promotion and distribution of the company's products in the global market.

Mr. Zhao obtained a bachelor's degree in science from Texas Christian University in the United States in May 2011.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are mobile sports game development, publishing and operation in the PRC, details of which are set out in Note 15 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2024 which contains a fair review of the Company's business using financial key performance indicators, a description of the principal risks and uncertainties faced by the Group and an indication of likely future development in the Company's business, is set out in the Chairman's Statement and Management Discussion and Analysis sections from pages 4 to 15 of this report.

These discussions form part of the Report of the Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to leveraging its established business to deliver value, make contribution and fulfill its corporate responsibility for the society. Moreover, it endeavors to adhere to a high standard of corporate governance and operate its business with integrity and on a compliant basis by adopting and implementing its environmental, social and governance policy. The Group operates its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. The "Environmental, Social and Governance Report", which forms part of this report, is set out on pages 63 to 101 of this report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Group believes that its success depends on the support from key stakeholders which comprise employees, customers and suppliers.

Discussions on the Group's relationships with its employees, customers and suppliers is contained in the section headed "Environmental, Social and Governance Report" on pages 63 to 101 of this report.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The trustees of the Executive Aligned Share Award Scheme of the Company (the "**Executive Aligned Share Award Scheme**") (adopted on 15 December 2023), in accordance with the rules of the Executive Aligned Share Award Scheme and the terms of the Trust Deed, purchased an aggregate of 1,190,000 shares on the market on 7 January 2025 for a total amount of HK$4,974,200, and purchased an aggregate of 1,190,000 shares on the market on 17 January 2025 for a total amount of HK$5,045,600. As of the date of this report, these shares have not been sold, and save as disclosed above, there were no other material and significant events that would affect the Group after 31 December 2024 and up to the date of this report.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on page 107 of this report.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 20 June 2025 (the "**2025 AGM**"). A notice convening the 2025 AGM will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.galasports.com), and will be issued or despatched to the shareholders of the Company (the "**Shareholders**") within such time and in such manner as required under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

FINAL DIVIDEND

After taking into consideration the capital expenditure required by the Group's plan to develop new games and promote its existing games and new game in overseas markets in 2025, the Board recommended not to declare any final dividend of the Company for the year ended 31 December 2024 (2023: RMB18.82 cents per share).

There is no arrangement that any shareholder of the Company has waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholder's eligibility to attend and vote at the 2025 AGM, the register of members of the Company (the "**Register of Members**") will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025 (both days inclusive). In order to qualify to attend and vote at the 2025 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, 16 June 2025. Shareholders whose names appear on the Register of Members at the close of business on Friday, 20 June 2025 are entitled to attend and vote at the 2025 AGM.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company during the year ended 31 December 2024 are set out in Note 33 to the consolidated financial statements.

As at 31 December 2024, the Company had no distributable reserves available for dividend distribution, calculated in accordance with the provisions of the applicable laws and regulations of the Cayman Islands (2023: nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year ended 31 December 2024 are set out in Note 16 to the consolidated financial statements.

BORROWINGS

The Group had no bank borrowings during the year ended 31 December 2024 (2023: nil).

SHARE CAPITAL

Details of the movements in the share capital of the Company for the year ended 31 December 2024 are set out in Note 26 to the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 160 of this report.

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

During the year ended 31 December 2024, the Company repurchased a total of 32,800 ordinary shares of the Company (the "**Shares**") on the Stock Exchange at an aggregate consideration of approximately HK$130,636 and such repurchased Shares were held as treasury shares. Particulars of the Shares repurchased on the Stock Exchange during the year ended 31 December 2024 are as follows:

Month of Repurchase	**No. of Shares Repurchased**	**Highest Price Paid Per Share (HK$)**	**Lowest Price Paid Per Share (HK$)**	**Aggregate Consideration (HK$)**
November 2024	20,800	4.15	3.93	83,684
December 2024	12,000	4.09	3.75	46,952
Total	**32,800**			**130,636**

The Directors of the Company believe that the above repurchases are in the best interests of the Company and its shareholders and that such repurchases would lead to an enhancement of the Company's net asset value per share and/or earnings per share.

Save for the Share repurchases as disclosed in this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including the sales of treasury shares) during the year ended 31 December 2024.

As at 31 December 2024, there were 32,800 treasury shares held by the Company. The Board is of the view that the Company's repurchases and holding of Shares as treasury shares provides enhanced flexibility to either dispose of such treasury shares at market price to raise additional capital for the Company, or transfer/allocate them for share grants under equity incentive schemes compliant with Chapter 17 of the Listing Rules, as well as for other purposes permitted under the Listing Rules, articles of association of the Company (the "**Articles**") and applicable laws of the Cayman Islands.

SHARE SCHEMES

The Company has three existing share schemes, namely the Share Option Scheme, the 2023 Share Award Scheme (settled by issuance of new Shares), and the Executive Aligned Share Award Scheme (funded by existing Shares). As at the date of this report, the Company has 137,967,200 Shares in issue (excluding treasury shares) (the "**Issued Shares**"). The total number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the year ended 31 December 2024, divided by the weighted average number of Issued Shares for the year ended 31 December 2024 was approximately 5.6%.

On 24 October 2023, Futu Trustee Limited was appointed by the Company as trustee for the administration of the 2023 Share Award Scheme in accordance with its rules. On 15 December 2023, Kastle Limited was appointed by the Company as trustee for the administration of the Executive Aligned Share Award Scheme in accordance with its rules (collectively, the "**Trustees**"). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Trustees and their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company. The Company has entered into a trust deed with each of the Trustees in respect of their respective appointments.

1. Share Option Scheme

The following is a summary of the principal terms of share option scheme (the "**Share Option Scheme**") adopted by the Company on 21 December 2022 (the "**Option Adoption Date**"), pursuant to which the Company may grant options to eligible participants to subscribe for Shares subject to the terms and conditions stipulated therein. For details, please refer to the prospectus of the Company dated 30 December 2022.

(a) Purpose

The main purpose of the Share Option Scheme is to recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an on-going relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Eligible participants

The Board may, at its discretion, offer to grant an option to the following persons (collectively, the "**Eligible Participants**", and each an "**Eligible Participant**") to subscribe for such number of new Shares: (i) any full-time or part time employees, executives or officers of the Company or any of its subsidiaries; and (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries.

(c) *Maximum number of Shares available for issue*

Pursuant to the terms and conditions of the Share Option Scheme, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share schemes of the Company (including the 2023 Share Award Scheme) must not in aggregate exceed 10% of the total number of Shares in issue as at 16 January 2023, being the date on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange (the "**Listing Date**"), being 13,800,000 Shares. No service provider sublimit was set under the Share Option Scheme.

No share options have been granted since the Option Adoption Date. Therefore, no share options were exercised or cancelled or lapsed and no new Shares were issued pursuant to the Share Option Scheme during the year ended 31 December 2024. It follows that as at both the respective dates of 1 January 2024 and 31 December 2024, share options in respect of 13,800,000 Shares are available for grant under the Share Option Scheme.

As at the date of this report, a total of 13,800,000 new Shares were available for issue upon exercise of all options granted under the Share Option Scheme, representing approximately 10% of the Issued Shares.

(d) *Maximum entitlement of each participant*

The total number of Shares underlying the options offered to each Eligible Participant which, when aggregated with any Shares issued or to be issued in respect of all options or awards granted thereto (excluding any options or awards lapsed in accordance with the terms of the relevant schemes) under the Share Option Scheme and other share schemes of the Company in any 12-month period shall not exceed 1% of the total number of Shares in issue on the date of grant (the "**Individual Limit**").

Any further grant of options to each Eligible Participant exceeding the Individual Limit shall be subject to separate approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her close associates (or his/her associates if the Eligible Participant is a connected person) abstaining from voting.

(e) *Grant of options to a director, chief executive or substantial shareholder of the Company*

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director (or any of their respective associates (as defined in the Listing Rules)) which will result in the total number of Shares issued and to be issued in respect of all options granted to such person under the Share Option Scheme of the Company (excluding any options lapsed in accordance with the terms of such schemes) in the 12-month period up to and including the date of such grant exceeding 0.1% of the issued Shares of the relevant class, such further grant of options will be subject to, in addition to the abovementioned approval of the independent non-executive Directors, the approval of our Shareholders in general meeting in accordance with Rule 17.04(4) of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time.

(f) Acceptance of option and option period

An option shall be deemed to have been granted and accepted by an Eligible Participant and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

An option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the Eligible Participant by giving notice in writing to the Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

The vesting period of any options shall not be less than 12 months. An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the Option Adoption Date.

(g) Basis of determining the subscription price of options granted

Subject to adjustments in accordance with the terms of the Share Option Scheme, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day; and (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.

(h) Performance targets and clawback mechanism

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised. The performance targets shall be assessed in accordance with any one or more of the following corporate-wide or subsidiary, division, operating unit, line of business, project, geographical or individual performance measures (the "**Performance Measures**") during a specified performance period: cash flow; earnings; earnings per share; market value added or economic value added; profits; return on assets; return on equity; return on investment; sales; revenue; Share price; total shareholder return; customer satisfaction metrics; and such other goals as our Board may determine from time to time. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or shares outstanding, investments or to assets or net assets. The Board may, in its sole discretion, amend or adjust the Performance Measures and establish any special rules and conditions to which the Performance Measures shall be subject at any time.

No clawback mechanism is stipulated in the Share Option Scheme.

(i) Remaining life of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Option Adoption Date. As at the date of this report, the remaining life of the Share Option Scheme is approximately 7 years and 8 months.

2. 2023 Share Award Scheme

The following is a summary of the principal terms of 2023 share award scheme (the "**2023 Share Award Scheme**") adopted by the Company on 14 December 2023 (the "**Award Adoption Date**"), pursuant to which the Company may grant awards (the "**Awards**") to be settled in new Shares (the "**Awarded Shares**") to Selected Participants (as defined below) subject to the terms and conditions stipulated therein. For details, please refer to the circular dated 24 November 2023 of the Company in relation to the adoption of the 2023 Share Award Scheme.

(a) Purpose

The purpose and objectives of the 2023 Share Award Scheme are to (i) recognise and reward the contribution of the Selected Participants (being Employee Participants and Related Entity Participants) to the growth and development of the Group and to provide them with incentives to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

(b) Eligible participants

Pursuant to the 2023 Share Award Scheme, the Board may, in its discretion, grant Awards to the following parties (collectively, the "**Selected Participant(s)**"): (i) full-time or part-time employees of the Group (including persons who are granted Awards under the Scheme as an inducement to enter into employment contracts with members of the Group) but excluding core connected persons thereof, such as its Directors and chief executive officer) (the "**Employee Participants**"); or (ii) employees of the holding companies, fellow subsidiaries or associated companies of the Company (the "**Related Entity(ies)**"), but excluding core connected person(s) of the Related Entity(ies), such as chief executive officers, directors and etc. (the "**Related Entity Participants**").

(c) Maximum number of Shares available for grant

The total number of Shares which may be issued in respect of all options and awards to be granted under the 2023 Share Award Scheme and other share schemes of the Company, if any (the "**Scheme Mandate Limit**") shall not exceed 6,900,000 Shares, representing 5% of the total number of Shares in issue as at the Award Adoption Date or the date on which the refreshment of the Scheme Mandate Limit has been approved. No service provider sublimit was set under the 2023 Share Award Scheme.

No Awards have been granted/vested/cancelled/lapsed and there were no unvested Awards under the 2023 Share Award Scheme as at 1 January 2024. As at the respective dates of 1 January 2024 and 31 December 2024, 6,900,000 Shares and 4,105,500 Shares are available for grant under the 2023 Share Award Scheme, respectively. On 11 July 2024 (the "**Award Grant Date**"), the Company granted a total of 4,742,928 Awarded Shares to certain Selected Participants (the "**Award Grantees**") under the 2023 Share Award Scheme, the grant of which will be settled by the issue of new Shares within the Scheme Mandate Limit. It follows that, as at the date of this report, 2,157,072 new Shares, representing approximately 1.56% of the Issued Shares as at the date of this report were available for grant under the Scheme Mandate Limit.

(d) Maximum entitlement of each participant

The maximum number of Shares in respect of one or more Awards granted to a Selected Participant during the 12-month period up to and including the date of Award, together with any Shares issued and to be issued pursuant to all options and awards granted to such Selected Participant under any share schemes of the Company, shall not (i) in aggregate exceed 1% of the issued share capital of the Company as at the Award Adoption Date; nor (ii) exceed any limits applicable to such Selected Participant under the Listing Rules. For the avoidance of doubt, Selected Participants under the 2023 Share Award Scheme do not involve directors, chief executives or substantial shareholders of the Company, and as such, Rule 17.04 of the Listing Rules is not applicable.

(e) Vesting period

The vesting date in respect of any Award shall be not less than 12 months from the grant date, provided that for Employee Participants, the vesting date may be less than 12 months from the grant date (including the grant date) in the following circumstances: (a) grants of "make whole" awards to new Employee Participants to replace Awards such new Employee Participants forfeited when leaving their previous employers; (b) grants to an Employee Participant whose employment is terminated due to death, disability or event of force majeure; (c) grants of Awards which are subject to the fulfilment of performance targets specified in the award notice; (d) grants of Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant Employee Participant, in which case the vesting date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements; (e) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of 12 months; (f) grants of Awards with a total vesting and holding period of more than 12 months; or (g) grants of Awards to an Employee Participant who has retired at his normal retirement date or an earlier retirement date (with prior agreement given by the Company or the subsidiary or the Related Entity), or there is any change in control of the Company by way of offer, merger, scheme of arrangement or otherwise. Notwithstanding any contrary provisions set forth in (a) to (g) above, the vesting period for non-Employee Participants shall not be less than 12 months.

(f) Amount payable on application or acceptance of an Award

The Board or such person(s) from time to time delegated by the Board with the power and authority to administer the 2023 Share Award Scheme (the "**Committee**") may determine in its absolute discretion the amount (if any) payable on application or acceptance of an Award and the period within which any such payments must be made, which amounts (if any) and periods shall be set out in the award notice.

(g) Basis of determining the purchase price of Awarded Shares

The Board and the Committee may determine and specify the purchase price of the Awarded Shares (if any) in the award notice. The purchase price of the Awarded Shares (i.e. the price payable by a Selected Participant for the purchase of the Awarded Shares), if any, shall be such price as determined by the Board from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the Award and the characteristics and profile of the Selected Participant. Such room for discretion provides the Board with flexibility to stipulate, if necessary, a purchase price for Awarded Shares, while balancing the purpose of the Award and the interests of the Shareholders.

(h) Performance targets and clawback mechanisms

The Board or the Committee may at its discretion specify any conditions (including performance targets) which must be satisfied before the Award may be vested in the award notice. Such performance targets may include, among other things, (i) financial parameters relevant to the Group (such as revenue, market share and net profit of relevant products or services of the Group); (ii) non-financial parameters of the Group (such as the contribution to the brands/reputation or business development of the Group, the active users retention rate, users payment rate, etc.); (iii) individual performance indicators relevant to the roles and responsibilities of the Selected Participant (such as the frequency and quality of updates to game product content and the number of new licenses obtained); and/or (iv) other targets the Board or the Committee may determine in its absolute discretion. Based on the tasks assigned to the Selected Participants, the Board or the Committee will consider a number of non-financial parameters which include, among other things, new game product development progress, game product or service quality, player refund rate, staff turnover rate, staff training and development, etc. The Board believes that by increasing the flexibility of the Board in setting the terms and conditions of the 2023 Share Award Scheme in particular circumstances of each grant, the Company will be in a better position to provide meaningful incentives to attract and retain high calibre talents and to strengthen the ties with those who have been/are bring value to the development of the Group through the 2023 Share Award Scheme. It is not practicable to specify a common set of performance target in the 2023 Share Award Scheme, since each grantee will have different roles and contribute to the Group in different ways. The Board considers that it is more beneficial for the Company to retain the flexibility to determine when and to what extent such conditions are appropriate in light of the particular circumstances of each grant, and therefore such arrangements align with the purposes of the 2023 Share Award Scheme.

The 2023 Share Award Scheme has in place certain clawback mechanisms where the Board may, at its sole and absolute discretion, require the Selected Participants to return the gains from the vested Awarded Shares in the event of serious misconduct, omission to perform any of his duties or other circumstances. For details, please refer to the circular dated 24 November 2023 of the Company in relation to the adoption of the 2023 Share Award Scheme.

(i) Remaining life of the 2023 Share Award Scheme

The 2023 Share Award Scheme shall be valid and effective for a period of ten years from the Award Adoption Date unless the Board decides to terminate it in accordance with the rules of the scheme. As at the date of this report, the remaining life of the 2023 Share Award Scheme is approximately 8 years 8 months.

Details of the movements of the Awarded Shares granted under the 2023 Share Award Scheme during the reporting period are as follows:

					Number of Awards								
Award Grantees by categories	Award Grant Date	Purchase price	Performance Target (if any)	Vesting period	Unvested Awards as at 1 January 2024	Granted during the reporting period	Vested during the reporting period	Lapsed during the reporting period	Cancelled during the reporting period	Unvested Awards as at 31 December 2024	Closing price of the Shares immediately before the grant during the reporting period (HK$)	Fair value of Awards on the date of grant and the accounting standard and policy adopted	Weighted average closing price of Shares underlying Awards immediately prior to the date of vesting
61 employees of the Group	11 July 2024	Nil	Note 1	Note 2	0	4,742,928	0	17,898	0	4,725,030	3.56	HK$3.44, HKFRS	N/A

Notes:

1. Award Grantees need to achieve their personal performance appraisal goals during each vesting period. These goals and their attainment of such will be set and evaluated by the Group.

2. The grants to the Award Grantees are scheduled to vest in three installments of a total of 36 months, with a waiting period of 12 months for each vesting: (i) 30% of the Awarded Shares will vest on the first anniversary of the Award Grant Date; (ii) 30% of the Awarded Shares will vest on the second anniversary of the Award Grant Date; and (iii) 40% of the Awarded Shares will vest on the third anniversary of the Award Grant Date.

3. As at the Award Grant Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Award Grantees is a Director, a chief executive, a substantial Shareholder of the Company, nor an associate of any of them (as defined under the Listing Rules).

4. There are no arrangements in respect of the grant to the Award Grantees on the Award Grant Date to provide financial assistance to the Award Grantees to facilitate the purchase of the Awarded Shares.

5. For further details of the Awarded Shares granted under the 2023 Share Award Scheme during the reporting period, please refer to the announcement of the Company dated 11 July 2024.

The total number of Shares that could be issued as a result of share awards granted under all share schemes of the Company during the year ended 31 December 2024, divided by the weighted average number of Issued Shares during the year ended 31 December 2024, is approximately 3.5%.

3. Executive Aligned Share Award Scheme

The following is a summary of the principal terms of the share award scheme (the "**Executive Aligned Share Award Scheme**") adopted by the Company on 15 December 2023 (the "**adoption date**"), pursuant to which the Company may grant share awards ("**share awards**") to Eligible Persons (as defined below) subject to the terms and conditions stipulated therein. For details, please refer to the announcement dated 15 December 2023 of the Company.

As the Executive Aligned Share Award Scheme is solely funded by existing Shares to be purchased by the relevant trustee on the secondary market of the Stock Exchange and does not involve any issue of new Shares, the Executive Aligned Share Award Scheme constitutes a share scheme under Rule 17.01(1)(b) of the Listing Rules, the adoption of which is not subject to shareholders' approval. The Company shall comply with Rule 17.12 of the Listing Rules, as well as the relevant requirements under the rules of the Executive Aligned Share Award Scheme and Chapter 14A of the Listing Rules in respect of grants of Shares ("**award shares**") to connected persons of the Company, if any.

On 29 November 2024, the Board has resolved to grant share awards, comprising a total of 2,794,500 award shares to certain Selected Persons under the Executive Aligned Share Award Scheme, none of which being connected persons of the Company.

(a) Purpose

The Executive Aligned Share Award Scheme aims to (i) recognise and acknowledge the contribution that the Eligible Persons have made or may make to the Group; and (ii) reward the Eligible Persons who have achieved outstanding performance in order to attract suitable talents to drive the further development of the Group.

(b) Eligible Persons

Pursuant to the Executive Aligned Share Award Scheme, the Board may, in its discretion, grant share awards to the following parties (collectively, the "**Eligible Person(s)**"): (i) any member of the senior management or director of the Group; and (ii) any person determined by the Board to be eligible to participate in the Executive Aligned Share Award Scheme. The Board may cause to be paid to the relevant trustee or the relevant trust holding company, either before or after the determination of Eligible Persons, such sums as may be necessary for the purpose of purchasing existing Shares from the market as award shares under the Executive Aligned Share Award Scheme and for other purposes set out in its rules and the relevant trust deed.

(c) Maximum number of shares for grant

The total number of Shares to be granted by the Board under the Executive Aligned Share Award Scheme shall not exceed 5% of the issued share capital of the Company as at the adoption date (being not more than 6,900,000 Shares, representing approximately 5% of the Issued Shares). There is no restriction on the relevant Eligible Person in relation to (i) the number of Shares that may be awarded under the Executive Aligned Share Award Scheme; and (ii) the amount that is required to be paid to the relevant trustee in respect of the making of such purchases. No service provider sublimit was set under the Executive Aligned Share Award Scheme.

There were no unvested share awards under the Executive Aligned Share Award Scheme as at 1 January 2024. As at the respective dates of 1 January 2024 and 31 December 2024, 6,900,000 award shares and 4,105,500 award shares are available for grant under the Executive Aligned Share Award Scheme, respectively. As at the date of this report, 4,105,500 award shares are available for grant under the Executive Aligned Share Award Scheme, representing approximately 2.97% of the Issued Shares.

(d) Vesting period

The Board shall issue or direct the relevant trustee to issue a vesting notice to the relevant Eligible Person thirty (30) business days prior to the vesting date specified in the relevant grant letter to be issued, and, subject to the receipt by the relevant trustee of the requisite information and documents duly signed by the relevant Eligible Person within the period specified in the vesting notice, the relevant trustee shall, as soon as practicable after the vesting date, transfer or cause the relevant trust holding company to transfer the relevant award shares to the relevant Eligible Person and in any event not later than thirty (30) business days after the vesting date. The management committee may, in its sole discretion, determine the vesting schedule.

(e) Duration and termination

Unless the Board decides to terminate it in accordance with the rules of the Executive Aligned Share Award Scheme, it shall be valid and effective from the adoption date until the earlier of (i) the date falling on the fifth anniversary of the adoption date; or (ii) the date on which all the unvested award shares have been fully vested, delivered, lapsed, forfeited or cancelled (as the case may be).

(f) Performance targets and clawback mechanisms

No general performance targets and clawback provisions are stipulated under the Executive Aligned Share Award Scheme.

(g) Remaining life of the Executive Aligned Share Award Scheme

The Executive Aligned Share Award Scheme shall be valid and effective for a period of five years from the adoption date or such earlier date as determined by the Board. As at the date of this report, the remaining life of the Executive Aligned Share Award Scheme is approximately 3 years and 8 months.

Details of the movements of the award shares granted under the Executive Aligned Share Award Scheme during the reporting period are as follows:

					Number of award shares								
Grantees by categories	Date of grant	Purchase price	Performance target (if any)	Vesting date	Unvested award shares as at 1 January 2024	Granted during the reporting period	Vested during the reporting period	Lapsed during the reporting period	Cancelled during the reporting period	Unvested award shares as at 31 December 2024	Closing price of the Shares immediately before the grant during the reporting period (HK$)	Fair value of award shares on the date of grant and the accounting standard and policy adopted	Weighted average closing price of Shares underlying award shares immediately prior to the date of vesting (HK$)
Five highest paid employee of 2024 in aggregate	10 December 2024	0	Note 1	10 December 2024	0	2,794,500	2,794,500	0	0	0	3.73	HK$3.70, HKFRS	3.8

For details of the accounting policy for share-based payments, please see Note 3.11 to the financial statements.

Note:

1. Grantees of share awards need to achieve their personal performance appraisal goals. Such goals and their attainment thereof will be set and evaluated by the Group.

DIRECTORS

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

Executive Directors

Mr. Jia Xiaodong *(Chairman and Chief Executive Officer)*
Mr. Huang Xiang
Mr. Li Xin

Independent Non-executive Directors

Mr. Leung Ming Shu
Mr. Zhan Peixun
Ms. Chak Hoi Kee Clara

In accordance with Article 16.19 of the articles of association of the Company (the "**Articles**"), Mr. Jia Xiaodong and Mr. Leung Ming Shu will retire from office by rotation at the 2025 AGM. The retiring Directors are eligible, and Mr. Jia Xiaodong has offered himself for re-election, but Mr. Leung Ming Shu will, upon consideration, retire from the office of independent non-executive Director upon conclusion of the 2025 AGM due to his personal work arrangements, and shall thereupon cease to be the chairman of the Audit Committee and a member of the Remuneration Committee.

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers each of the independent non-executive Directors to be independent.

The biographical details of the Directors and the senior management of the Company are set out in the Directors and Senior Management section on pages 16 to 20 of this report.

DIRECTORS' SERVICE AGREEMENT

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the executive Directors is entitled to remuneration and shall be paid on the basis of a twelve-month year. The aggregate remuneration (including salary, bonus, social security costs and housing benefits and other employee benefits) paid by the Group to the Directors in respect of the year ended 31 December 2024 was approximately RMB4.3 million (2023: RMB3.4 million). Please see Note 10(a) to the consolidated financial statements of the Group for further details.

Each of the independent non-executive Directors has been appointed for a term of three years. The director's fee payable by the Group is RMB144,000 per annum to each of the independent non-executive Directors. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

None of the Directors proposed for re-election at the 2025 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY

The emolument policy of the employees of the Group was set up by the Board upon the recommendation of the Remuneration Committee on the basis of their merit, qualifications, competence, work performance and comparable market statistics. The emolument of the Directors are determined by the Board based on recommendation of the Remuneration Committee, having regard to their time commitment and responsibilities, the salaries paid by comparable companies and the performance of the Group.

The Company has adopted a share option scheme and the share award schemes as a long term incentive to directors and employees.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

During the year ended 31 December 2024, there was no transaction, arrangement or contract of significance, to which the Company, its holding company or subsidiary was a party, and in which the Directors or their respective connected entities were materially interested, either directly or indirectly.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2024, none of the Directors or their respective associates (as defined under the Listing Rules) had any interests in any business which competes or is likely to compete with the business of the Group, either directly or indirectly.

MANAGEMENT CONTRACTS

No contracts, other employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of remuneration of Directors and five highest paid individuals for the year ended 31 December 2024 are set out in Note 10 to the consolidated financial statements.

None of the Directors waived his/her emoluments or has agreed to waive his/her emoluments for the year ended 31 December 2024.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, were as follows:

(a) Interests in Shares

Name of Directors or chief executives	Capacity/Nature of interest	Number of Shares interested[1]	Approximate percentage of interest
Mr. Jia Xiaodong ("**Mr. Jia**")[2]	Interest in controlled corporation/ corporate interest	31,307,986 (L)	22.69%
Mr. Huang Xiang ("**Mr. Huang**")[3]	Interest in controlled corporation/ corporate interest	21,837,345 (L)	15.82%
Mr. Li Xin ("**Mr. Li**")[4]	Interest in controlled corporation/ corporate interest	3,654,323 (L)	2.65%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) These Shares were held directly by Great Shine. Mr. Jia is the sole director and shareholder of Great Shine. By virtue of the SFO, Mr. Jia is deemed to be interested in all the Shares held by Great Shine.

(3) These Shares were held directly by High Triumph. Mr. Huang is the sole director and shareholder of High Triumph. By virtue of the SFO, Mr. Huang is deemed to be interested in all the Shares held by High Triumph.

(4) These Shares were held directly by Neo Honour Holding Limited. Mr. Li is the sole director and shareholder of Neo Honour. By virtue of the SFO, Mr. Li is deemed to be interested in all the Shares held by Neo Honour.

(b) Interests in shares and underlying shares in associated corporations of the Company

Name of Directors or chief executives	Name of associated corporation	Capacity/Nature of interest	Number of shares interested[1]	Approximate percentage of shareholding interest
Mr. Jia[2]	Wangchen Technology	Beneficial owner/ Personal interest	2,771,342 (L)	23.53%
		Interest in controlled corporations/ corporate interests	1,780,280 (L)	15.12%
Mr. Huang	Wangchen Technology	Beneficial owner/ Personal interest	2,049,475 (L)	17.40%
Mr. Li[3]	Wangchen Technology	Beneficial owner/ Personal interest	274,444 (L)	2.33%
		Interest in controlled corporations/ corporate interests	118,333 (L)	1.00%

Notes:

(1) The letter "L" denotes the person's long position in the shares.

(2) Mr. Jia is a general partner of 深圳市望伯納烏科技企業(有限合夥) (Shenzhen Wangbo Nawu Technology Enterprise (Limited Partnership)*) ("**Wangbo Nawu**"), 深圳市望聖西羅科技企業(有限合夥) (Shenzhen Wangsheng Xiluo Technology Enterprise (Limited Partnership)*) ("**Wangsheng Xiluo**"), 深圳市騁望投資中心(有限合夥) (Shenzhen Chengwang Investment Centre (Limited Partnership)*) ("**Chengwang Investment**") and 深圳市望諾坎普科技企業(有限合夥) (Shenzhen Wangnuo Kanpu Technology Enterprise (Limited Partnership)*) ("**Wangnuo Kanpu**"). By virtue of the SFO, Mr. Jia is deemed to be interested in the equity interest in Shenzhen Wangchen Technology Co., Ltd ("**Wangchen Technology**") held by Wangbo Nawu, Wangsheng Xiluo, Chengwang Investment and Wangnuo Kanpo.

(3) Mr. Li is a general partner of Wangsheng Xiluo. By virtue of the SFO, Mr. Li is deemed to be interested in the equity interest in Wangchen Technology held by Wangsheng Xiluo.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

* *for identification purpose*

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

As at 31 December 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had or were deemed or taken to have an interest or short position in the Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests in the Shares or Underlying Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares held[1]	Approximate percentage in total number of Shares
Great Shine[2]	Beneficial owner/Personal interest	31,307,986 (L)	22.69%
High Triumph[3]	Beneficial owner/Personal interest	21,837,345 (L)	15.82%
Crystal Pleasant[4]	Beneficial owner/Personal interest	8,036,353 (L)	5.82%
Suzhou Fudebo[4]	Interest in controlled corporations/corporate interests	8,036,353 (L)	5.82%
Mr. Song Yubo[4]	Interest in controlled corporations/corporate interests	8,036,353 (L)	5.82%
Mr. Lu Yaoping[4]	Interest in controlled corporations/corporate interests	8,036,353 (L)	5.82%
Mr. Gong Peigen[4]	Interest in controlled corporations/corporate interests	8,036,353 (L)	5.82%
Easy Flourish[5]	Beneficial owner/Personal interest	8,036,353 (L)	5.82%
Zhuiyuan Caifu[5]	Interest in controlled corporations/corporate interests	8,036,353 (L)	5.82%
Zhuiyuan Venture[5]	Interest in controlled corporations/corporate interests	8,036,353 (L)	5.82%
Zhongguancun Venture[5]	Interest in controlled corporations/corporate interests	8,036,353 (L)	5.82%
Mr. Liu Chengmin[5][6]	Interest in controlled corporations/corporate interests	10,179,380 (L)	7.38%
Garena Ventures[7]	Beneficial owner/Personal interest	12,000,000 (L)	8.70%
Sea Limited[7]	Interest in controlled corporations/corporate interests	12,000,000 (L)	8.70%

Notes:

(1) The letter "L" denotes a long position in our Shares.

(2) Great Shine is wholly owned by Mr. Jia. By virtue of the SFO, Mr. Jia is deemed to be interested in the Shares in which Great Shine is interested. Ms. Yuan Qingyun is the spouse of Mr. Jia. By virtue of the SFO, Ms. Yuan Qingyun is deemed to be interested in the Shares in which Mr. Jia is interested.

(3) High Triumph is wholly owned by Mr. Huang. By virtue of the SFO, Mr. Huang is deemed to be interested in the Shares in which High Triumph is interested. Ms. Zou Wenjing is the spouse of Mr. Huang. By virtue of the SFO, Ms. Zou Wenjing is deemed to be interested in the Shares in which Mr. Huang is interested.

(4) Crystal Pleasant Holding Limited ("**Crystal Pleasant**") is wholly owned by 蘇州富德博企業管理諮詢合夥企業(有限合夥) (Suzhou Fudebo Enterprise Management Consultancy Partnership Enterprise (Limited Partnership)*) ("**Suzhou Fudebo**"), one of the Pre-IPO Investors (as defined in the Prospectus). Mr. Song Yubo (宋宇博) is the general partner of Suzhou Fudebo with 2.00% partnership interest in Suzhou Fudebo, and each of Mr. Lu Yaoping (陸耀平) and Mr. Gong Peigen (龔培根) is a limited partner of Suzhou Fudebo with 49.00% and 49.00% partnership interest in Suzhou Fudebo, respectively. Please refer to the section headed "History, Reorganization and Corporate Structure – Pre-IPO Investments – Background information about the existing Onshore Pre-IPO Investors" in the Prospectus for further details on Suzhou Fudebo. By virtue of the SFO, each of Mr. Song Yubo, Mr. Lu Yaoping, Mr. Gong Peigen and Suzhou Fudebo is deemed to be interested in the Shares in which Crystal Pleasant is interested.

(5) Easy Flourish Holding Limited ("**Easy Flourish**") is wholly owned by 北京追遠財富資本合夥企業(有限合夥) (Beijing Zhuiyuan Caifu Capital Partnership Enterprise (Limited Partnership)*) ("**Zhuiyuan Caifu**"), one of the Pre-IPO Investors. 北京追遠創業投資有限公司 (Beijing Zhuiyuan Venture Investment Co., Ltd.*) ("**Zhuiyuan Venture**") is the general partner of Zhuiyuan Caifu and is controlled by Mr. Liu Chengmin (劉成敏). 北京中關村創業投資發展有限公司 (Beijing Zhongguancun Venture Investment Development Co., Ltd.*) ("**Zhongguancun Venture**") is a limited partner of Zhuiyuan Caifu with approximately 34.68% partnership interest in Zhuiyuan Caifu and is ultimately controlled by 北京市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality). Please refer to the section headed "History, Reorganization and Corporate Structure – Pre-IPO Investments – Background information about the existing Onshore Pre-IPO Investors" in the Prospectus for further details on Zhuiyuan Caifu. By virtue of the SFO, each of Zhongguancun Venture, Mr. Liu Chengmin, Zhuiyuan Venture and Zhuiyuan Caifu is deemed to be interested in the Shares in which Easy Flourish is interested.

(6) Mr. Liu Chengmin is the general partner of 天津龍淵雲騰投資管理合夥企業(有限合夥) (Tianjin Longyuan Yunteng Investment Management Partnership Enterprise (Limited Partnership)*) ("**Longyuan Yunteng**") (one of the Onshore Pre-IPO Investors (as defined in the Prospectus)), which holds 100% shareholding interest in Perfect Ranger Holding Limited ("**Perfect Ranger**"). Perfect Ranger was interested in 2,143,027 Shares. By virtue of the SFO, each of Mr. Liu Chengmin and Longyuan Yunteng is deemed to be interested in the Shares in which Perfect Ranger is interested.

(7) Garena Ventures Private Limited ("**Garena Ventures**") is wholly owned by Sea Limited. By virtue of the SFO, Sea Limited is deemed to be interested in the Shares in which Garena Ventures is interested.

Save as disclosed above, as at 31 December 2024, the Directors were not aware that any other person has any interests or short positions in the Shares and underlying Shares, which is required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which is required to be entered in the register maintained by the Company under section 336 of the SFO.

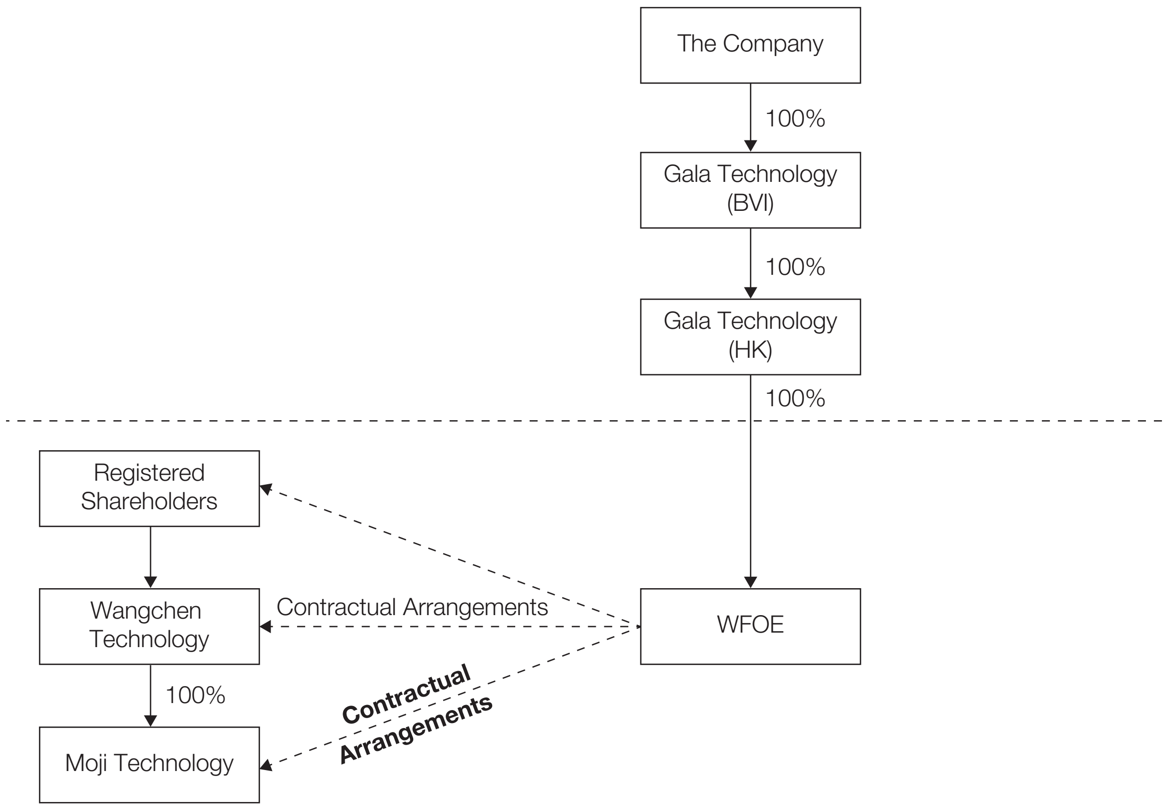
RETIREMENT BENEFITS PLAN

As at 31 December 2024, no forfeited contributions were available to reduce the contribution payable by the Group in the future years.

CONTRACTUAL ARRANGEMENTS

With foreign investment in certain areas of the industry in which the Group currently operates being subject to restrictions under current PRC laws and regulations, the Group decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions and prohibitions, it would gain effective control over, and receive substantially all the economic benefits generated by the businesses currently operated by Wangchen Technology and 深圳市莫及科技有限公司 (Shenzhen Moji Technology Co., Ltd.*) ("**Moji Technology**", together with Wangchen Technology, the "**PRC Operating Entities**") through a series of contractual arrangements entered into by, among others between (i) 深圳市望塵莫及科技有限公司 (Shenzhen Wangchen Moji Technology Co., Ltd.*) ("**WFOE**", an indirect wholly-owned subsidiary of the Company) on the one hand, and Wangchen Technology and its direct shareholders (the "**Registered Shareholders**", being (1) Mr. Jia, (2) Mr. Huang, (3) Suzhou Fudebo, (4) Zhuiyuan Caifu, (5) Wangnuo Kanpu, (6) Wangbo Nawu, (7) Yashang Mobeier, (8) Tap4fun, (9) Yashang Nuohui, (10) Chengwang Investment, (11) Shenzhen Yunda, (12) Chuangxingu, (13) Longyuan Tianqi, (14) Mr. Zhang Litao (張栗滔), (15) Mr. Li Xin (李欣), (16) Longyuan Yunteng, (17) Jiadao Gongcheng, (18) Wangsheng Xiluo, and (19) Mr. Ma Guolin (馬國琳)) on the other hand; and (ii) WFOE on the one hand, and Moji Technology and its sole shareholder, Wangchen Technology, on the other hand (collectively the "**Contractual Arrangements**").

The following simplified diagram illustrates the flow of economic benefits from the PRC Operating Entities to the Group as stipulated under the Contractual Arrangements:



Agreements under the Contractual Arrangements

A summary of the agreements under the Contractual Arrangements is set out below.

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business cooperation agreement dated 13 May 2021 entered into between WFOE and Wangchen Technology and the exclusive business cooperation agreement dated 15 November 2022 entered into between WFOE and Moji Technology (together, the "**Exclusive Business Cooperation Agreement**"), WFOE agreed to provide exclusive services such as technical support, development, maintenance and update of software, business management consultation, marketing and promotion services, leasing, assignment or disposal of equipment or properties, and other services for which Wangchen Technology and Moji Technology shall pay a service fee consisted of 100% of the total consolidated profit of Wangchen Technology and Moji Technology, after the deduction of any accumulated deficit of Wangchen Technology and Moji Technology and their affiliated entities in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions.

During the term of the Exclusive Business Cooperation Agreement, WFOE enjoys all the economic benefits in relation to Wangchen Technology's and Moji Technology's business operation while not being held legally responsible for their debts or other obligations and risks. WFOE may provide Wangchen Technology and Moji Technology with financial assistance by way of bank entrusted loans or other loans, and enter into separate agreements where necessary.

The Exclusive Business Cooperation Agreement also provides that WFOE has the exclusive ownership, rights, and interests in all intellectual properties arising out of or created during the performance of the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement shall remain effective unless terminated (a) in accordance with the provisions of the Exclusive Business Cooperation Agreement; (b) in advance in writing by the WFOE; or (c) renewal of the business operation term of the WFOE, Wangchen Technology or Moji Technology is not approved or consented by the relevant governmental authorities, at which time the Exclusive Business Cooperation Agreement will terminate upon expiry of that business operation term.

Exclusive Option Agreement

Pursuant to (i) an exclusive option agreement dated 13 May 2021 entered into between WFOE, Wangchen Technology and the Registered Shareholders, and (ii) an exclusive option agreement dated 15 November 2022 entered into between WFOE, Moji Technology and its sole shareholder, Wangchen Technology (together, the "**Exclusive Option Agreement**"), WFOE has the irrevocable and exclusive right to purchase (or to designate one or more persons to purchase) from the Registered Shareholders any part of their equity interests in Wangchen Technology and from Wangchen Technology all or any part of its equity interest in Moji Technology at any time and from time to time in WFOE's sole and absolute discretion to the extent permitted by PRC laws. The consideration shall be the lowest price as permitted under applicable PRC laws. The Registered Shareholders and Wangchen Technology have agreed to donate to WFOE or its designated person any consideration they will receive in the event WFOE exercises its option under the Exclusive Option Agreement after deducting the relevant taxes pursuant to applicable PRC laws.

The Exclusive Option Agreement shall remain effective unless terminated in the event that the entire equity interests held by the Registered Shareholders and Wangchen Technology in Wangchen Technology and Moji Technology, respectively, have been transferred to WFOE or its appointee(s).

Equity Pledge Agreement

Pursuant to the equity pledge agreement dated 13 May 2021 entered into between WFOE, Wangchen Technology and the Registered Shareholders and the equity pledge agreement dated 15 November 2022 (together, the "**Equity Pledge Agreement**"), the Registered Shareholders and Wangchen Technology pledge all their respective equity interests in Wangchen Technology and Moji Technology to WFOE as collateral security for any and all of the secured indebtedness under the Contractual Arrangements and for securing the performance of their obligations under the Contractual Arrangements. WFOE is entitled to receive any dividends or other distributable benefits arising from the equity interests in Wangchen Technology and Moji Technology during the pledge period. The pledge remains valid until after all the contractual obligations of the Registered Shareholders, Moji Technology and Wangchen Technology under the Contractual Arrangements have been fully performed and all the secured indebtedness under the Contractual Arrangements have been fully paid. Upon the occurrence of an event of default (as stipulated in the Equity Pledge Agreement), WFOE shall have the right to require the Registered Shareholders and/or Wangchen Technology to immediately pay all outstanding amounts due under the Contractual Arrangements and/or dispose of the pledged equity interest to repay any outstanding amounts due to WFOE.

Powers of Attorney

The Registered Shareholders have executed powers of attorney dated 13 May 2021 and Wangchen Technology has executed power of attorney dated 15 November 2022 (together, the "**Power of Attorney**"), pursuant to which the Registered Shareholders and Wangchen Technology irrevocably appointed WFOE and its appointees (including but not limited to the directors of WFOE and their successors and liquidators replacing the directors but excluding those non-independent or who may give rise to conflict of interests) as their exclusive agents and attorneys-in-fact to act on their behalf on all matters concerning Wangchen Technology and Moji Technology and to exercise all of their respective rights as a registered shareholder of Wangchen Technology and Moji Technology in accordance with the PRC laws and the articles of association.

The Powers of Attorney executed by the Registered Shareholders shall be irrevocable and remain effective for so long as each Registered Shareholder holds equity interest in Wangchen Technology. The Power of Attorney executed by Wangchen Technology shall be irrevocable and remain effective for so long as Wangchen Technology holds equity interest in Moji Technology.

Spouse Undertakings

The spouse of each of Mr. Jia, Mr. Huang, Mr. Li Xin and Mr. Ma Guolin (each being a Registered Shareholder who is an individual and has a spouse) (the "**Relevant Individual Shareholders**"), where applicable, has signed an undertaking dated 13 May 2021 to the effect that (i) the respective Relevant Individual Shareholder's interests in the respective Registered Shareholder (together with any other interests therein) do not fall within the scope of communal properties, (ii) he/she has no right to or control over such interests of the respective Relevant Individual Shareholder and will not have any claim on such interests; (iii) confirms that the respective spouse may further amend or terminate the Contractual Arrangements without the need for authorization or consent by him/her; and (iv) if he/she is transferred any shares held by their spouse for any reason, he/she will be bound by the Contractual Arrangements and will observe obligations as a shareholder of the Wangchen Technology, and will sign all necessary documents and to take all necessary actions to ensure the Contractual Arrangements are properly preformed.

Business of the PRC Operating Entities and significance to the Group

The PRC Operating Entities are engaged in publication and operation of games through mobile apps. The Company believes that the Group's internet cultural business and value-added telecommunications services business are fundamental components and inseparable parts of its game publication and operation business because (i) as confirmed by its PRC legal advisers, publication and operation of games through mobile apps, according to the Interim Measures on the Administration of Internet Culture《互聯網文化管理暫行規定》, falls within the scope of "internet cultural activity" where foreign ownership is prohibited pursuant to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (外商投資准入特別管理措施(負面清單) (2021年版)); and (ii) the value-added telecommunications services provided by the Group, along with the internet cultural business, which involves the publication and operation of mobile games, forms an integral part of the Group's game services.

By virtue of the Contractual Arrangements, WFOE can effectively control, recognize and receive substantially all the economic benefit of the business and operations of the PRC Operating Entities. Accordingly, the PRC Operating Entities are treated as controlled structured entities of the Company and their financial results are consolidated by the Company. For the year ended 31 December 2024, the revenue of the PRC Operating Entities was RMB460.1 million. As at 31 December 2024, the total assets of the PRC Operating Entities was RMB251.6 million.

The Company believed that the Contractual Arrangements are narrowly tailored to achieve its business purpose and minimize the potential conflict with relevant PRC laws and regulations. To the best understanding of the Company, apart from the foreign investment restrictions as mentioned above, the Contractual Arrangements do not relate to any other regulatory requirements. The Company's PRC legal advisers have advised that the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements are legal, valid and binding on the parties under applicable PRC laws and regulations. As of the date of this report, the Group had not encountered any interference or encumbrance from any PRC governing bodies in operating the Group's businesses through the PRC Operating Entities under the Contractual Arrangements.

Risks associated with the Contractual Arrangements and mitigation measures

The risks associated with the Contractual Arrangements are set out in the section headed "Risk Factors – Risks Relating to Our Contractual Arrangements" in the Prospectus. In particular:

1. Each of the agreements under the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the Contractual Arrangements, any party has the right to submit the relevant dispute to the South China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then effective arbitration rules and procedures. However, the Company's PRC legal advisers have advised that the above provisions may not be enforceable under the PRC laws. For instance, the arbitration tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of Wangchen Technology and Moji Technology pursuant to the current PRC laws. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. Therefore, in the event that Wangchen Technology, Moji Technology or the Registered Shareholders breach any of the Contractual Arrangements, the Company may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the PRC Operating Entities and conduct business could be materially and adversely affected.

2. The Company has been advised by its PRC legal advisers that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion of the PRC legal advisers. If the PRC government finds that the Contractual Arrangements do not comply with its restrictions on foreign investment in businesses, or if the PRC government otherwise finds that the Company or its VIE lack the necessary permits or licenses to operate its business, or there is a possibility that the PRC government may adopt new laws and regulations in the future which may invalidate the Contractual Arrangements, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations or failures, such as requiring the nullification of the Contractual Arrangements or restricting the Group's right to collect revenue, which may cause significant disruption to the Group's business operations and materially and adversely affect the Group's business, financial condition and results of operations.

   Notwithstanding the foregoing, on 26 May 2020, the Shenzhen Communications Administration was consulted and the Company's legal advisers have advised the Company that (i) Shenzhen Communications Administration is the competent government authority for the Company's principal business activities; and (ii) based on such consultations, the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations and would not be challenged or subject to penalty for any violation of relevant PRC Laws and regulations.

To mitigate the above risks, the Board will closely monitor the implementation and compliance with the Contractual Arrangements and will handle any regulatory enquiries from the government authorities in a timely manner, and will consult its legal advisers or other professional advisors whenever necessary.

Overall performance and compliance with the Contractual Arrangements

During the year ended 31 December 2024, all obligations were performed in compliance with the terms and conditions under the Contractual Arrangements. There was no material change in the Contractual Arrangements or the circumstances under which they were established and there was no material non-compliance with the Contractual Arrangements. We will unwind and terminate the Contractual Arrangements wholly or partly once our businesses are no longer prohibited or restricted from foreign investment and to the extent permissible under PRC Laws.

For further details of the Contractual Arrangements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

Since some of the Registered Shareholders, namely Mr. Jia (an executive Director and substantial shareholder of the Company), Mr. Huang (an executive Director and substantial shareholder of the Company), Mr. Li Xin (an executive Director) and Mr. Zhang Litao (an executive director of Wangchen Technology), are connected persons of the Company under Chapter 14A of the Listing Rules, the Contractual Arrangements therefore constituted continuing connected transactions for the Company under the Listing Rules after the Listing subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company was granted a waiver by the Stock Exchange from strict compliance with (i) announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to the Group under the Contractual Arrangements; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange and subject to certain other conditions as set out in the section headed "Connected Transaction" in the Prospectus.

For details of the Contractual Arrangements, please refer to the section headed "Contractual Arrangements" above.

REVIEW AND CONFIRMATION BY INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that such continuing connected transactions were:

(1) entered into in the ordinary and usual course of business of the Group;

(2) conducted on normal commercial terms or better terms; and

(3) carried out pursuant to the agreements of relevant transactions, the terms of which are fair and reasonable, and in the interests of shareholders of the Company as a whole.

In addition, all independent non-executive Directors have confirmed that:

(i) the transactions carried out during the year ended 31 December 2024 have been entered into in accordance with the relevant provisions of the Contractual Arrangements; and

(ii) no dividends or other distributions have been made by the PRC Operating Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

REVIEW AND CONFIRMATION BY AUDITOR

Pursuant to Rule 14A.56 of the Listing Rules, the Company's independent auditor, Deloitte Touche Tohmatsu was engaged to report on the Group's continuing connected transactions.

The auditor has confirmed that:

- the disclosed continuing connected transactions have been approved by the Board;
- the disclosed continuing connected transactions were entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- with respect of the disclosed continuing connected transactions with Wangchen Technology and Moji Technology under the Contractual Arrangements, no dividends or other distributions have been made by Wangchen Technology and Moji Technology to the holders of the equity interests of Wangchen Technology and Moji Technology which are not otherwise subsequently assigned or transferred to the Group.

RELATED PARTY TRANSACTIONS

The continuing connected transactions disclosed above also constitute related party transactions under HKFRSs. Details of other significant related party transactions entered into by the Group during the year ended 31 December 2024 set out in Note 31 to the consolidated financial statements. Such transactions did not constitute connected transactions or continuing connected transactions subject to the reporting, announcement, annual review and independent shareholders' approval requirements under the Listing Rules. Among other things, the remuneration paid to the directors of the Company constitutes connected transactions of the Company but is fully exempted pursuant to Rule 14A.95 of the Listing Rules.

In relation to the continuing connected transactions mentioned above, the Board confirms that the Company has complied with the requirements under Chapter 14A of the Listing Rules (including disclosure requirements).

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2024, the percentage of the Group's revenue from rendering of services attributable to the five largest customers combined was less than 30%.

The percentages of purchases for the year attributable to the Group's major suppliers for the year ended 31 December 2024 were as follows:

– the largest supplier	20.2%
– five largest suppliers in aggregate	37.0%

None of the Directors, their respective close associates or any shareholders of the Company (which to the best knowledge of the Directors owns more than 5% of the Company's issued shares (excluding treasury shares)) had any interests in the Group's major customers or major suppliers.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the minimum public float required under the Listing Rules for the year ended 31 December 2024 and up to the date of this report.

EQUITY-LINKED AGREEMENTS

During the year ended 31 December 2024, other than the Share Option Scheme and 2023 Share Award Scheme as set out in the paragraph headed "Share Option Scheme" and "2023 Share Award Scheme" of this report, the Company did not enter into any other equity-linked agreement, nor did any other equity-linked agreement exist during the year.

SIGNIFICANT CONTRACTS

During the year ended 31 December 2024, save as disclosed in the section headed "Contractual Arrangements" in this report and the section headed "Related Party Transactions" in Note 31 to the consolidated financial statements, there was no significant contract relating to the business of the Group between the Company (or any of its subsidiaries) and its controlling shareholders (or any of its/their subsidiaries), nor was there any significant contract for the provision of services by the controlling shareholders (or any of its/their subsidiaries) to the Company (or any of its subsidiaries).

ARRANGEMENT TO PURCHASE EQUITY OR DEBT SECURITIES

As at 31 December 2024, or at any time during the year ended 31 December 2024, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company issued 12,420,000 Shares in the global offering and was listed on the Main Board of the Stock Exchange on 16 January 2023. These Shares have an aggregate nominal value of HK$124,200 at an issue price of HK$6.5 per Share. The Company's net proceeds from the Global Offering were approximately HK$11.0 million (after deducting the underwriting commissions and other expenses in connection with the Global Offering). The following table sets forth details of the use of net proceeds for the year ended 31 December 2024:

Purpose of the net proceeds	Percentage of total amount of net proceeds (%)	Amount of net proceeds allocated* (HK$'000)	Unutilised net proceeds as at 1 January 2024 (HK$'000)	Actual usage for the year ended 31 December 2024 (HK$'000)	Unutilised net proceeds as at 31 December 2024 (HK$'000)
Renewing existing IP right licenses and obtaining additional IP right licenses from sports leagues, sports associations and sports clubs for the development of existing and new mobile sports games	30	3,289	1,961	1,961	0
Solidifying the marketing efforts to actively promote the Group's games to both PRC and overseas markets	35	3,838	1,832	1,832	0
Further strengthening the Group's talent pool and further improving the Group's research and development capabilities	25	2,741	946	946	0
Working capital and general corporate purposes	10	1,096	646	646	0
Total	100%	10,964	5,385	5,385	0

* Refers to the intend to use of proceeds under heading "Use of Proceeds" as stated in the Prospectus.

As at 31 December 2024, the net proceeds have been fully utilised and they were used in the manner consistent with the proposed allocations and expected timeframe as disclosed in the Prospectus and as above.

During the year ended 31 December 2024, any unutilised net proceeds were held in bank deposits at authorised financial institutions and/or licensed banks as defined under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong and laws in the relevant jurisdictions (where applicable).

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles, every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

The Company has taken out liability insurance for its Directors and senior officers, which provides the Directors and officers of the Group with indemnity assurance in respect of the potential liabilities arising from the Group's business activities. Such insurances were in force during the reporting period and remains in force at the date of this report.

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

There is no provision on pre-emptive rights in the Articles or the laws of the Cayman Islands. The Company is not aware of any tax relief or exemption available to any existing Shareholder by reason of his/her holding of the securities of the Company.

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

The Company did not enter into any loan agreement, which contained any covenant relating to specific performance of the controlling Shareholders and shall be disclosed as required by Rule 13.18 of the Listing Rules.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance practices. Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 49 to 62 of this report.

AUDIT COMMITTEE

The Group has established the Audit Committee on 21 December 2022 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provision D.3.3 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely, Mr. Leung Ming Shu (chairman of the Audit Committee), Ms. Chak Hoi Kee Clara and Mr. Zhan Peixun, all being independent non-executive directors.

The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) providing advice and comments to the Board; and (iii) performing other duties and responsibilities as may be assigned by the Board.

The Audit Committee had discussed and reviewed the Company's consolidated financial statements for the year ended 31 December 2024 with the Company's management.

CHANGE OF INDEPENDENT AUDITOR

As disclosed in the Company's announcement and circular dated 22 May 2023 and 24 May 2023 respectively, PricewaterhouseCoopers retired as the independent auditor of the Company upon expiration of its term of office at the conclusion of the annual general meeting of the Company held on 16 June 2023 (the "**2023 AGM**"). Deloitte Touche Tohmatsu has been appointed as the Company's independent auditor with effect from the conclusion of the 2023 AGM and re-appointed as the independent auditor by the shareholders at the annual general meeting held on 4 June 2024. Save as disclosed, there has been no changes in the independent auditor in any of the preceding three years.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Deloitte Touche Tohmatsu, the independent auditor of the Company, which will retire at the 2025 AGM and, being eligible, offer itself for re-appointment.

By order of the Board

Gala Technology Holding Limited
Jia Xiaodong
Chairman and Chief Executive Officer

Hong Kong, 27 March 2025

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company is committed to maintaining corporate governance of high standards and quality procedures. Since the Listing, the Company has put in place governance practices with emphasis on transparency, accountability and ethical behavior. The Company believes that good corporate governance is essential for the long-term success and sustainability of the business.

The Company has adopted and applied the code provisions under the CG code set out in Appendix C1 to the Listing Rules as its own corporate governance code. The Board has reviewed the Company's corporate governance practices and is satisfied that save as disclosed below, the Company has been in compliance with the code provisions set out in Part 2 of the CG Code during the year ended 31 December 2024.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Jia is currently the chairman of the Board and the chief executive officer of the Group. Taking into account Mr. Jia's extensive experience in the online game industry and in view of Mr. Jia's role in the overall management of the Group since the Group's founding, the Board believes that it is in the interest of the Group for Mr. Jia to take up both roles for effective management and operations. Therefore, the Directors consider that the deviation from such code provision is appropriate. Notwithstanding such deviation, the Directors are of the view that the Board is able to function efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions will be made in consultation with the members of the Board and the relevant Board committees, and there are three independent non-executive Directors on the Board who can provide independent advice on the operations and management of the Group, the Board takes the view that there is adequate safeguard in place to ensure a sufficient balance of powers within the Board. The Board will also review the structure and composition of the Board and senior management team from time to time in light of the prevailing circumstances to maintain a high standard of corporate governance practices of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company. The Company has made specific enquiry with the Directors and all Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2024.

BOARD OF DIRECTORS

The Board currently consists of six Directors comprising three executive Directors and three independent non-executive Directors. The Board assumes responsibility for the Company's leadership and control and is collectively responsible for promoting its success by directing and supervising its affairs, but the day-to-day management, administration and operation of the Company are delegated to the three executive Directors who assume the roles of senior management of the Company.

The powers and duties of the Board include convening general meetings and reporting the Board's work at Shareholders' meetings, determining the business and investment plans, preparing the annual financial budgets and final reports, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles.

BOARD COMPOSITION

Executive Directors

Mr. Jia Xiaodong *(Chairman of the Board and Chief Executive Officer)*
Mr. Huang Xiang
Mr. Li Xin

Independent Non-executive Directors

Mr. Zhan Peixun
Mr. Leung Ming Shu
Ms. Chak Hoi Kee Clara

The biographical details of the Directors are set out in the Directors and Senior Management section on pages 16 to 20 of this report.

There is no financial, business, family and other material or relevant relationship among the respective Directors, the chairman and the general manager of the Company.

The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment. During the year ended 31 December 2024, the Board has been in compliance with Rules 3.10 of the Listing Rules regarding the appointment of at least three independent non-executive Directors and at least one independent non-executive Director who shall have appropriate professional qualifications or accounting and financial management expertise. The three independent non-executive Directors account for more than one-third of the Board, which complies with Rule 3.10A of the Listing Rules.

The term of appointment of the independent non-executive Directors is subject to retirement by rotation and re-election provisions under the Articles of the Company and the Listing Rules.

All independent non-executive Directors entered into a letter of appointment for an initial term of three years commencing on 16 January 2023, which may be terminated by not less than three months' notice in writing served by either party on the other.

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers each of the independent non-executive Directors to be independent.

CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

Mr. Jia is currently the chairman of the Board and the chief executive officer of the Group. Taking into account Mr. Jia's extensive experience in the online game industry and his pivotal role in the overall management of the Group since the Group's founding, the Board believes that it is in the interest of the Group for Mr. Jia to take up both roles to ensure effective management and operations. The Directors are of the view that the Board is able to function efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with the members of the Board and the relevant Board committees, and with the presence of three independent non-executive Directors who can provide independent advice on the operations and management of the Group, the Board takes the view that there is adequate safeguard in place to maintain a balanced distribution of power within the Board. The Board also reviews the structure and composition of the Board and senior management team from time to time in light of the Company's prevailing circumstances to maintain a high standard of corporate governance practices of the Company.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance duties as set out below:

(a) to develop and review an issuer's policies and practices on corporate governance and make recommendations to the board;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the issuer's compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. During the year ended 31 December 2024, five Board meetings and one annual general meeting (the "**AGM**") were held. The attendance of each Director during the year ended 31 December 2024 is set out as follows:

Name of Directors	**Number of Board meetings attended/held**	**AGM**
Mr. Jia Xiaodong *(Chairman and Chief Executive Officer)*	5/5	1/1
Mr. Huang Xiang	5/5	1/1
Mr. Li Xin	5/5	1/1
Mr. Leung Ming Shu	5/5	1/1
Mr. Zhan Peixun	5/5	1/1
Ms. Chak Hoi Kee Clara	5/5	1/1

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

During the year ended 31 December 2024, all the Directors, namely Mr. Jia Xiaodong, Mr. Huang Xiang, Mr. Li Xin, Mr. Leung Ming Shu, Mr. Zhan Peixun and Ms. Chak Hoi Kee Clara, participated in courses relating to roles, functions and duties of a listed company director or further enhancement of their professional development by the way of attending training courses or reading relevant materials. To ensure the Directors' compliance with code provision C.1.4 of the CG Code, the Company will, from time to time, appoint external legal advisers, where applicable, to advise the Directors on compliance with and to provide the Directors with updates on the changes in the Listing Rules and the latest developments in the applicable laws, rules and regulations from time to time to see if any change is required to be made with the Company's operation and internal control system as well as help the Directors make informed decisions and discharge their duties and responsibilities as Directors. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills, in order to ensure that their contribution to the Board remains informed and relevant.

BOARD INDEPENDENCE

The Group has established mechanisms to ensure independent views and input are available to the Board:

- At least one-third of the Board are independent non-executive Directors in compliance with the Listing Rules requirements, and the Company will assess the independence of the independent non-executive Directors on at least an annual basis.

- The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Director before appointment and the continued independence of the current long-serving independent non-executive Directors on an annual basis. All independent non-executive Directors are required to submit a written confirmation to the Company annually to confirm their independence in accordance with Rule 3.13 of the Listing Rules.

- All Directors are entitled to retain independent professional advisors as and when it is required.

- All Directors are encouraged to express their views in an open and candid manner during the Board/Board committee meetings.

- The chairman of the Board will meet with the independent non-executive Directors at least annually without the presence of the executive Directors.

The Board would review the implementation and effectiveness of the above mechanisms on an annual basis.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee, the Nomination Committee and the ESG Oversight Committee and delegated various responsibilities to these committees, which assist the Board in discharging its duties and overseeing particular aspects of the Group's activities. Each of the Board committees has specific written terms of reference which set out their authority and duties.

Audit Committee

The Board has established the Audit Committee on 21 December 2022 with written terms of reference in compliance with code provision D.3.3 of the CG Code. The Audit Committee consists of three members, namely, Mr. Leung Ming Shu, Ms. Chak Hoi Kee Clara and Mr. Zhan Peixun. Mr. Leung Ming Shu has been appointed as the chairman of the Audit Committee as he has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to (i) reviewing and supervising the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) providing advice and comments to the Board; and (iii) performing other duties and responsibilities as may be assigned by the Board.

During the year ended 31 December 2024, the Audit Committee held three meetings, amongst other matters, to (i) review the annual consolidated financial statements of the Group for the year ended 31 December 2023 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024; (ii) review the Company's relationship with the external auditor, discussed with the Company's external auditor on the tasks performed by them including the nature and scope of their audit and reporting obligations, and reviewed the terms of engagement and their remuneration; (iii) review the risk management and internal control systems of the Group and make relevant recommendations to the Board; (iv) review the effectiveness of the internal audit function of the Group; and (v) review the adoption of the relevant accounting principles generally accepted and make recommendations to the Board on the adoption of accounting policies.

Details of the attendance of the Audit Committee meetings are as follows:

Members	Number of meetings attended/held
Mr. Leung Ming Shu *(Chairman)*	3/3
Ms. Chak Hoi Kee Clara	3/3
Mr. Zhan Peixun	3/3

The Audit Committee met on 27 March 2025 and, among other matters, reviewed the Group's audited consolidated results for the year ended 31 December 2024.

Remuneration Committee

The Board has established the Remuneration Committee on 21 December 2022 with written terms of reference in compliance code provision E.1.2 of the CG Code. The Remuneration Committee consists of three members, namely Mr. Zhan Peixun, Mr. Leung Ming Shu and Mr. Li Xin. Mr. Zhan Peixun has been appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited to (i) establishing, reviewing and providing advices to the Board on its policy and structure concerning remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) recommending the terms of the specific remuneration package of each Director and senior management member; (iii) recommending performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2024, the Remuneration Committee held one meeting, amongst other matters, to (i) discuss and make recommendations to the Board on the Company's policy for remuneration of Directors and senior management; (ii) review and recommend to the Board on the remuneration packages of Directors and senior management of the Company; (iii) assess the performance of Directors and review the terms of service agreements for Directors and senior management; and (iv) review and/or approving matters relating to the share schemes under Chapter 17 of the Listing Rules.

Details of the attendance of the Remuneration Committee meeting are as follows:

Members	Number of meeting attended/held
Mr. Zhan Peixun *(Chairman)*	1/1
Mr. Li Xin	1/1
Mr. Leung Ming Shu	1/1

The Remuneration Committee met on 27 March 2025 and considered certain remuneration-related matters of the Directors and senior management.

Nomination Committee

The Board has established the Nomination Committee on 21 December 2022 with written terms of reference in compliance with code provision B.3.1 of the CG Code. The Nomination Committee consists of three members, namely Mr. Jia, Mr. Zhan Peixun and Ms. Chak Hoi Kee Clara. Mr. Jia has been appointed as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to (i) reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed changes to the composition of the Board; (ii) identifying, selecting or making recommendations to the Board on the selection of individuals nominated for directorship, and ensuring the diversity of the Board members; (iii) assessing the independence of the independent non-executive Directors; and (iv) making recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of Directors and succession planning for Directors.

During the year ended 31 December 2024, the Nomination Committee held one meeting, amongst other matters, to (i) review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board; (ii) assess the independence of independent non-executive Directors; (iii) review the policy on Board diversity and measurable objectives for implementing the Board Diversity Policy; and (iv) review the re-appointment of Directors who are subject to retire by rotation at the forthcoming annual general meeting of the Company.

Details of the attendance of the Nomination Committee meeting are as follows:

Members	**Number of meeting attended/held**
Mr. Jia Xiaodong *(Chairman)*	1/1
Ms. Chak Hoi Kee Clara	1/1
Mr. Zhan Peixun	1/1

The Nomination Committee met on 27 March 2025 and, based on the Nomination Policy, recommended the re-appointment of Mr. Jia Xiaodong at the forthcoming 2025 AGM. Whilst Mr. Leung Ming Shu will not offer himself for re-election and will retire as an independent non-executive Director upon conclusion of the forthcoming 2025 AGM.

ESG Oversight Committee

The Board has established the ESG Oversight Committee which consists of three members, being Mr. Jia (an executive Director and the Chief Executive Officer of the Company), the head of human resources and the head of administrative management and Mr. Jia has been appointed as the chairman of the ESG Oversight Committee.

The primary duties of the ESG Oversight Committee include, but are not limited to (i) assisting in identifying, assessing, prioritising and managing ESG-related major issues, including risks and opportunities faced by the Group; (ii) collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, following up and reviewing the progress of the Group's ESG-related goals, and ensuring compliance with ESG-related laws and regulations; and (iii) compiling the Group's ESG report, which will be submitted to the Board for approval and publication.

During the year ended 31 December 2024, the ESG Oversight Committee held two meetings to (i) review and discuss the major ESG-related issues of the Group; (ii) review and evaluate the Group's ESG performance; and (iii) review the Group's ESG report and submit it to the Board for approval and publication.

Details of the attendance of the ESG Oversight Committee meeting are as follows:

Members	Number of meetings attended/held
Mr. Jia Xiaodong *(Chairman)*	2/2
Ms. Zheng Xiaoping *(Administrative Management Director)**	1/2
Ms. Lin Zhendan *(Administrative Management Director)*#	1/2
Ms. Shao Jingfei *(Human Resource Director)*	2/2

* Ceased to be a member of ESG Oversight Committee on 29 March 2024

\# Appointed as a member of ESG Oversight Committee on 29 March 2024

The ESG Oversight Committee met on 27 March 2025 and reviewed and evaluated the Group's ESG performance.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve diversity of the Board. The Group recognizes the benefits of having a diversified Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Group's strategic objectives and sustainable development. The Group seeks to achieve diversity of the Board through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, education background, gender, age and ethnicity. Directors have a balanced mix of skills and experiences, including overall management, brand improvement, business development, investment, finance auditing and accounting experiences. The Company has three independent non-executive Directors who have different industry backgrounds, including accounting, finance and investment. Furthermore, the Directors have a broad age range, from 38 years old to 52 years old.

The Nomination Committee reviews the Board Diversity Policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness. The Board shall appoint at least one female director. Ms. Chak Hoi Kee Clara, being the independent non-executive Director who was appointed as a Director prior to the listing of the Company and has practical experience in her fields, could contribute to gender diversity of the Board and bringing valuable views from a female perspective to the Board in managing the Company.

The effective implementation of the Board Diversity Policy will depend, to a certain extent, on the Shareholders' independent judgment on the suitability of individual candidates and their views on the scale of gender diversity of the Board. To ensure gender diversity of the Board, including senior management of the Company, the Nomination Committee reviews the Board composition, including senior management of the Company, from time to time and identify suitable Director candidates of both genders to the Board, including senior management of the Company, for consideration where appropriate.

Based on the Nomination Committee's review for the year ended 31 December 2024, the Nomination Committee considered that there was sufficient diversity in the Board, which comprising one female Director and five male Directors, in accordance with the Board Diversity Policy and the Board had not set any measurable objectives.

Due to the business nature of the Group, as at 31 December 2024, there were 382 male employees and 109 female employees, representing approximately 77.8% and 22.2% of the workforce (including senior management) respectively. The Group has taken into account gender diversity in the recruitment process and is committed to increasing the proportion of female workers as far as possible in the future.

NOMINATION POLICY

The Nomination Committee has been delegated authority to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships.

The Nomination Committee will consider a number of criteria in evaluating and selecting candidates for directorships, including but not limited to (i) the business strategy, (ii) expertise and skills, (iii) integrity, (iv) the Board Diversity Policy, and (v) independence.

All the Directors, including independent non-executive Directors, are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Articles.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The Board reviews and determines the remuneration and compensation packages of Directors and senior management and receives recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of Directors and performance of the Group.

Directors and members of the Company's senior management receive compensation from the Company in the form of fees, salaries, bonuses and other benefits in kind such as contributions to pension plans. The aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowance and other benefits in kind) paid to Directors for the year ended 31 December 2024 was approximately RMB4.3 million (2023: RMB3.4 million). Please see Note 10 to the consolidated financial statements of the Group for further details. Other than that, no other amounts have been paid or are payable by any member of the Group to the Directors during the year ended 31 December 2024 (2023: same).

Please refer to Note 10(b) to the consolidated financial statements of the Group for details on the emoluments of the five highest paid individuals in the Group during the years ended 31 December 2023 and 2024.

No remuneration was paid by the Company to Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the year ended 31 December 2024 (2023: same). Further, none of the Directors had waived or agreed to waive any remuneration during the year ended 31 December 2024 (2023: same).

The annual remuneration of the members of the senior management by band for the years ended 31 December 2024 and 2023 are as follows:

	Number of individuals Year ended 31 December	
	2024	2023
HK$1,000,001 to HK$1,500,000	**1**	3
HK$12,000,001 to HK$12,500,000	**1**	–
	2	3

AUDITOR'S REMUNERATION

Deloitte Touche Tohmatsu ("**Deloitte**") has been re-appointed as the independent auditor of the Company by the shareholders of the Company at an AGM of the Company held on 4 June 2024. During the year ended 31 December 2024, the remunerations paid or payable to Deloitte in respect of its audit services and non-audit services are RMB1.78 million and RMB0.51 million, respectively. The non-audit services mainly comprised tax advisory interim review service and certain agree-upon-procedure work.

The Audit Committee is responsible for reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee receives letters from the external auditor, confirms the independence and objectivity of the external auditor, and holds meetings with the external auditor for the purpose of consideration of the audit scope offered by them, and consideration of and approval for the fees charged by them and the scope and appropriateness of non-audit services (if any). The Audit Committee also advises the Board on the appointment, reappointment and removal of the external auditor.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2024. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statements of the external auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group are set out in the section headed "Independent Auditor's Report" on pages 102 to 106 of this report.

COMPLIANCE ADVISER

The Company has appointed UOB Kay Hian (Hong Kong) Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser advises the Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including shares issues and share repurchases;
- where the Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in the Prospectus or where its business activities, developments or results deviate from any forecast, estimate or other information in the Prospectus; and
- where the Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Listing Rules.

The term of the appointment of the compliance adviser has been commenced on 16 January 2023 (i.e. the Listing Date) and will end on the date on which the Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date.

COMPANY SECRETARY

Ms. Cheng Lucy ("**Ms. Cheng**") was appointed as the company secretary of the Company (the "**Company Secretary**") on 4 May 2023.

Ms. Cheng was nominated by Boardroom Corporate Services (HK) Limited ("**Boardroom**") to assume such position and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Ms. Cheng has been contacting in respect of company secretarial matters is Mr. Li Xin, an executive Director, or his delegate.

Ms. Cheng has attended over 15 hours of relevant professional training to update her skills and knowledge.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board acknowledges its overall responsibility for maintaining appropriate and effective risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness. The management is responsible for implementing the Board's risk management policy and procedures. It also designs, implements and monitors the risk management and internal control systems and confirms to the Board on the effectiveness of the systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has internal audit and risk control functions, which carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems.

The risk management and internal control systems are continuously reviewed and evaluated by the Audit Committee, the internal audit team and the senior management of the Company, and further reviewed and evaluated by the Board at least annually, covering all material controls, including financial, operational and compliance controls, to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit, financial reporting functions, as well as those relating to the issuer's ESG performance and reporting.

During the year ended 31 December 2024, the management has confirmed to the Board and the Audit Committee on the effectiveness and adequateness of the risk management and internal control systems, and the Board has reviewed the Company's internal control and risk management systems and considered the systems to be effective and adequate.

INTERNAL CONTROL

It is the responsibility of the Board to ensure that the Company maintains sound and effective internal controls to safeguard the Shareholders' interests and the Group's assets at all times. To manage risks and to ensure the smooth operation of the Group's business, the Company engaged an internal control adviser to assist in reviewing the Company's internal control system, and providing recommendations for improvement. The internal control adviser also conducted assessments on (i) the Company's mechanisms and internal control measures in complying the relevant laws and regulations relating to data and security protection; (ii) the Company's operational control over the game management system; (iii) information technology general control measures; and (iv) the integrity and reasonableness of the Company's key operational data. The Group has adopted a series of internal control policies and procedures designed to provide reasonable assurances for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Highlights of the Group's internal control system include the following:

Financial reporting

The Group has adopted comprehensive policies and procedures in connection with its financial reporting and disclosure controls, including financial report management policies, budget management policies and financial statement preparation policies. The Group provides ongoing training to employees in its finance department to ensure that such policies are observed and implemented.

Licensing

In accordance with its internal measures, the Group's administrative team is assigned to ensure it has all necessary licenses for its business operation and to keep track of the licensing update and renewal.

Human resource

The Group has internal control policies covering various aspects of human resource management such as recruiting, training, work ethics and legal compliance. The Group provides specific training tailored to the needs of its employees in various departments. Its employee handbook contains guidelines on work ethics and prevention of fraud and corruption. Furthermore, the human resources policy stipulates that the human resources function is responsible for monitoring the requirements of the latest labour laws and regulations and ensuring that they are reflected in current practice.

Compliance with Listing Rules and relevant laws and regulations

The Group continues to monitor its compliance with relevant laws and regulations and its senior management team works closely with its employees to implement actions required to ensure its compliance with relevant laws and regulations. The Group also continues to arrange ongoing training to be provided by Hong Kong legal advisers to its Directors, senior management and employees on the Listing Rules, including but not limited to aspects related to corporate governance and connected transactions. The senior management, internal audit team and the Audit Committee together monitor the implementation of the Group's internal control system on an ongoing basis to ensure its policies and implementation are effective and sufficient.

The Directors are of the view that, the Company had implemented the enhanced internal control measures recommended and its internal control measures and policies with regard to the relevant regulatory requirements, game management system and IT general controls in place are adequate and effective to support the daily operations of the Group for the year ended 31 December 2024.

RISK MANAGEMENT

The ultimate goal of the Group's risk management process is to bring focus and effort to the issues arising from its business operations that create impediments to the success.

The Group's risk management process starts with identifying the major risks that are associated with its corporate strategy, goals and business operation (including ESG risks). The Group adopted risk management policies to assess risks in terms of their likelihood and potential impact, and then prioritize and pair each risk with a mitigation plan. The Group provide training to the employees and adopt risk management measures to ensure that all employees are aware of and responsible for managing risks. Each of the Group's operating departments is responsible for identifying and analyzing risks associated with its function. The Group's established departments, the Audit Committee, and ultimately the Board supervises the implementation of the risk management policy at the corporate level by bringing together each operating department, such as development, quality control, sales and marketing to collaborate on mitigating risk issues among different functions. For details about the qualifications and experience of the members of the Audit Committee of and the Board, please refer to the section headed "Directors and Senior Management" in this report. The following table sets out some of the primary risks relating to the business and the existing risk management measures:

Risk identified	Risk management measures and procedures
Information risk management, cybersecurity and data protection	The Group has implemented relevant internal procedures and controls to ensure that user data are protected and that leakage and loss of such data is avoided. The Group did not experience any material information leakage or loss of user data during the year ended 31 December 2024 (2023: same). The Group strives to ensure that the usage, maintenance and protection of user data are in compliance with its internal rules and the applicable laws and regulations. The Group provides regular training to the information technology team and discuss any issues and necessary updates.
External communication policies	The Group has introduced written policies on external communications and procedures for handling enquiries from regulatory authorities. The Group has also appointed a contact person responsible for managing external communications and ensuring the implementation of its external communication policies.
Conflict of interest reporting and policy	The Group requires the new employees to undertake that they will not participate in or carry on any business which is in competition with the Group, and shall not be employed or engaged by any other third party while employed by the Group. The Group has also introduced a conflict of interest policy for the Directors and management to regulate and regularly report any existing and potential conflicts of interest.
Procedures and policies on anti-bribery and anti-corruption	The staff from the research and development department, finance department and sales and marketing department are required to comply with anti-bribery and anti-corruption controls. The Group has introduced a reporting mechanism and regular declarations of conflicts of interests for all staff, as well as provide regular training on corruption and bribery prevention.

Risk identified	Risk management measures and procedures
Procedures on connected transactions	The Group has introduced procedures for the approval of connected transactions, comprising connected transactions identification and testing, decision making authority, information disclosure, auditing and financial reconciliation procedures. Under the procedures on connected transactions, approval from the Board is required prior to the entry into any connected transaction.
Whistleblowing	The Group has established a whistleblowing policy for employees and those who deal with the Group to raise concerns about possible improprieties in any matter relating to the Group. The Group has maintained an open channel to handle and discuss internal reports concerning finance, internal control and fraud to ensure that all reports will receive sufficient attention and any significant internal control weakness or reports will directly reach and be reported to the chairman of the Audit Committee. The Group has established a mechanism for remediating any internal control deficiency under which management of each level are assigned clear responsibilities relating to remediating the internal control deficiency in accordance with their respective levels.

DISSEMINATION OF INSIDE INFORMATION

The Company has adopted an inside information policy in accordance with the SFO and the Listing Rules, and made corresponding information disclosures in a timely manner. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality, so as to ensure effective protection of the rights and interests of investors and stakeholders.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. The primary focus is to ensure that information disclosure is timely, fair, accurate, truthful and complete, thereby enabling Shareholders, investors as well as the public to make informed decisions.

SHAREHOLDERS' RIGHTS

Convene an Extraordinary General Meeting (the "EGM")

In accordance with Article 12.3 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within three months after the deposit of such requisition. If within 21 days of such deposit the Board fails to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting forward Proposals at a General Meeting

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Cayman Companies Act**"). However, shareholders who wish to propose resolutions may follow Article 12.3 of the Articles for requisitioning an EGM and including a resolution at such meeting. The requirements and procedures of Article 12.3 are set out above.

Putting forward Enquiries to the Board

Shareholders may send the enquiries to the Company for the attention of the Board at the Company's principal place of business at 31/F., 148 Electric Road, North Point, Hong Kong or by email at gala_ir@galasports.com.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATION

The Company recognizes the importance of effective communication with its Shareholders and investors to enhance investor relations and understanding of the Group's business performance and strategies. The Company is committed to maintaining an ongoing dialogue with its Shareholders through various means of communication, including annual general meetings and other general meetings. Current information about the Company including the annual report, announcements, circulars and press releases can be accessed through the Company's website (www.galasports.com).

The Company has adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**") with the objective of ensuring that both individual and institutional Shareholders, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments and governance) in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

The Company has also established an investor relations department (the "**Investor Relations Department**") to communicate with research analysts, institutional investors, and Shareholders in an ongoing and timely manner, providing them with necessary information, data, and services to understand the Company's operations, strategies, and development.

Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors by contacting the Investor Relations Department through email at gala_ir@galasports.com.

The Company shall review the Shareholders' Communication Policy annually to ensure its implementation and effectiveness. Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the Shareholders' Communication Policy has been properly in place during the year ended 31 December 2024 and remains effective.

DIVIDEND POLICY

The Company has adopted the following dividend policy on 16 January 2023:

The Board will determine any declaration of dividends at its full discretion, taking into account a variety of factors such as the Company's distributable profit, the Group's financial performance, the Group's working capital requirements, the Group's liquidity position, the business environment and the availability of investment opportunities and will be subject to approval of the Shareholders. Additionally, the Board may recommend interim and/or annual dividends from time to time if it is justified taking into account the factors above, in accordance with the Articles. However, to ensure the Company's financial resources are appropriately allocated to support its business growth and provide long-term value for the Shareholders, there can be no assurance that dividends of any amount will be declared or distributed in any given year.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024, the Company had not made any change to its Articles. A copy of the Articles is available on the websites of the Company and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE GROUP

Gala Technology Holding Limited (the "**Company**") and its subsidiaries (collectively the "**Group**" or "**we**") are a mobile sports game developer, publisher and operator in Hong Kong and the People's Republic of China ("**China**" or the "**PRC**"), and our business model is based on developing, launching, publishing, operating and monetizing our games.

As a mobile sports game company, we adhere to the philosophy of "Gameplay First (遊戲至上), Always Commit To Quality (始終致力於品質), Love What You Do (熱愛你的事業), and Athletic Spirit (運動精神)", and continue to focus on and deepen our efforts in the sports game market. We maintain an amicable long-term co-operation relationship with international sports associations (FIFPro, NBA and NBPA, Major League Baseball (the "**MLB**") and Major League Baseball Players Association (the "**MLBPA**")), as well as top football clubs such as F.C. Barcelona, F.C. Bayern Munich, and Manchester City F.C.

The Group's game MLB Clutch Hit Baseball (棒球大師) has become one of the top 2 most popular MLB authorized games in North America after several rounds of optimization and iteration exercises. Based on neural network AI algorithm and Motion Matching motion engine, we have reached industry-leading level in several key indicators such as rendering, physics, simulation, players, and motion AI. We firmly believe that sports represent love and life, and we will continue to create a greater "Sports Empire".

ABOUT THIS REPORT

This Environmental, Social and Governance Report ("**ESG Report**" or "**Report**") summarizes the environmental, social and governance ("**ESG**") plans, practices and performances of the Group and demonstrates its commitment to sustainable development. The Report is available in traditional Chinese and English for the readers. In case of any inconsistency between the two versions, the Chinese version prevails.

REPORTING PERIOD

Unless otherwise stated, the ESG Report covers the activities, challenges and measures with respect to ESG aspects of the Group for the year ended 31 December 2024 (the "**Reporting Period**" or "**2024**").

REPORTING SCOPE

The reporting is determined based on the materiality and revenue contribution of the business segments under the Group's direct operational control and the disclosure scope is consistent with the annual report. This ESG report covers the major operational locations of the Group, including offices in Shenzhen and Chengdu, China. Based on the Group's primary sources of income and ESG-related business operations, it discloses initiatives, plans, and performance in various aspects of ESG and our commitment to sustainability. ESG key performance indicators ("**KPIs**") data are obtained from these operations.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Information relating to the Group's corporate governance structure and practices can be found in the Corporate Governance Report of the annual report.

During the Reporting Period of the ESG Report, the Group has applied the reporting principles in the ESG Reporting Guide as follows:

Reporting Principles	The Group's Responses
Materiality	Materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board of Directors (the "**Board**") and the Environmental, Social and Governance Oversight Committee (the "**ESG Oversight Committee**"). For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" in the ESG Report.
Quantitative	The standards, methodologies and applicable assumptions used in the calculation of KPIs data had been supplemented by explanatory notes.
Consistency	This is the third ESG report prepared by the Group. The Group has adopted consistent statistical methods for meaningful comparison. Unless otherwise stated, the preparation approach of the ESG Report is consistent with the disclosure in the previous report.
Balance	ESG data and content are presented in an objective and fair manner to ensure that the disclosed information truly reflects the Group's overall ESG performance.

BOARD STATEMENT

The Board of the Group, which assumes the highest liability and is the decision-making body of ESG-related matters, takes the ultimate responsibility for ESG strategy and report and monitors ESG-related matters that may affect the Company's business or operations, shareholders and other stakeholders. The ESG Oversight Committee is set under the Board, which is responsible for identifying and evaluating ESG risks and opportunities related to the Group, monitoring and evaluating the Group's ESG performance, ensuring compliance with ESG-related laws and regulations, and regularly reporting to and conducting reviews with the Board. Please refer to the section headed "Sustainable Development Governance Structure" in the ESG Report for further details.

The Group attaches great importance to the suggestions and opinions of all stakeholders, ensures that there are sufficient channels for communication with major stakeholders, discusses and identifies material ESG issues and potential ESG risks which the Group may be exposed to, and continuously improves ESG-related strategies and policy systems. The Board has reviewed the material ESG issues for the year and has passed the proposal to adjust the level of materiality for addressing various ESG issues, ensuring the timeliness and rationality of the materiality evaluation matrix. Please refer to the section headed "Materiality Assessment" in the ESG Report for further details.

To evaluate and monitor the risks which the Group may be exposed to in operating activities, the Group has formulated the "Enterprise Risks Management System" and established a risk management team. The risk management team is responsible for reviewing and promoting the enterprise risks management strategy, organizing and implementing enterprise risk self-evaluation, ensuring the effectiveness of risk management structure and the coordination between other management systems, identifying the priorities of risks, promoting risk control measures, and minimizing enterprise risks (including health, safety and environment risks). The risk management team also participates in regular law and regulation trainings every year to understand and deepen their knowledge of the latest laws and regulations, and to improve their risk identification and evaluation level.

The Group has established an ESG target management system for greenhouse gas ("**GHG**") emissions, waste, energy consumption, water resources management and other indicators, and the Board will review the progress of the targets on an annual basis and examine any necessary adjustments or improvements to ensure that the Group makes continuous progress in achieving the ESG targets. Please refer to the relevant parts in the section headed "A. Environmental" in the ESG Report for further details.

The Board and all Directors ensure that the Report does not contain any false entries, misleading statements, or material omissions, and accept responsibility for the truthfulness, accuracy, and completeness of the Report. The Report, which discloses in detail the progress and effectiveness of the Group's ESG work in 2024, was considered and approved by the Board at the meeting held on 27 March 2025.

SUSTAINABLE DEVELOPMENT GOVERNANCE STRUCTURE

To ensure that ESG governance is consistent with our business strategy in relation to sustainable development, the Group has developed an ESG governance structure, embedded the ESG philosophy in the corporate culture, and integrated ESG practices into its daily business operations.

The Board assumes overall responsibility for the Group's ESG issues and is required to develop and refine the ESG management approach, strategy, priorities and objectives. The Board values diversity in the Director selection process and has considered the benefits of the Board diversity, including industry knowledge, professional background, experience, and gender, good character, integrity, and independence, as well as the appropriate skills, experience, knowledge and perspectives to oversee the Group's ESG matters. In order to better manage the Group's ESG performance, related issues and potential risks, the Board is required to collectively discuss ESG issues every year, assess and determine the Group's ESG risks and opportunities, and review the materiality of ESG issues, and evaluate its performance and progress in relation to ESG-related targets. The Board is also responsible for ensuring the effectiveness of ESG-related policies, risk management and internal control systems, and discussing and approving any revisions that may need to be made from time to time, as well as approving disclosures in ESG reports.

In order to systematically manage ESG issues under the authorization of the Board, the Group has established an ESG Oversight Committee under the Board. Members of the ESG Oversight Committee include the chief executive officer, human resources director, administration director and other core management representatives appointed from time to time, who have relevant professional knowledge in all aspects of ESG to assist the Board in overseeing ESG matters. The ESG Oversight Committee is mainly responsible for assisting in identifying, assessing, prioritizing and managing ESG-related major issues, including risks and opportunities faced by the Group. The ESG Oversight Committee is also responsible for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, following up and reviewing the progress of the Group's ESG-related targets, and ensuring compliance with ESG-related laws and regulations. The ESG Oversight Committee supports the Board to formulate, monitor and update ESG-related policies and strategies. The ESG Oversight Committee will also be mainly responsible for compiling our ESG reports, which will be submitted to the Board for consideration and approval.

The ESG Oversight Committee meets not less than once a year to clarify, evaluate and manage the progress of the main annual targets approved by the Board. The ESG Oversight Committee continuously evaluates and manages its ESG and climate-related risk profile using the monitoring and risk self-assessment methodology. The ESG Oversight Committee identifies, assesses and prioritizes ESG and climate-related risks to the Group based on their likelihood, financial impact and reputational impact on the Group.

The Group follows the following steps in risk identification and monitoring:

- **Risk monitoring and alert reporting:** The ESG Oversight Committee uses risk indicators and red flag monitoring to track the identified top risks, and requires the heads of respective business units of the Group to report risk alerts with risk mitigation plans.

- **Risk report consolidation and measures formulation:** The ESG Oversight Committee consolidates risk reports submitted by each business unit, and formulates targeted risk mitigation and management measures based on the alerts and monitoring results.

- **Ongoing implementation and effectiveness tracking:** The ESG Oversight Committee continuously reviews and monitors the measures, and dynamically optimizes management solutions to mitigate ESG risks and impacts.

The ESG Oversight Committee must report its findings, decisions and recommendations to the Board at least once a year. Where necessary, third-party consultants will be engaged in providing expertise and professional advice to support us in achieving our ESG targets in a better way, and the ESG Oversight Committee will be responsible for managing this third party.

During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and monitoring systems for ESG matters, and confirmed that the disclosed content complies with the requirements of the ESG Reporting Guide.

Role	Composition	Scope of Responsibilities
The Board	Board Diversity	• Ensure the effectiveness of ESG-related policies, risk management and internal control systems • Review the materiality of ESG issues and assess and determine ESG risks and opportunities • Regularly review and monitor ESG-related targets, their performance and progress • Review and approve the content of the annual ESG report
ESG Oversight Committee	Chief Executive Officer, head of human resources, head of administrative department, and other representatives of core management as may be appointed from time to time	• Assist in identifying, evaluating, prioritizing and managing material ESG-related issues • Collect and analyze ESG data, monitor and evaluate ESG performance • Follow up and review the progress of ESG-related targets • Assist the Board in formulating, monitoring, and updating ESG-related policies and strategies • Prepare ESG reports

STAKEHOLDER ENGAGEMENT

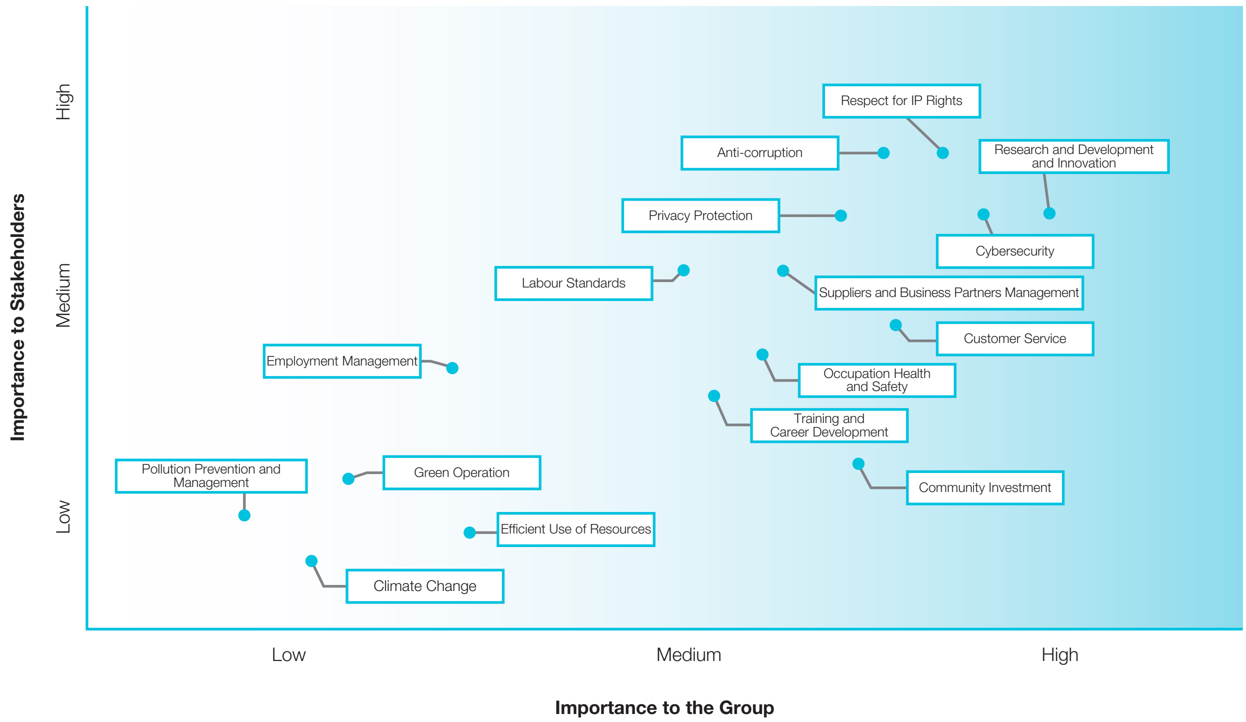
The Group values feedback from stakeholders as a vital resource for enhancing operational performance and refining sustainable development approach. The Group engages with stakeholders through a variety of formal and informal channels by fostering two-way communication with stakeholders to gather diverse perspectives and insights to help us improve performance continuously. To fully understand, respond to and address the core concerns of different stakeholders, we have been working with key stakeholders to maintain close communication. Our commitment is to work hand-in-hand with these stakeholders to enhance the Group's ESG performance and continue creating greater value for the broader community.

Through the use of diversified communications as shown in the table below, we bring stakeholders' expectations into our operations and ESG strategies:

Stakeholders	Expectations	Communication Channels
Investors and shareholders	✓ Compliance with the relevant laws and regulations ✓ Timely announcement of the latest corporate information ✓ Corporate sustainable development ✓ Results	➢ Annual general meeting and other general meetings ➢ Financial reports ➢ Announcements and circulars ➢ Official website
Players and customers	✓ Performing product and service responsibilities ✓ Cyber security and data protection ✓ Compliance operation ✓ Customers' feedback processing	➢ Customer satisfaction survey and questionnaire ➢ Customer service hotline ➢ Complaint and review meetings ➢ Social media platforms
Suppliers and partners	✓ Fair competition ✓ Cooperation to achieve win-win scenario ✓ Business ethics and credibility ✓ Safety and stability on Internet platforms ✓ Patents, copyrights and intellectual property ("**IP**") rights licenses	➢ Supplier management meetings and activities ➢ Bidding ➢ Offline marketing activities
Employees	✓ Work environment ✓ Salary and benefit ✓ Career development ✓ Health and Safety	➢ Customer satisfaction survey ➢ Regular management communications ➢ Regular work performance assessment ➢ Employee training classes ➢ Employee group activities
Government and regulatory institutions	✓ Lawful tax payment ✓ Compliance operation	➢ Regular performance reporting ➢ Official visit
Communities, NGOs and the media	✓ Support for community development ✓ Environmental protection ✓ Compliance operation ✓ Corporate social responsibilities	➢ Official website ➢ Community investment plan ➢ ESG report ➢ Social media platforms ➢ Press release

MATERIALITY ASSESSMENT

To gain a precise insight of stakeholders' perspectives and expectations regarding the ESG performance of the Group, we adopt a systematic and regular approach in conducting the materiality assessment to determine the materiality of the ESG issues and their impacts on the economy, environment and society. Specifically, we begin by referencing the Group's business development strategy and industry best practices to identify and confirm a list of material ESG issues, and invite stakeholders to quantitatively score potential material issues. We then analyze the results of the survey and develop a materiality matrix. In this year, our stakeholder base, business operations, and operating environment have not undergone significant changes since last year, and the list of issues and their prioritization within the materiality matrix remain largely consistent. Therefore, the Board, ESG Oversight Committee, and management have confirmed that the materiality matrix of the previous year remains valid and effectively responds to stakeholder expectations. Consequently, we will continue to utilize the same matrix for this year.



CONTACT US

The Group welcomes stakeholders' opinions and suggestions. Please provide your valuable advice in respect of the ESG Report or the Group's performance in sustainable development through the following means:

Postal address:	15/F, Qianhai Chow Tai Fook Finance Tower, 66 Shu Niu Avenue, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen
Telephone:	755-21629650
Email:	gala_ir@galasports.com

AWARDS AND ACHIEVEMENTS

The Group has received the following awards and achievements:

Award Category	Year	Name of Awards and Achievements	Awarding Institutions
Corporate	2024	High-tech Enterprise	Industry and Information Technology Bureau of Shenzhen Municipality (深圳市工業和信息化局), Shenzhen Finance Bureau (深圳市財政局), and Shenzhen Tax Bureau under State Tax Administration (國家稅務總局深圳市稅務局)
	2024	Technologically Advanced Small to Medium Enterprise of Shenzhen Municipality	Industry and Information Technology Bureau of Shenzhen Municipality
	2023	Vice-Chairman Entity of Shenzhen Internet Cultural Market Industry Association (深圳市互聯網文化市場協會副會長單位)	Shenzhen Internet Cultural Market Industry Association
	2023	China Overseas Sailing Game Award "Top 10 Overseas Cultural Export Enterprises" (中國遊戲出海揚帆獎「十佳海外文化輸出企業」)	Game media: Game United
	2023	Most Innovative Enterprise at Shenzhen Bay Alumni Forum	Shenzhen Bay Alumni Forum
Product	2024	2024 Best Online Game	Honor Game Hub
	2024	2024 Best All-scenario Game Award	Huawei Game Hub
	2024	Best Game Developer of the Year 2024	Xiaomi Game
	2024	Best Competitive Game of the Year 2024	Xiaomi Game
	2023	2023 Huawei Intelligent Cockpit Valued Partner	Huawei

A. ENVIRONMENTAL

A1. Emissions

The Group is keenly aware of the growing emphasis placed by both the general public and our investors on environmental protection and corporate social responsibility. Therefore, we consistently prioritize sound environmental management and actively fulfill our corporate social responsibilities, striving to address the concerns of all stakeholders. We strive to enhance environmental management via a series of initiatives, adhere to the prevailing applicable laws and standards in relation to environmental protection, and formulate the "Environmental Policy", with the aim of minimizing the impact of the pollution and environmental damage caused by our routine business operation.

The Group maintains close attention to the latest developments in nationwide environmental laws and regulations, and those in the locality where it operates, and timely strengthens environmental protection measures to comply with the relevant laws and regulations of local authorities, including but not limited to the "Environmental Protection Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes", the "Law of the People's Republic of China on the Prevention and Control of Water Pollution" and the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", to effectively implement environmental policies and promote the green and compliant development of the Group. In 2024, the Group experienced no material breach of the relevant laws and regulations regarding the emissions of exhaust gas and greenhouse gas, discharges to water and land as well as generation of hazardous and non-hazardous wastes that caused a significant impact to the Group (2023: Nil).

Exhaust Gas Emissions

Given the nature of the Group's business, which does not involve vehicle usage in its course of operation, the Group does not directly generate an enormous amount of exhaust gas emissions. Therefore, the Group currently has no specific policies or data disclosures related to exhaust gas emissions, nor has it set targeted objectives. However, the Group remains committed to environmental protection and actively implements energy saving, emissions reduction, and waste reduction measures in all aspects of its daily operations to minimize potential exhaust gas emissions and contribute to environmental sustainability. For example, employees are encouraged to adopt low-carbon commuting practices, such as carpooling or taking public transportation whenever feasible, and to utilize teleconferencing or online video conferencing in lieu of business air travel. Moreover, the Group actively promotes environmental protection concepts to employees to enhance their awareness of reducing exhaust gas emissions.

GHG Emissions

The Group does not have direct GHG emissions from gasoline consumed by vehicles (Scope 1), and its GHG emissions are mainly generated from energy indirect GHG emissions from purchased electricity (Scope 2). The Group actively reduces GHG emissions by minimizing energy consumption, demonstrating its commitment to environmental protection and fulfilling its corporate social responsibility through tangible actions. Please refer to the section "Use of Resources – Energy Management" in the ESG Report for more details.

The carbon reduction awareness of employees is enhanced through the implementation of energy saving measures. Set out below is the summary of the Group's GHG emissions performance in 2024:

Indicators[1]	**Unit**	**2024**	2023
Scope 1: Direct GHG emissions	tonnes of CO_2 equivalent ("**tCO_2e**")	**–**	–
Scope 2: Energy indirect GHG emissions	tCO_2e	**283.19**	212.77
• Purchased electricity	tCO_2e	**283.19**	212.77
Total GHG emissions	tCO_2e	**283.19**	212.77
Total GHG emissions intensity	tCO_2e/full-time employee[2]	**0.58**	0.52

1 GHG emissions information is presented in terms of carbon dioxide equivalents on the basis of, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), the "Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting by Power Generation Industry for 2023-2025" promulgated by the Ministry of Ecology and Environment of the PRC, the "Global Warming Potential Values" from the Fifth Assessment Report published by UN's Intergovernmental Panel on Climate Change (IPCC), "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the average electricity carbon dioxide emission factor from the "Announcement on the Publication of Electricity Carbon Dioxide Emission Factors for 2022" jointly released by the Ministry of Ecology and Environment and the National Bureau of Statistics.

2 As at 31 December 2024, the Group had 491 full-time employees. Such figure is also used to calculate other intensity data.

In 2024, due to an increase in the total number of employees and the Group's business units developing new projects while actively expanding into overseas game markets, electricity consumption increased, resulting in an increase in both total GHG emissions and their intensity. Based on its actual conditions of operation, the Group has set an emissions target of maintaining the total GHG emissions intensity for the year ending 31 December 2025 to be not more than the 2024 baseline.

Sewage Discharge

We do not generate a vast amount of sewage as we do not use a large amount of water in our business activities. All the wastewater discharged by the Group is sent to the local sewage treatment plant via the municipal sewage network for professional harmless treatment. Owing to this treatment process, the Group's water consumption is considered the same amount as its sewage discharged. The Group's water consumption data will be illustrated in the section "Water Resources Management" under Aspect A2.

Waste Management

The Group actively practices the concept of a circular economy by implementing the "3R" principle of reduce, reuse and recycle in its daily operations. We are committed to sensibly managing and disposing of the wastes generated from business activities, always maintain high standards in waste reduction, as well as reinforce employee awareness, educate employees on the significance of sustainability by providing them with relevant support to enhance their skills and knowledge in sustainability.

Hazardous Wastes

Due to its business nature, the Group does not generate significant amounts of hazardous wastes in its daily operations and therefore has not set a specific target in this regard. However, if any hazardous wastes are generated, the Group will comply with relevant environmental laws and regulations, and must engage a qualified chemical waste collector to dispose of such wastes.

Non-hazardous Wastes

Paper is the major non-hazardous waste we generate during our operations. To properly manage such waste, we require our employees to properly dispose of it correctly, encouraging them to sort it beforehand, and also arrange designated staff responsible for its centralized disposal.

For office paper, we will continue the following practices:

- Promote and execute multiple internal administrative procedures that are electronically processed or automated;
- Advocate a paperless office to avoid printing and copying documents whenever possible;
- Recycle used paper; and
- Use double-sided printing or copying whenever possible.

Set out below is the summary of the Group's non-hazardous waste discharge performance in 2024 and 2023:

Type of waste	**Unit**	**2024**	2023
Total non-hazardous waste	kg	**290.87**	261.16
• Used toner box	kg	**19**	6
• Paper	kg	**271.87**	255.16
Total non-hazardous waste intensity	kg/full-time employee	**0.59**	0.63

The Group has achieved the waste generation target set for the previous year, and has set a waste generation target for the next year of maintaining the total non-hazardous waste discharge intensity for the year ending 31 December 2025 to be not more than the 2024 baseline. Given the significant success in achieving targets for the previous year, we will continue implementing the following measures to reduce paper waste this year:

- Put collection boxes clearly marked with "waste paper" and "reusable paper" in office;
- Prioritize the use of single-sided paper collected in the "reusable paper" collection box for printing and copying;
- Reduce unnecessary printing and copying;
- Print and copy on both sides; and
- Encourage employees to work paperlessly through electronic office systems such as office work automation and emails.

A2. Use of Resources

To comprehensively drive energy saving and consumption reduction, the Group has formulated the "Environmental Policy" in accordance with relevant laws and regulations on environmental protection and coupled with the rules of the office building where we locate in a bid to minimize the negative environmental impact on its business operation.

We regularly review the operations of our business and actively carry out improvement measures for the efficient use of resources like water and electricity, reducing or even eliminating the use of materials that cause wastage of resources or damage to the environment, with an aim to enhance energy utilization efficiency and reduce unnecessary consumption of resources.

Energy Management

Electricity consumed in office is the major source of the Group's energy consumption. To fulfill the Group's commitment to energy saving and consumption reduction, the Group actively adopts the following measures:

- Adjust flexibly the temperature of the office air conditioner in accordance with real-time weather;
- Equip energy-saving lights and electrical appliances with the office;
- Light up the corridor at intervals instead of fully on;
- Encourage employees to open curtains to fully utilize natural light and reduce electricity consumption by daylight; and
- Remind employees to switch off computers and electronic devices completely outside of office hours or when they are not in use.

The Group reviews the effectiveness of these measures from time to time and makes adjustments according to its operations to raise the employee awareness of energy saving and improve the efficiency of the use of resources.

Set out below is the summary of the Group's energy consumption performance in 2024 and 2023:

Type of energy	Unit	2024	2023
Direct energy consumption	MWh	**–**	–
Indirect energy consumption		**657**	404
• Purchased electricity	MWh	**657**	404
Total energy consumption	MWh	**657**	404
Total energy consumption intensity	MWh/full-time employee	**1.34**	0.98

In 2024, due to an increase in the total number of employees and the Group's business units developing new projects while actively expanding into overseas game markets, electricity consumption increased, resulting in an increase in the total energy consumption in 2024 as compared to the last year. By nurturing a culture of conservation within the Group through various training programs and related activities, we expect to enhance the electricity conservation awareness of our employees and reduce the electricity consumption of each employee in the future. Based on its actual conditions of operation, the Group has adjusted appropriately the target of the total energy consumption intensity for the year ending 31 December 2025 to be not more than the 2024 baseline.

Water Resources Management

Domestic water of the office is the Group's main water consumption. The Group does not have any issues in sourcing water that is fit for purpose due to the geographical location of its business.

The Group adopts the following measures to reduce the waste of water resources:

- Inspect and maintain water pipes and faucets regularly to avoid any potential leaks, drips and overflow;
- Store the water discharged from air conditioner for utilization;
- Appropriately restrict the flow of water in accordance with the actual need of washrooms for water.

Set out below is the summary of the Group's water consumption performance in 2024 and 2023:

Indicator	Unit	2024	2023
Total water consumption	thousand liter	**2,297**	1,761
Total water consumption intensity	thousand liter/full-time employee	**4.68**	4.27

The Group has set a target of maintaining the total water consumption intensity for each of the two years ending 31 December 2025 to be not more than the 2023 baseline. However, the target was not achieved in 2024 due to business expansion and an increase in the total number of employees, which resulted in higher water consumption. We intend to nurture a culture of conservation within the Group through various training programs and activities promoting water conservation, and continue to reduce water consumption in our operation in the future. Based on its actual conditions of operation, the Group has adjusted appropriately the target of the total water consumption intensity for the year ending 31 December 2025 to be not more than the 2024 baseline.

Use of Packaging Materials

The Group does not sell physical products and does not have any factory facilities. Thus, the Group's business does not involve the use of packaging materials.

A3. The Environment and Natural Resources

Despite the fact that the Group's major operations have not significantly impacted the environment and natural resources, we, as a responsible and high-quality enterprise still hope to minimize such negative impact, so as to contribute to environment protection. To minimize the environmental impact of its operations, adhere to relevant environmental laws and international standards, and integrate the concept of environmental and natural resource protection into its internal management and daily operations, the Group formulates relevant "Environmental Policies" and measures to standardize its management practices. Whenever any environmental complaint is received, the Group will respond swiftly, and duly take necessary actions to address any problem or concern as soon as possible and take preventive measures to avoid the recurrence of similar incidents.

Enhance Environmental Awareness

We recognize that achieving meaningful improvements in environmental performance necessitates not only rigorous oversight of employee with adherence to the Group's internal environmental measures, but also proactive fostering of environmental consciousness within our workforce. As such, the Group reviews its own code of conduct, issues environmental guidelines and internal communications to its employees and shares green office practices and other relevant environmental information regularly. In addition, we will proactively design and implement more practical activities to enhance employee understanding of environmental and natural resource issues and promote behavioral changes that effectively reduce energy and resource consumption.

Manage Value Chain

The Group maintains a firm commitment to comprehensively incorporating sustainability considerations across its entire business operations and extending this principle to its supply chain management practices. We exert a positive influence on our suppliers by enhancing their awareness and attaching importance to the environmental issues, environmental best practices, and professional environmental considerations articulated in our "Supplier Code of Conduct", thereby effectively promoting the broad application and implementation of environmentally sound practices.

A4. Climate Change

Against a backdrop of heightened societal awareness regarding environmental impact and climate change, the Group acknowledges the critical need to identify and mitigate the material impacts of climate change in achieving its sustainable development and the effective fulfillment of its corporate social responsibility. The Group's management has implemented a "Climate Change Policy", aligning with global best practices and incorporating strategies specifically designed to address the unique aspects of its business operations, with the objective of comprehensively improving resilience and adaptive capacity in the face of climate change. Under such policy, the Group assesses and identifies climate-related risks and corresponding opportunities that have an impact on the Group's business, and incorporates climate risks into the corporate risk management process to manage and review climate-related risks and seize relevant opportunities. Upon referring to the financial advisory report published by the Task Force on Climate-related Financial Disclosures ("**TCFD**"), based on its specific circumstances, the Group has identified the following potential climate-related risks and corresponding management measures:

Physical Risks

Given the recent shifts in environmental conditions resulting in anomalous weather patterns and the increasing prevalence of extreme weather events, the short-term environmental risks to which businesses are exposed are becoming markedly more pronounced. Given the distinctive nature of our business, we believe that there are only a handful of significant environmental or climate-related risks that could have a material impact on our business, strategy or financial results. Nevertheless, we have successfully identified the material potential impacts of extreme weather on the Group's operations, and we have developed the following risk prevention measures to address the negative impact of the following extreme weather events:

- In the event that the Group's information technology infrastructure sustains damage due to extreme weather, the Group's facilities and operations may experience temporary or long-term shutdowns, resulting in significant costs to maintain, repair or replace damaged or destroyed facilities. To manage and mitigate such impact, we will use backup facilities, including but not limited to backup power supply, backup air-conditioners, backup computers, etc.

- In response to the adverse effects of prolonged high-temperature conditions, the Group's hardware operating team liaises with property management companies to carry out heat prevention and cooling measures, providing a suitable working environment for employees and related equipment to the greatest extent possible and minimizing the adverse impact.

- Extreme weather conditions such as rainstorms and flooding may affect the daily work and travel of employees and even cause casualties. In order to minimize the probability of potential accidents for commuting employees, the Group will pay close attention to weather forecasts, issue timely notifications and reminders of extreme weather conditions, and arrange for employees to work from home. The Group will check the drainage facilities regularly and enhance the emergency response capability of employees by strengthening the implementation and organization of emergency evacuation and routine emergency rescue drills, with the aim of minimizing building damage and personnel injuries caused by flooding.

Going forward, we will continue to monitor and assess any potential climate-related issue and risk that may affect our business and will duly respond to them to minimize such adverse impact.

Transition Risks

Sustainable development is not only a significant topic in China and around the world today, but also a vital trend shaping the future of all industries. An increasingly sophisticated and targeted array of policies is being progressively issued and enforced. As regulations governing resource utilization become more comprehensive, they will undoubtedly exert a certain impact on the execution of corporate business strategies and on long-term growth prospects. As a mobile game developer, publisher and operator, having a stable power supply is critical to the Group's business operation. For example, electricity rationing implemented during periods of extreme heat can constrain the Group's resource utilization, and in the most severe instances, may directly affect the Group's business operations. Therefore, the Group will continue to increase its focus on climate change issues, closely monitor updates to relevant environmental regulations, and engage qualified consultants or legal advisors to ensure that the Group's business activities comply with requirements and to provide professional advice and recommendations on how to reduce the impact of daily operations.

In addition, the Stock Exchange has also explicitly required listed companies to enhance climate-related disclosures in their ESG reports, which will result in increased compliance costs. Failure to adequately meet compliance standards associated with climate change is highly possible to expose the Group to claims, disputes and litigation, which will undisputably cause serious damage to its reputation. The Group will evaluate from time to time the efficacy of its climate change initiatives in light of existing and emerging climate-related trends, policies and regulations to strengthen its capacity to address climate-related issues and avoid being exposed to reputational risks due to slow response.

B. SOCIAL

B1. Employment

As a leading technology-driven mobile sports game company in China, we recognize that talent is both the foundation and the driver of our technology and innovation. We firmly believe that talent is our primary resource, and we are committed to creating a positive and sound working environment and atmosphere for all employees. The Group attracts, retains, and inspires talent by offering competitive compensation packages, comprehensive training, attractive growth opportunities, and amicable work environment, leading to a stable and developing management team and a strong employee culture.

The Group has established rules and procedures in areas of, among others, recruitment, promotion, compensation, benefits, rest time and termination, and set up guidelines such as "Manual for the Management of Employee Working Hours and Leaves", "Manual for Comprehensive Performance Evaluation", "Manual for the Management of Employee Entry and Exit, Employment Confirmation and Personnel Changes" and "Manual for Remuneration and Benefits" to safeguard employee rights. All these measures are designed to provide a legal and safe employment environment for each of our employees to grow with the Group and achieve their career goals.

The Group strictly complies with the relevant laws and regulations on employment, compensation, recruitment and promotion, working hours, leaves, equal opportunities, diversity, anti-discrimination and other treatments and benefits, including but not limited to: the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Social Insurance Law of the People's Republic of China", the "Law of the People's Republic of China on the Protection of Women's Rights and Interests" and the "Labor Union Law of the People's Republic of China", which are in force in mainland China; the "Employment Ordinance", "Employees' Compensation Ordinance", the "Mandatory Provident Fund Schemes Ordinance", the "Sex Discrimination Ordinance", the "Disability Discrimination Ordinance", and the "Family Status Discrimination Ordinance and the "Race Discrimination Ordinance", which are in force in Hong Kong. The Group expressly opposes discrimination as set out in the Harassment and Discrimination Section of the "Code of Ethics", and provides complaint channels for discriminatory practices that violate the policy. During the Reporting Period, the Group was not aware of any material incidents involving the violation of local laws and regulations related to employment (2023: Nil).

As at 31 December 2024, the Group had a total of 491 employees (2023: 412 employees) with the following breakdowns:

Indicator	2024		2023	
	individuals	percentages	individuals	percentages
By Gender				
Male	382	77.80%	315	76.46%
Female	109	22.20%	97	23.54%
By Age Group				
＜30	300	61.10%	266	64.56%
30-50	191	38.90%	146	35.44%
＞50	–	–	–	–
By Geographical Region				
Mainland China (Shenzhen)	314	63.95%	276	66.99%
Mainland China (Chengdu)	172	35.03%	130	31.55%
Hong Kong	5	1.02%	6	1.46%
By Employment Type				
Full-time	484	98.57%	411	99.76%
Part-time	7	1.43%	1	0.24%

Recruitment, Promotion, Remuneration and Termination

Guided by a “talent-first” philosophy, the Group considers its employees to be its paramount asset. In the recruitment and promotion process, the Group adheres to the principle of “meritocracy”. In accordance with the mechanism and evaluation standards set out in the “Comprehensive Manual for Employee Evaluation and Management”, we comprehensively consider various factors to recruit and select outstanding talent for our business units. These factors include educational background or training, working experience, their motivation and personality, as well as our job vacancies and business development needs. Pursuant to the “Manual for the Management of Employee Ranking, Compensation and Benefits”, we determine the basic salary, performance bonus and promotion opportunity, and other benefits, based on the performance appraisal of employees after taking into consideration their qualifications, performance, achievements and market conditions. Throughout the year, the Company distributed cash bonuses to all employees and established awards such as the “Champions Cup (Outstanding Team)”, the “Golden Globe Award (Outstanding Individual)”, “Outstanding Business Award”, the “Outstanding Visual & Art Award”, and the “Outstanding Newcomer Award” to publicly commend outstanding employees, which not only enhanced their sense of achievement and honor, but also encouraged all employees to actively participate in the Group’s affairs.

We have a standard contract with all employees, and in accordance with the requirements of the PRC laws and regulations, have participated, for our employees, in various employee social security programs, including but not limited to housing, retirement, medical and unemployment insurances administrated by the local governments, and contributed a specified percentage of employees’ salaries, bonuses and certain allowances to the employee benefit plans, up to the maximum amount prescribed by the local government from time to time. The arrangements for working hours and leaves are specified in the respective employee’s labor contract and the “Manual for the Management of Employee Working Hours and Leaves”. In addition, the Group complies with the guidelines of relevant employment rules in case of employment termination, which will be handled in accordance with procedures, and the dismissed employee will be provided with reasonable compensation. The relevant provisions and procedures for the termination of employment relationship are set out in the “Manual for the Management of Employee Entry and Exit, Employment Confirmation and Personnel Changes”.

During the Reporting Period, the Group had an employee turnover rate[3] of 26.88% (2023: 18.69%) with the following breakdowns:

Employee Turnover Rate by Category[4]	**2024**	2023
By Gender		
Male	**26.96%**	19.68%
Female	**26.61%**	15.46%
By Age Group		
＜30	**30.67%**	19.55%
30-50	**20.94%**	17.12%
＞50	**–**	–
By Geographical Region		
Mainland China (Shenzhen)	**33.76%**	23.91%
Mainland China (Chengdu)	**13.95%**	7.69%
Hong Kong	**40.00%**	16.67%

3 The overall employee turnover rate is calculated by dividing the number of employees left during the year by the number of employees at the end of that year.

4 The employee turnover rate of each category is calculated by dividing the number of employees left in the specific category during the year by the number of employees in that category at the end of that year.

Equal Opportunity, Diversity and Anti-discrimination

The Group places a high priority on the welfare and career development of its employees and is dedicated to cultivating a workplace environment characterized by diversity, equity, and inclusion. By providing employees with a platform to showcase their talents, stimulate their creativity, and unlock their potential, we work together to achieve both individual fulfillment and our goals.

The Group is committed to ensuring that employees of all ages, races, colors, genders, nationalities, physical conditions, religions, etc., receive equal opportunities and fair treatment in recruitment, compensation, training, and promotion, and that they feel respected, supported, and inspired. The Group prohibits any form of harassment (including physical or verbal harassment, harassment from superiors or non-superiors or non-employees). To ensure that all employees enjoy fair and equal protection, the Group has zero tolerance for any form of sexual harassment or bullying in the workplace. If employees observe any suspected discrimination or harassment in the workplace, they have the right and responsibility to immediately report it to their supervisors. Upon receiving a report, the Group will promptly initiate a rigorous and careful handling process, strictly adhering to laws and regulations and internal investigation procedures, and will make every effort to maintain the confidentiality of the complainant's identity. The Group takes all complaints seriously and conducts thorough investigations with a rigorous and responsible attitude. If such behavior is substantiated, we will take immediate and decisive corrective action. Depending on the severity of the situation, the individuals involved will face internal disciplinary action, up to and including immediate termination. The Group will not tolerate such behavior and is firmly committed to maintaining a positive and ethical corporate culture.

The Group consistently emphasizes the important role and significant contributions of female employees and fully respects women's rights. In celebration of International Women's Day 2024, the Group organized a week-long "3.8 Goddess Festival" featuring a variety of benefits, including a "SPA Pampering Week," customized gifts, and a limited-edition romantic afternoon tea, demonstrating the Group's unwavering commitment to the physical and mental well-being of its female employees.

Communication Channels

The Group is committed to fostering an open and transparent communication environment and has set up diverse communication channels to promote exchanges between management and employees, as well as to improve corporate policy in terms of operation and management, thereby increasing business efficiency. These channels include, among others: employee suggestion forms, suggestion boxes, suggestion surveys and regular management communications. We also encourage employees to take ownership and proactively contribute ideas and suggestions for the Group's development.

During the Reporting Period, the Group organized a series of offline activities to create a warm, loving, and vibrant team atmosphere and to strengthen communication among employees. These activities included offline sporting events such as the "2nd Gala Cup Badminton Tournament" and the "7th Gala Cup Basketball Championship", as well as group activities such as the "11th Anniversary Celebration Party", major holiday events, birthday parties, and dinners. The Shenzhen office upgraded its monthly all-employee afternoon tea to bi-monthly all-employee lunches, providing a broader platform for communication between employees in various departments and promoting communication and progress. Taking advantage of the year-end party, we hosted an all-employee e-sports competition featuring our three hit operational-economic games: Total Football (最佳球會), NBA Rivals (美職籃巔峰對決), and MLB Clutch Hit Baseball (棒球大師). Employees formed cross-departmental teams, enjoying the fun of teamwork in exciting competitions. These diverse cultural and sporting activities not only strengthened connections among employees but also increased employee engagement and a sense of belonging.

7th Gala Cup Basketball Championship

2nd Gala Cup Badminton Tournament

B2. Health and Safety

Regarding occupational health and safety as one of its top priorities, the Group strives to provide a safe and secure working environment for its employees, with no high-risk activities involved in its business operations. We strictly complied with the relevant laws and regulations on providing safe working environment and preventing occupational hazards, including but not limited to the "Safety Production Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases" and the "Fire Control Law of the People's Republic of China".

In accordance with regulatory requirements and industry practices, we have formulated the "Health and Safety Policy". This policy establishes a comprehensive management framework that details various work safety guidelines and covers multiple dimensions, including office area cleaning and maintenance standards and equipment operation safety regulations. It comprehensively ensures that the Group's internal environment consistently adheres to strict health and safety standards, creating a safe, secure, and healthy working environment for all employees. Our Shenzhen office boasts a 360-degree sea view, and the Chengdu office features an open-air balcony, demonstrating our commitment to providing a comfortable office environment where every employee can enjoy their work and grow effectively within the Group. In addition, we organize fire safety training activities annually for our employees to familiarize them with evacuation procedures and precautions, escape drills, the use of fire extinguishers, etc. For workplace facilities, we conduct monthly fire safety inspections and assessments to eradicate all fire hazards in the workplace.

In addition to focusing on environmental safety and comfort, we also place great importance on the individual health of our employees. During the Reporting Period, we organized the "GALA Inaugural Group-wide Fat Burning Competition (GALA首屆全民燃脂大賽)", offering cash prizes to encourage everyone to scientifically reduce fat, develop good exercise and dietary habits, and stay away from sub-health conditions.

GALA Inaugural Group-wide Fat Burning Competition

During the Reporting Period, the Group had no working day lost due to work-related injuries (2023: Nil), and there were no work-related fatalities during the past three years including the Reporting Period.

B3. Development and Training

As a talent-driven company, we firmly adhere to a people-oriented approach, viewing our employees as key to the Group's sustainable development and the maintenance of its core competitiveness. The Company has meticulously developed a diverse training framework to enhance the professional knowledge and skills of our employees and promote their personal growth and development. At the end of each year, the Group assesses employee performance and provides opportunities for promotion and training based on their roles and responsibilities. We encourage employees to actively participate in professional training to learn specialized skills and enhance their professional capabilities. We also encourage employees to proactively discuss their career advancement and future plans with management.

For all new hires, the Group provides pre-job training in terms of its systems and procedures, introduction to products and its culture to help them understand the Group's basic operations. The Group assigns dedicated trainers to conduct one-on-one coaching and evaluation for employees during the probationary period according to the "GALA SPORTS Pre-job Training Guideline Sheet for New Hires" to enable them to quickly integrate into the team and adapt to their roles within the Group. The Group also regularly organizes sharing sessions related to the mobile game business, jointly exploring professional knowledge related to game technology and the latest industry trends, enhancing employees' business capabilities while promoting communication among employees in various departments. To strengthen corporate governance and standardize internal control processes, the Group organized a series of compliance-themed training courses during the Reporting Period.

During the year, the percentage of employees trained[5] of the Group was approximately 39.51% (2023: 38.11%) and the average training hours completed per employee[6] was approximately 1.19 hours (2023: 0.96 hour). The number of training hours this year increased compared to last year because we placed greater emphasis on training related to new online game projects and corporate compliance, and we continued to increase training efforts for junior staff, providing them with more opportunities for learning and communication to support their career development and personal growth.

The breakdown of the employees trained by gender and employee category and their average training hours are as follows:

Indicator	**Percentage of employees trained[7]**		**Average training hours[8]**	
	2024	2023	**2024**	2023
By Gender				
Male	**39.79%**	40.32%	**1.19**	1.09
Female	**38.53%**	30.93%	**1.16**	0.52
By Employee Category				
Senior staff	**10.00%**	31.11%	**0.30**	0.58
Intermediate staff	**32.27%**	36.52%	**0.97**	1.02
Junior staff	**80.41%**	47.06%	**2.41**	0.93

5 The overall percentage of employees trained was calculated by dividing the total number of employees trained during the year by the total number of employees at the end of that year.

6 The average training hours completed per employee were calculated by dividing the total training hours during the year by the total number of employees at the end of that year.

7 The percentage of employees trained by category was calculated by dividing the number of employees trained in the specified category during the year by the number of employees in that category at the end of that year.

8 The average training hours of employees by category were calculated by dividing the total training hours of employees in the specified category during the year by the number of employees in that category at the end of that year.

B4. Labor Standards

The Group strives to be an employer of choice, recognized by its employees, and is committed to building and maintaining an open and inclusive work environment and corporate culture, while fully protecting employees' lawful rights and interests. We strictly comply with the relevant laws and regulations relating to the prevention of child labor or forced labor, including but not limited to the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Law of the People's Republic of China on the Protection of Minors", and the "Regulations on the Prohibition of Child Labor". At present, the Group has formulated the "Manual for the Management of Employee Entry and Exit, Employment Confirmation and Personnel Changes" to regulate the personnel-related process. As a major responsible department, the human resources department is responsible for keeping abreast of the requirements of the latest labor laws and regulations and ensuring compliance with laws and regulations in relevant operations.

Regarding talent acquisition and employment, the human resources department will focus on the following three dimensions:

- Release recruitment information based on the position requirements of business departments, in conjunction with the Company's development plan.

- Screen applicant resumes and strictly verify the identity information and documentation of candidates, ensuring they have reached the legal working age.

- Assist hiring managers and relevant department heads in conducting interviews. Upon confirmation of hiring, the human resources department will assist with onboarding procedures.

The human resources department will strictly supervise the recruitment and employment process in accordance with relevant laws and regulations and the Group's human resources policies. If anyone is found to have submitted false information, the Group has the right to terminate the labor relationship with that person immediately without any financial compensation. Due to the specific nature of the Group's game business and time differences in overseas markets, working overtime may occur in related business departments from time to time. To safeguard the rights and interests of employees, the Group encourages employees to take the initiative to negotiate with their supervisors on overtime arrangements, and in accordance with "Manual for the Management of Employee Working Hours and Leaves", provides employees who work overtime for a certain period of time with meal allowances, fare subsidies and/or compensatory time off.

The Group prohibits and eliminates any employment of child or forced labor and any form of discrimination on the grounds of race, religion, age or disability. If any child labor or forced labor is discovered, the Group shall seek legal advice and take corrective measures immediately.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to the prevention of child labor and forced labor, nor were there any incidents of discrimination on the grounds of race, religion, age, disability, etc. (2023: Nil).

B5. Supply Chain Management

In order to continuously improve the customer acquisition efficiency for games and refine its operations, the Group works with a wide range of business partners, and product and service providers that meet its standards and quality requirements, including primarily third-party distribution platforms, third-party publishers, advertising and marketing service providers, server providers and IP rights holders. The Group is well aware of its impressively extensive brand influence as a leading technology-driven mobile sports game company in China. Therefore, we have developed the "Supplier Code of Conduct" as a guide for our business partners and suppliers with reference to international norms. This code explicitly specifies the management tasks such as the admission and review, selection and engagement, and performance evaluation of the business partners and suppliers. Additionally, we encourage all parties involved to actively comply with the relevant provisions to bring about greater improvements in sustainable practices and performance for our business partners and suppliers and the communities we serve.

During the Reporting Period, the Group has a total of 95 suppliers (2023: 97 suppliers). All suppliers are introduced and managed in accordance with the "Procurement Management Standards" and the "Supplier Code of Conduct". The number of suppliers by geographical region is as follows:

By Geographical Region	Unit	2024	2023
Mainland China	Suppliers	**58**	72
Overseas	Suppliers	**37**	25
Total Number of Suppliers	Suppliers	**95**	97

Procurement Mechanism

Preeminent suppliers are of paramount significance in the trajectory of the enterprise's operation and development. The Group places substantial emphasis on the integrity of its suppliers and partners. It gives precedence to forging partnerships with those suppliers and partners boasting an exemplary historical business track record, free from any serious regulatory violation and devoid of any conduct transgressing business ethics. This strategic approach is pivotal in guaranteeing the resilience and dependability of the supply chain, thereby safeguarding the Group's business reputation and sustaining its development prospects. Consequently, the Group has instituted the "Procurement Management Standards" and the "Supplier Code of Conduct". These are underpinned by transparent procurement processes and objective evaluation criteria. By comprehensively weighing multiple factors such as service quality, pricing and delivery time, with an aim of minimizing procurement risks and enhancing procurement efficiency, the Group selects eligible suppliers in a fair, impartial and open manner, so as to foster an environment conducive to equitable competition among all suppliers.

To earnestly safeguard the lawful rights and interests of both the Group and its suppliers, employees are duty-bound to uphold objectivity when engaging in transactions with suppliers. In strict compliance with the stipulations of the "Code of Ethics", employees are prohibited from accepting or soliciting any benefits from suppliers or prospective suppliers that could potentially compromise their objective assessments of suppliers' products and prices.

Responsible Operations

The Group is aware of the indirect impact of environmental performance in its value chain and investments, and is committed to integrating sustainability considerations into its business activities and taking responsibility for the impact of climate change. The Group gives preference to suppliers using environmentally friendly products and services based on the standards, practices and principles outlined in the "Supplier Code of Conduct" and the "Environmental Policy". In order to efficiently identify latent environmental and social risks within the supply chain, and to guarantee that suppliers abide by trade laws, relevant environmental and social statutes, along with other norms, and are in compliance with relevant standards in areas such as the environmental, social, and corporate governance, and business ethics. Prior to forging any long-term or short-term partnership with potential suppliers, we will conduct an evaluation of the environmental and social risks inherent in the suppliers' operations and business. Moreover, we will investigate the suppliers' consciousness in the aforesaid aspects.

The Group consistently reiterates the significance of strict compliance with all local and national regulations at all times and opposes all manifestations of corruption and bribery. It is the Group's anticipation that suppliers will be able to meet its standards in domains encompassing environmental stewardship, social responsibility, corporate governance, and business ethics. Accordingly, the Group's business partners and suppliers are required to implement anti-corruption policies and programmes and to verify compliance with such policies and programmes. Meanwhile, the Group also extends its labor standards for the protection of employees' rights to its business partners and suppliers and encourages them to comply with relevant laws and standards. It also earnestly exhorts suppliers to uphold the rights and dignity of employees. In addition, the Group encourages its business partners and suppliers to take into consideration the risks posed by climate change to their operations. We advocate that they take proactive steps to alleviate their environmental footprints and collaboratively establish a green and low-carbon supply chain ecosystem, so as to achieve a win-win situation in terms of both economic benefits and environmental benefits, and contribute to the harmonious coexistence of the industry and the natural environment.

The Group is committed to perpetuating its established practices and will conduct periodic assessments of suppliers' performance within the supply chain, along with their compliance with environmental and social benchmarks. In the event that any serious violations of laws or regulations on the part of suppliers are substantiated, the Group will terminate the cooperation with such suppliers.

B6. Product Responsibility

As a mobile sports game developer, publisher, and operator, the Group specializes in developing, launching, publishing, operating and monetizing our games. To better cater to the rich and diverse demands of players for immersive game experiences, enhance their sense of engagement and fulfillment, and augment the challenge and entertainment value of our games, we stay attuned to the ever-evolving market dynamics. By incorporating the latest updates and happenings of athletes and teams in the real world, we are committed to the continuous refinement of our game content and quality. We maintain close communication with our customers. Placing paramount importance on customer satisfaction, we make it our mission to thoroughly understand and meet their needs and expectations. Additionally, we proactively implement internal monitoring mechanisms to ensure the delivery of high-caliber services and products. Through these efforts, we strive to drive continuous improvement and elevation of our service quality.

The Group strictly complies with the relevant laws and regulations regarding health and safety, advertising, labeling and privacy matters and remedies for the products and services provided, including but not limited to the "Consumer Rights Protection Law of the People's Republic of China", the "Advertising Law of the People's Republic of China", the "Interim Measures for the Administration of Internet Advertising", the "Patent Law of the People's Republic of China", the "Personal Information Protection Law of the People's Republic of China", the "Data Security Law of the People's Republic of China", the "Regulation on Telecommunications of the People's Republic of China", the "Regulation on Internet Information Service of the People's Republic of China", the "Regulations on the Administration of Publication" and the "Provisions on the Administration of Online Publishing Services". Presently, we have been certified with the ISO20000 Information Technology Service Management System.

During the Reporting Period, the Group was not aware of any material issues that violated the relevant laws and regulations which had a material impact on the Group (2023: Nil).

R&D and Innovation

The Group effectively harnesses its accumulated R&D prowess, persistently delving into the application integration of specialized technologies within gaming scenarios. Upholding the strategies of crafting premium products and executing long-term operational plans, we are dedicated to offering players a more delicate game experience. Typically, the research, development, and creation of our games progress through three stages: game production, public testing, and publishing.

On average, a single project is collaboratively accomplished by a team of 9 to 44 developers from diverse departments within the Group, encompassing art, front-end development, back-end development and testing. Once the front-end development engineers develop a basic demo version where the core gameplay and preliminary artistic and audiovisual effect are developed, the testing engineers will conduct a comprehensive testing of the game. In order to refine the designs, resolve technical issues and fix programme bugs, the testing engineers will provide feedback on game functionalities and their in-game experience to the other team members. Subsequently, these team members will work on these issues. After the game production phase and completion of relevant registration procedures, we will extend invitations to external users to partake in multiple rounds of public testing. During the public testing, we will closely keep track of the key game and user data and analyze the data on a real-time basis. We also actively gather users' feedback through market surveys, discussions in our user community and communication with third-party distribution platforms. Through these efforts, we are able to pre-assess the market reaction and financial performance of our games and further optimize the games as necessary before officially launching the games.

All of the Group's game products involve real-time interaction, requiring our server network to respond to user requests with low latency. Consequently, we have established a robust and stable network infrastructure and have assembled a specialized team to continuously monitor the performance and security of the servers, thereby providing better support for our game portfolio and user base.

Case: The CEO of the Group was invited to participate in the 2024 Game Publishing Exchange Conference

On 18 December 2024, the Group, as a representative enterprise, was invited to attend the Inauguration Ceremony of the Shenzhen (Nanshan) Game Innovation and Development Center and the 2024 Game Publishing Exchange Conference. In the company of representatives from numerous enterprises, we held a roundtable discussion centered around the theme of "Looking Ahead to the Next Decade: Exploring the Path to High-quality Development of Games in Shenzhen (Nanshan) Amidst Shifting Dynamics and Unchanging Fundamentals". Through this interaction, we collectively studied and deliberated on advanced industry experiences and cutting-edge technologies for the innovation and development of the game industry.

2024 Game Publishing Exchange Conference

Regulatory Obligations

In view of the distinct characteristics manifested by the game business, within the operational practices of the Group, there have been no extant scenarios wherein the exigency to initiate the product recall process has arisen on account of considerations related to health and safety. Consequently, the disclosure requirements pertaining to the product recall process are inapplicable to the Group. Notwithstanding, the health and safety of users have perpetually assumed a position of utmost criticality and indispensability within the product liability system of the Group. It bears profound implications for upholding the robust development of the Group's business and shaping a favorable brand image.

Pursuant to the "Notice on Further Strengthening Regulation to Effectively Prevent Online Gaming Addiction among Minors" issued by the National Press and Publication Administration on 30 August 2021, and the "Notice of the General Office of the Ministry of Education and Five Other Departments on Further Strengthening the Management of Preventing Primary and Secondary School Students from Becoming Addicted to Online Games" jointly issued by the General Office of the Ministry of Education, the General Office of the Publicity Department of the CPC, the Secretariat of the Office of Central Cyberspace Affairs Commission and other three departments, all online game companies (including platforms providing online game services) shall work to guide families, schools and other social parties to create a good environment conducive to the healthy growth of minors, to perform the guardianship duty to minors, to strictly enforce the rules on the time frame and duration for minors to play online games, etc. The Group has established the minor protection mechanism and player age restriction according to the "Law of the People's Republic of China on the Protection of Minors" and the "Notice of Preventing Minors from Indulging in Online Games by the National Press and Publication Administration", and has implemented the following minor protection measures or made appropriate arrangements with the relevant third-party distribution platforms in relation to minor protection measures.

Pursuant to relevant minor protection laws and regulations in the PRC, users are required to provide their identification number to the Anti-addiction and Real Name Authentication System for Online Games (the "Anti-addiction and Real Name Authentication System"), which operates as required by relevant Chinese authorities. The system is designed to automatically verify the users' identity and decipher the users' age based on the compilation of the identification number (the "Real-name Registration"). The Group has integrated its in-game system with the Anti-addiction and Real Name Authentication System, with an objective of helping complete the Real-name Registration for users who downloaded and registered its games through its official website and third-party publishing platforms, to implement the anti-addiction control measures.

Apart from the Real-name Registration, a series of anti-addiction control measures shall be implemented, including but not limited to "Anti-addiction System on Games" and "Parental Guardianship System for Minors", to regulate users under the age of 18 who engage in prolonged and continuous gaming, restrict the duration of game usage, and limit the top up amount per time to prevent minor users from becoming addicted.

Customer Service

The Group has always centered around delivering value to users. We provide competitive products and services to our customers through standardized service quality, user-friendly service processes and normalized service management. We value the voices of our customers and use their feedback as the basis for improving our business.

The customer service team of the Group shoulders the responsibility of addressing inquiries, complaints, and suggestions from game users via service tools. Their task is to ensure the precise and timely conveyance of information. They meticulously record the feedback from game users, process users' requirements and suggestions accurately according to established procedures and standards, help users resolve problems, and maintain a high level of user satisfaction.

The problem-resolution process is as follows:

Problem submission	• Users submit their feedback in text format through the in-game customer service system.
Problem categorisation and verification	• The customer service team records the feedback from game users and conducts preliminary verification.
Determination of problem type	• Based on the problem description and verification results, it is determined whether the problem pertains to a system bug, consultation or suggestion.
Problem resolution	• Consultation or suggestion: The customer service team will directly respond within the system, taking into account the details provided by the user. • System bug: The customer service team will get in touch with the project team to confirm the situation first. Subsequently, in collaboration with the operating team, the customer service team will devise a solution, while also determining whether any compensatory measures are necessary.
Solution communication	• The proposed solution is presented to the user through the customer service system, and both parties engage in negotiations.
Case closure	• Once an agreement is reached between the user and the customer service team regarding the solution, the case is closed. • In cases where compensation is due, the relevant compensation will be paid.

During the Reporting Period, the Group received no material complaints about its game products (2023: Nil).

Cybersecurity

We are acutely aware that the security and stability of our technology infrastructure are critical to the sustainability of our game operations, user experience and reputation of the Group. Therefore, internally, employees are required to strictly adhere to the requirements specified in the "User Manual for Online Behavior Management System" issued by Sangfor Technologies when using the network to ensure configuration compliance and network security. The Group has developed cybersecurity systems to safeguard against distributed denial-of-service attacks and other types of malicious attacks. We have anti-attack measures in place to ensure that we can prevent or timely and effectively resolve the system attacks as follows:

- To further enhance the preventive protection facilities of the network infrastructure, the Group has engaged external cybersecurity service provider to continuously monitor the network situation. Once a material attack is detected, the cybersecurity service provider will alert us immediately and our technical team will promptly coordinate with it to diagnose and take timely remedial measures;

- To mitigate the risk of internal systems being attacked, a clear demarcation is made between internal and external systems;

- We lease reputable cloud service servers to collectively host, manage and process all of our non-core operating data, which acts as a gatekeeper to prevent direct on-premises data access to our locally saved core data;

- We continue to enhance the protection and security measures against computer viruses and hacker intrusions, such as implementing advanced firewall policies;

- We formulate and adhere to a discreet data back-up protocol to prevent data loss;

- We regularly organize emergency response training and drills for relevant internal personnel.

There were no malicious attacks on the Group during the Reporting Period (2023: Nil).

Privacy Protection

As a game operator, we are acutely aware that safeguarding user data privacy and respecting user rights and interests constitute the fundamental prerequisites for creating a secure and high-quality user experience. After a game is published, the Group will monitor and analyze the game performance and operation against user data and statistics on an ongoing basis in order to gain insights into user behaviors. We strive to ensure the security of users' information, preventing information leakage, loss, improper use, unauthorized access, and disclosure. We employ a multi-faceted security protection approach to guarantee that the protection of users' personal information is maintained at a reasonable security level:

(i) We collect data with users' consent;

(ii) When necessary, we limit the scope of personal data collection;

(iii) Only authorized employees are permitted to access to user data. To this end, strict access permission controls and monitoring mechanisms have been established;

(iv) All personnel who may have access to your information are required to fulfill corresponding confidentiality obligations. In the event of failure to fulfill these obligations, we will hold them legally accountable;

(v) We collaborate with qualified cybersecurity service provider and cloud server provider, adopting industry-leading technical protection measures, including but not limited to firewalls, encryption (such as SSL), de-identification or anonymization processing, and access control measures (bastion hosts, two-factor authentication, etc.) to ensure data security;

(vi) We organize training courses on security and privacy protection regularly to enhance our employees' understanding and awareness of the importance of user data protection;

(vii) The internal control department of the Group is responsible for handling complaints and reports regarding network information security and for improving the Group's relevant policies.

The Group has established the "Privacy Policy of Gala Technology", the "Game License and Service Agreement of Gala Technology", and the "List of Personal Information Shared with Third Parties", which are published on the Company's website, to explain to users the corresponding handling rules and other related matters when we collect and use relevant personal information in order to better protect their rights and interests. These policies also set out the "Privacy Protection Policy of Gala Technology for Children" specifically for minors so that minors and their parents or guardians can understand the terms and conditions and their rights and interests.

We are committed to safeguarding users' privacy and security, regarding the protection of users' privacy as our solemn responsibility. The relevant systems of our games have successfully completed the filing and assessment procedures for the National Cyber Security Level Protection (Level 3).

The Group did not receive any material complaints regarding privacy protection during the Reporting Period (2023: Nil).

IP Rights

The key to the long-term foothold and success of the Group's mobile sports simulation games in the market lies in whether the Group can successfully acquire suitable IP right licenses, continuously update and iterate them, and integrate them efficiently with the games.

In terms of the protection of IP rights, the Group strictly ensures that all IP rights in use are properly licensed while making every effort to safeguard its own IP rights. We respect other licensed IP rights in use and are always committed to maintaining the healthy development of the industry ecosystem. We have established stable and long-term cooperative relationships with IP right holders, including renowned sports leagues, associations, and clubs. We are firmly convinced that these invaluable strategic partnerships not only serve as a testament to the Group's prowess but also play a pivotal role in crafting more immersive and engaging content for mobile sports games.

As of 31 December 2024, an overview of the number of IP rights owned by the Group, including software copyrights, trademarks, patents, and domain names, is listed as follows:

Category	2024	2023
Registered trademarks	29	26
Registered software copyrights	86	76
Registered patents	1	1
Registered domain names	5	5

We know full well that the security of IP rights serves as the cornerstone of the Group's sound development. Therefore, the Group is making every effort in constructing a comprehensive intellectual property protection system to prevent its IP rights from being infringed upon or misused. We hold the view that the protection of the Group's IP rights and other business assets constitutes a weighty obligation incumbent upon each and every employee. To ensure the effective protection of IP rights, the Group has implemented a series of rigorous and comprehensive measures. When signing labor contracts with core employees, a "Confidentiality Agreement" is signed simultaneously to clearly define the rights and obligations of both parties in the protection of IP rights, enabling employees to fully recognize their responsibilities. Meanwhile, the Group has incorporated relevant clauses regarding IP right protection into the "User Agreement" to ensure that all relevant parties are clearly aware of the potential legal consequences of infringement acts. Moreover, the Group has proactively taken preventive measures, making great efforts to avoid major disputes and claims involving the IP rights of others, so as to maintain the Group's excellent business reputation and favorable market image.

The Group did not commit any material infringement of IP rights owned by third parties during the Reporting Period (2023: Nil).

Advertising and Labeling

While capitalizing on opportunities within the domestic market, the Group is vigorously forging ahead in expanding its footprint in overseas markets. To sustain the popularity of our existing games and draw in new users, we are placing heightened importance on engaging with the player community and sports media platforms to enhance player loyalty and foster greater participation. The Group plans to double its marketing efforts and actively promote games through advertising on various online social media platforms. These platforms encompass, but are not restricted to, prominent domestic mainstream media platforms such as WeChat Channels, Sina Weibo, Douyin, and Bilibili. The Group plans to collaborate with selected famous athletes, online influencers or key opinion leaders by engaging them to promote the Group's games to attract potential users to download and try out the Group's games. Pursuant to the brand ambassador agreements, they would appear on the Group's official social media channels and other video streaming platforms to promote the Group's games through live streaming of games.

The Group strictly adheres to the stipulations set forth in the "Administrative Measures for Internet Advertising" and the "Notice on Strengthening the Regulation on Promotional Activities of Online Games" issued by the Ministry of Culture. We conduct marketing activities in strict accordance with laws and regulations, resolutely rebuffing any illegal, non-compliant, or vulgar marketing practice. For the products and services offered by the Group, along with the associated sales, marketing blueprints, advertising strategies, and materials, a stringent review process is in place. This is to guarantee that the promotional content is authentic and precise, precluding the appearance of any false or misleading information. We ensure its full compliance with the requirements of current laws and regulations.

Furthermore, the Group mandates that all its employees fulfill their legal duties and responsibilities in safeguarding the Group's brand image. We work in unison to safeguard the Group's reputation and market image.

B7. Anti-corruption

The Group is keenly aware of the profound impact that business ethics and integrity have on the development and image of an enterprise, and regards them as being of utmost importance for the enterprise to achieve sustainable development. Attaching great importance to the cultivation of a culture and system for combating corruption and advocating integrity, the Group strictly complies with the relevant laws and regulations regarding the prevention of bribery, extortion, fraud and money laundering in all material aspects, including but not limited to the provisions of the "Criminal Law of the People's Republic of China", the "Anti-Money Laundering Law of the People's Republic of China" and the "Anti-Unfair Competition Law of the People's Republic of China", and has also formulated the "Measures for the Administration of Anti-Money Laundering and Corruption" within the Company. In our daily business operations, we consistently adhere to the highest standards of business ethics, resolutely eschewing any form of corrupt practices, such as bribery, extortion, fraud, or money laundering.

During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, nor were there any concluded corruption litigation cases (2023: Nil).

Disclosure on Conflict of Interest

The Group's "Code of Ethics" specifies that employees shall disclose any situation that may give rise to a conflict of interest. For example, in the context of transactions with customers or suppliers, appropriate business gifts and hospitality are a normal courtesy to ensure effective communication and amicable relationships with business partners. Employees are permitted to present or accept promotional items or conduct modest hospitality activities within the scope of usual business practices. Moreover, such actions should be accurately recorded in expense reports. Nevertheless, any gift and hospitality endeavors should neither exert an influence nor be perceived as having the potential to sway an employee's capacity to render objective and equitable business decisions. These activities should also remain well within the boundaries of reasonable and customary business practices, thereby averting any misconstrual as bribes, kickbacks or other improper payments.

As the Group is vigorously expanding into overseas markets, it strictly adheres to the stipulations regarding the "Foreign Corrupt Practices Act (FCPA)" as specified in the "Code of Ethics". The Company, its employees, and agents are prohibited from proffering money or other valuable items with the intent of securing or sustaining business, or influencing any action or decision of government officials, political parties, political candidates, or officials of public international organizations. Should there be reasonable grounds to suspect that payments made to sales agents will be directly or indirectly diverted to prohibited payments to overseas officials, the Group prohibits the payments to such sales agents. In the event that an employee contravenes the FCPA, this will be construed as a criminal offense, potentially resulting in substantial fines and criminal sanctions. Additionally, the employee will be subject to disciplinary measures by the Company, up to and including dismissal.

Prevention of Corruption and Money Laundering

To safeguard the Group's image of integrity and its preeminent reputation, the Group strictly requires all its employees to steadfastly adhere to the bedrock of professional ethics, categorically eschewing any form of corruption, money laundering, and terrorist financing activities. To regulate the efforts in anti-money laundering, bolster the Group's capacity to guard against money laundering risks, ensure the normal operational order of the enterprise, and maintain fair competition, the Group has formulated the "Measures for the Administration of Anti-Money Laundering and Corruption". Annually, we offer Directors and employees relevant training and distribute anti-corruption policies and procedures to them, thereby ensuring that all members of the Group comply with business ethics standards.

The operating department of the Group assumes a pivotal role in the anti-money laundering work system of the game operation business. It is responsible for formulating all aspects of anti-money laundering work, encompassing crucial elements such as customer identification, verification, standardized registration, and the proper storage and management of customer identification information and transaction records. If the customer service center finds the identity of the customer or the transaction suspicious, it should report to the operating department prior to accepting the customer's business application. Subsequently, the operating department will handle the matter and forward it to the finance department for review. If a transaction is suspected of money laundering, the finance department will report the transaction to the anti-money laundering authority and, if necessary, make a written report to the local public security authority.

During the Reporting Period, the Group has, through both online and offline means, held anti-corruption trainings for and disseminated relevant guidelines to a total of 3 Directors (2023: 3 Directors) and 488 employees (2023: 409 employees) to communicate anti-corruption policies and procedures as well as to emphasize their corresponding roles and responsibilities in anti-corruption and business ethics in order to enhance their professional conduct.

Whistleblowing Mechanism

The Group attaches great importance to the confidentiality management of reporting information and the protection of whistleblowers. We provide diverse channels to accept both real-name and anonymous reports. Employees may first contact their supervisor for assistance or send an email to the designated reporting mailbox. The Group will handle all reports seriously, adopting a closed processing procedure to effectively protect the rights and information of whistleblowers. The Group will strictly keep the identities of whistleblowers confidential. It is prohibited for anyone to retaliate in any form against relevant personnel who raise reasonable questions or concerns and cooperate truthfully with the investigation. If any employees encounter retaliation due to seeking help or reporting known or suspected violations of the code of conduct, the Group will impose severe disciplinary actions on the perpetrators, including dismissal.

B8. Community Investment

We always bear in mind our social responsibilities. Proactively, we capitalize on our strengths to reciprocate and contribute to society, with a steadfast commitment to fostering the progressive and virtuous development of all social strata. We encourage and support our employees to participate in volunteer services outside of work, and have formulated a "Community Investment Policy" for our employees to participate in environmental protection, public welfare and social services activities. It is our aspiration that, by engagement in diverse community activities, our employees can authentically contribute to the community through practical deeds. This, in turn, will effectively heighten their sense of care and social responsibility. Looking ahead, we have ambitious plans to participate in a greater number of multifaceted charity activities that seamlessly integrate online and offline modalities. Our focus will be on the prevailing crucial social issues in China, covering several pivotal domains, such as poverty alleviation and disaster relief efforts, enhancement of educational resources, medical donations, and the facilitation of entrepreneurship and employment. We work hard to make more substantial contributions to social development through our tangible actions.

Case: The Group's CEO was invited to participate in the "HKUST E-25th" Entrepreneurship Carnival Event

In November 2024, Jia Xiaodong, the Chief Executive Officer of the Company, participated in the "HKUST E-25th" Entrepreneurship Carnival Event held by the Hong Kong University of Science and Technology (HKUST) to celebrate the 25th anniversary of HKUST Entrepreneurship Center. He attended the event in the capacity of both the founder of a Unicorn enterprise and an alumnus of HKUST. The event lasted for four days. More than 100 startup booths showcased innovative technologies and products, attracting numerous entrepreneurs who graduated from HKUST. Industry delegates, potential investors, academics, and government officers gathered on-site to exchange views and explore potential cooperation opportunities together. Mr. Jia Xiaodong shared his entrepreneurial story during the themed panel discussion titled "Painting the Future of Entrepreneurship: Insights Inherited from HKUST." He also engaged in in-depth discussions regarding future entrepreneurial trends and challenges, providing invaluable experience for college students in terms of employment and starting their own businesses.

"HKUST E-25th" Entrepreneurship Carnival Event site

Case: Mr. Li Xin, the Group's President and Executive Director, was invited to the "In-depth Dialogue" Interview

In September 2024, Mr. Li Xin, the President and Executive Director of the Group, received an invitation to partake in the dialogue program "In-depth Dialogue" launched by the Shenzhen Internet Cultural Market Industry Association. During the program, Mr. Li Xin recounted fascinating anecdotes from his extensive tenure in the game industry. He elaborated on the establishment journey of Gala Technology, revealing the untold stories behind it. Additionally, he expounded on his distinctive perspectives regarding the game industry and candidly shared his heartfelt thoughts with his counterparts in the field. Mr. Li Xin noted that the Group was determined to further immerse itself in the sports game domain, which it both passionately loves and proficiently masters. The Group will unceasingly enhance the quality of its products. He inspired the younger generation to remain practical. When confronted with difficulties, they should not readily abandon their dreams, yet should also avoid being overly idealistic. The entrepreneurial path demands a down-to-earth attitude, accompanied by unwavering innovation and enthusiasm. By virtue of sharing his entrepreneurial odyssey and industry insights, Mr. Li Xin furnished crucial references for the growth and development of the younger generation. This endeavor promoted knowledge dissemination and education within the industry, thereby making a significant contribution to the sustainable advancement of the entire industry.

Looking into the future, the Group is set to continuously broaden its cooperation with a diverse range of public-welfare and charitable organizations. We will manifest the corporate sense of responsibility through tangible actions. Moreover, we will consistently amplify our social influence, and proactively engage in giving back to society. By pooling our modest efforts, we aim to form a powerful impetus that propels the harmonious development of society. We aspire to collaborate with all sectors of society to jointly create a more splendid tomorrow.

CONTENT INDEX TO THE ESG REPORTING GUIDE OF STOCK EXCHANGE

Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emissions (Not Applicable – Explained)
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity. Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management (Not Applicable – Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions – GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set.	Emissions – Waste management target(s) and steps taken to achieve them.
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Resources Management
KPI A2.3	Description of energy use efficiency targets set and steps taken to achieve them.	Use of Resources – Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Resources Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials (Not Applicable – Explained)

Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Enhance Environmental Awareness, Manage Value Chain
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Physical Risks, Transition Risks
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Employment by gender, employment type (for example, full- or part-time), age group and geographical region.	Total workforce
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Recruitment, Promotion, Remuneration and Termination

Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labor Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards

Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Procurement Mechanism
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Responsible Operations
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Responsible Operations
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to the health and safety, advertising, labeling and privacy issues and remedies in relation to the products and services provided.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Regulatory Obligations (Not Applicable – Explained)
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – IP Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – R&D and Innovation
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Cybersecurity, Privacy Protection

Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to the prevention of bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption – Disclosure on Conflict of Interest, Prevention of Corruption and Money Laundering, Whistleblowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Prevention of Corruption and Money Laundering
B8. Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Gala Technology Holding Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Gala Technology Holding Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 107 to 159, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition – estimation of average expected playing period of paying players ("**Player Relationship Period**") in the Group's self-development game revenue	
We identified the estimation of the average expected Player Relationship Period in the Group's self-development game revenue as a key audit matter due to the significant estimation and the management's judgement. As disclosed in note 6 to the consolidated financial statements, the Group's revenue from self-development games for the year ended 31 December 2024 amounted to RMB775,918,000, which was mainly derived from the sales of in-game virtual items. The Group recognises the revenue from sales of in-game virtual items rateably over the management's estimation of the lifespans of the in-game virtual items with reference to the average expected Player Relationship Period, given there is an implicit obligation of the Group to maintain and allow access to the self-development games for the paying players.	Our audit procedures in relation to address the estimation of average expected Player Relationship Period in the Group's self-development game revenue included: – Understanding management's assessment processes in determining the average expected Player Relationship Period and assessing the reasonableness and appropriateness of management's judgements and estimations made; – Evaluating the relevant key controls over management's estimation of the average expected Player Relationship Period for each game; – Obtaining the calculations of the average expected Player Relationship Period for each game prepared by the management and engaging our internal information technology specialists to evaluate, on a sample basis, the reliability of assumptions and key inputs used in the estimation of average expected Player Relationship Period of each game; and – Testing the integrity and arithmetic accuracy of the calculations of average expected Player Relationship Period of each game.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chung Chi Man.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2024

`	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	6	**775,918**	633,633
Cost of revenue		**(360,035)**	(288,977)
Gross profit		**415,883**	344,656
Other gains/(losses), net	7	**737**	(4,256)
Other income	8	**12,678**	21,303
Selling and marketing expenses		**(147,333)**	(129,506)
General and administrative expenses		**(60,058)**	(45,617)
Research and development expenses		**(133,725)**	(109,231)
Finance cost	11	**(3,965)**	(4,593)
Share of results of an associate		**1,308**	–
Profit before tax	9	**85,525**	72,756
Income tax (expenses) credits	12	**(1,379)**	1,479
Profit for the year		**84,146**	74,235
Other comprehensive income for the year			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**378**	2,670
Total comprehensive income for the year		**84,524**	76,905
Profit (loss) for the year attributable to:			
– Owners of the Company		**84,159**	74,203
– Non-controlling interests		**(13)**	32
		84,146	74,235
Total comprehensive income (expense) attributable to:			
Owners of the Company		**84,537**	76,873
Non-controlling interests		**(13)**	32
		84,524	76,905
Earnings per share for profit attributable to owners of the Company (RMB per share)			
– Basic	13	**0.63**	0.54
– Diluted	13	**0.63**	0.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2024

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**6,299**	4,235
Right-of-use assets	17	**14,656**	4,009
Intangible assets	18	**92,620**	92,884
Interest in an associate	19	**25,308**	–
Prepayments, deposits and other receivables	21	**3,177**	5,707
Deferred tax assets	22	**3,639**	2,358
		145,699	109,193
Current assets			
Trade receivables	20	**62,291**	33,371
Prepayments, deposits and other receivables	21	**17,593**	34,458
Financial assets at fair value through profit or loss ("**FVTPL**")	23	**14,414**	41,837
Contract costs	24	**13,940**	8,148
Cash and cash equivalents	25	**377,676**	300,411
		485,914	418,225
Total assets		**631,613**	527,418
EQUITY AND LIABILITIES			
Capital and Reserve			
Share capital	26	**1,186**	1,186
Reserves		**376,800**	331,242
		377,986	332,428
Non-controlling interests		**(853)**	(840)
Total equity		**377,133**	331,588

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
Non-current liabilities			
Trade payables	27	**48,948**	45,774
Other payables	28	**–**	52
Lease liabilities	17	**12,489**	330
		61,437	46,156
Current liabilities			
Trade payables	27	**81,440**	78,106
Other payables and accruals	28	**51,854**	31,959
Contract liabilities	24	**51,710**	30,707
Current income tax liabilities		**5,375**	4,572
Lease liabilities	17	**2,664**	4,330
		193,043	149,674
Total liabilities		**254,480**	195,830
Total equity and liabilities		**631,613**	527,418
Net current assets		**292,871**	268,551
Total assets less current liabilities		**438,570**	377,744

The financial statement on pages 107 to 159 were approved by the Board of Directors on 27 March 2025 and were signed on its behalf by:

JIA Xiaodong	**LI Xin**
DIRECTOR	DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Share award reserve RMB'000	Shares held under share award schemes RMB'000	Statutory reserves RMB'000 (note i)	Translation reserve RMB'000	Other reserves RMB'000 (note ii)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	8	–	–	–	27,583	–	57,005	38,890	123,486	(872)	122,614
Profit for the year	–	–	–	–	–	–	–	74,203	74,203	32	74,235
Other comprehensive income for the year	–	–	–	–	–	2,670	–	–	2,670	–	2,670
Profit and other comprehensive income for the year	–	–	–	–	–	2,670	–	74,203	76,873	32	76,905
Issue of shares by capitalisation of share premium account	968	(968)	–	–	–	–	–	–	–	–	–
Issue of new shares	107	69,287	–	–	–	–	–	–	69,394	–	69,394
Transaction costs attributable to issuance of shares	–	(6,718)	–	–	–	–	–	–	(6,718)	–	(6,718)
Issue of shares on conversion of Pre-IPO convertible bonds	103	69,290	–	–	–	–	–	–	69,393	–	69,393
Appropriation to statutory reserves	–	–	–	–	6,913	–	–	(6,913)	–	–	–
At 31 December 2023	1,186	130,891	–	–	34,496	2,670	57,005	106,180	332,428	(840)	331,588
Profit/(loss) for the year	–	–	–	–	–	–	–	84,159	84,159	(13)	84,146
Other comprehensive income for the year	–	–	–	–	–	378	–	–	378	–	378
Profit/(loss) and other comprehensive income/(expense) for the year	–	–	–	–	–	378	–	84,159	84,537	(13)	84,524
Recognition of share-based payment expenses (Note 32)	–	–	13,045	–	–	–	–	–	13,045	–	13,045
Purchase of shares under share award schemes (Note 32)	–	–	–	(27,324)	–	–	–	–	(27,324)	–	(27,324)
Vesting of shares under share award schemes (Note 32)	–	(1,683)	(9,575)	11,258	–	–	–	–	–	–	–
Dividends recognised as distribution	–	–	–	–	–	–	–	(24,700)	(24,700)	–	(24,700)
Appropriation to statutory reserves	–	–	–	–	9,249	–	–	(9,249)	–	–	–
At 31 December 2024	1,186	129,208	3,470	(16,066)	43,745	3,048	57,005	156,390	377,986	(853)	377,133

Notes:

(i) In accordance with the Companies Laws of the People's Republic of China (the "**PRC**") and the stipulated provisions of the articles of association of the subsidiaries of the Company with limited liabilities in the Mainland China, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective statutory surplus reserve funds and the discretionary reserve funds before distributions are made to the owners. The percentage of appropriation to statutory surplus reserve fund is 10%. The amount to be transferred to the discretionary reserve fund is determined by the equity owners of these companies. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital, such transfer needs not to be made. Both the statutory surplus reserve fund and discretionary reserves fund can be capitalised as capital of an enterprise, provided that the remaining statutory surplus reserve fund shall not be less than 25% of the registered paid in capital. In addition, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions of the articles of association of wholly owned foreign subsidiaries in the Mainland China, appropriation from net profits (after offsetting accumulated losses brought forward from prior years) should be made by these companies to their respective reserve funds. The percentage of net profit to be appropriated to the reserve fund is not less than 10% of the net profit. When the balance of the reserve fund reaches 50% of the registered capital, such transfer needs not to be made. With approvals obtained from respective boards of directors of these companies, the reserve funds can be used to offset accumulated deficit or to increase capital.

(ii) The balance as at 31 December 2024 and 2023 represent a) combined share capital and reserves of the companies comprising the Group before the Listing (as defined in note 1 to the condensed consolidated financial statements) amounting to RMB56,512,000; b) difference between the consideration and the carrying amount of net assets value resulting from acquisition of additional equity interests in subsidiaries from non-controlling interests amounting to RMB2,379,000; and c) an one-off share-based payment expense of RMB2,872,000 arising from share transfer between two shareholders of the Company in previous years.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
		Year ended 31 December	
OPERATING ACTIVITIES			
Profit before tax		**85,525**	72,756
Adjustments for:			
(Gain) loss on disposal of property, plant and equipment	7	**(5)**	621
Fair value gains on financial assets measured at FVTPL	7	**(636)**	(264)
Impairment loss under expected credit loss model, net of reversal	7	**249**	246
Interest expense	11	**3,965**	4,593
Interest income	8	**(6,826)**	(5,715)
Depreciation of property, plant and equipment	16	**3,561**	3,243
Depreciation of right-of-use assets	17	**6,160**	6,738
Amortisation of intangible assets	18	**43,550**	37,968
Impairment of intangible assets	18	**5,657**	–
Share-based payment expense		**13,045**	–
Share of results of an associate		**(1,308)**	–
Exchange difference		**1,319**	2,449
Operating cash flows before working capital changes		**154,256**	122,635
(Increase) decrease in trade receivables, prepayments and other receivables		**(27,839)**	4,536
(Increase) decrease in contract costs		**(5,792)**	8,304
Increase (decrease) in trade and other payables		**29,719**	(23,720)
Increase (decrease) in contract liabilities		**21,003**	(18,926)
Cash generated from operations		**171,347**	92,829
Interest received	8	**6,826**	5,572
Income tax paid		**(1,857)**	(137)
Net cash from operating activities		**176,316**	98,264

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES			
Purchase of intangible assets		**(57,157)**	(34,437)
Investment in an associate	19	**(24,000)**	–
Purchase of financial assets at FVTPL	23	**(43,131)**	(102,858)
Purchases of property, plant and equipment		**(5,625)**	(1,480)
Proceeds from disposal of property, plant and equipment		**5**	14
Repayment from a third party		**17,759**	16,151
Proceeds from disposal of financial assets at FVTPL	23	**71,386**	61,614
Loans to third parties		**–**	(34,065)
Net cash used in investing activities		**(40,763)**	(95,061)
FINANCING ACTIVITIES			
Payments for repurchase of shares		**(27,324)**	–
Dividend paid		**(24,700)**	–
Payment for principal elements of lease liabilities		**(6,314)**	(6,466)
Interest paid		**(328)**	(430)
Issue of new shares		**–**	69,394
Payment for listing expenses		**–**	(526)
Net cash (used in) from financing activities		**(58,666)**	61,972
NET INCREASE IN CASH AND CASH EQUIVALENTS		**76,887**	65,175
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**300,411**	232,566
Effect of foreign exchange rate changes		**378**	2,670
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**377,676**	300,411
ANALYSIS OF CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Bank deposits		**144,898**	63,911
Bank balances		**232,778**	236,500
		377,676	300,411

1. GENERAL INFORMATION

Gala Technology Holding Limited (the "**Company**") was incorporated in the Cayman Islands on 12 June 2018 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The address of the Company's registered office is P. O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business is 15th Floor, Qianhai CTF Finance Tower, 66 Shuniu Street, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, People's Republic of China (the "**PRC**").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 January 2023 (the "**Listing**").

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the mobile sports game development, publishing and operation (the "**Listing Business**") in the PRC.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(CONTINUED)*

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

Except for as disclosed below, the directors of the Company anticipate that the application of all of the above amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 "Presentation and Disclosure in Financial Statements" ("HKFRS 18")

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements" ("**HKAS 1**"). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures". Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at FVTPL which are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3.2 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries under contractual arrangements
The Company and its subsidiaries do not hold any equity interests in Shenzhen Wangchen Technology Co., Ltd ("**Wangchen Technology**"), nor, in its subsidiary (Wangchen Technology and its subsidiary collectively be referred as the "**PRC Operating Entities**").

Shenzhen Wangchen Moji Technology Co., Ltd ("**Shenzhen Wangchen Moji**" or the "**WFOE**"), a wholly-owned subsidiary of the Company, entered into various agreements with Wangchen Technology and its registered shareholders (the "**Contractual Arrangements**"), pursuant to which the Group controls the PRC Operating Entities by way of exposing to, or having rights to variable returns from its investment with the PRC Operating Entities and having the ability to affect those returns through its power over the PRC Operating Entities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.2 Principles of consolidation *(CONTINUED)*

(a) Subsidiaries (CONTINUED)

Subsidiaries under contractual arrangements (CONTINUED)

The Contractual Arrangements enable the WFOE and the Group to:

- exercise effective control over the PRC Operating Entities;
- exercise equity holders' voting rights of the PRC Operating Entities;
- receive substantially all of the economic interests and returns generated by the PRC Operating Entities in consideration for the business support, technical and consulting services provided by the WFOE, at the WFOE's discretion;
- obtain an irrevocable and exclusive right to purchase all equity interests in Wangchen Technology from its registered shareholders at a nominal consideration unless the relevant government authorities request that another amount be used as the purchase consideration and in which case the purchase consideration shall be such amount. Where the purchase consideration is required by the relevant government authorities to be an amount other than a nominal amount, the registered shareholders of Wangchen Technology shall return the amount of purchase consideration they have received to the WFOE. At the WFOE's request, the registered shareholders of Wangchen Technology will promptly and unconditionally transfer their respective equity interests in Wangchen Technology to WFOE (or its designee within the Group) after the WFOE exercises its purchase right; and
- obtain pledges over the entire equity interests in Wangchen Technology from its registered shareholders to secure, among others, performance of their obligations under the Contractual Arrangement.

The Group does not have any equity interest in the PRC Operating Entities. However, as a result of the Contractual Arrangement, the Group has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities and is considered to control the PRC Operating Entities. Consequently, the Company regards the PRC Operating Entities as indirect subsidiaries.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company, whose principal activities is investment holding and fund raising and with insignificant operating activities, has been changed from Renminbi ("**RMB**") to Hong Kong dollars ("**HKD**") upon Listing. The consolidated financial statements are presented in RMB.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.3 Foreign currency translation *(CONTINUED)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

All foreign exchange gains and losses are presented in the profit or loss on a net basis.

3.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values over their estimated useful lives, as follows:

Furniture and fixtures	20% to 33%
Computers and other equipment	20% to 33%
Leasehold improvement	33% or over lease terms, whichever is shorter

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

3.5 Intangible assets

(a) Licenses

Under certain licensing arrangements entered between the Group and the licensors, the Group pays upfront license fees to the licensors as the Group is entitled to the non-exclusive rights to use the intellectual properties in specified geographic areas for certain period of time. Licenses have definite useful lives and carried at amortised cost less accumulated amortisation and accumulated impairment loss, if any. They are initially measured at fair value of the consideration required at the time of the acquisition. The consideration required represents the non-cancellable upfront fee and the capitalised present values of the fixed royalty fee to be made in subsequent years in respect of the acquisition of the licenses.

Licenses are amortised on a straight-line basis in accordance with the license period for 1 to 5 years. The amortisation is expensed to cost of revenues (where the games are commercially launched) or general and administrative expenses (where the games are not yet commercially launched).

Payment of upfront license fees for the cancellable licenses are recognised as intangible asset in the consolidated statements of financial position and amortised on a straight-line basis in accordance with the license period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.5 Intangible assets *(CONTINUED)*

(b) Research and development expenditures

Research and development expenses consist primarily of salary and benefits for the Group's research and development personnel. All research and development expenditures were recognised in profit or loss as they do not meet the recognition criteria for capitalisation.

(c) Software

The Group's acquired software license mainly consists of financial and operation system software license. Acquired software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 1 to 10 years.

3.6 Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its non-financial assets including property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of non-financial assets is estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit ("**CGU**")) for which the estimates of future cash flows have not been adjusted.

3.7 Investments and other financial assets

(a) Classification and subsequent measurement of financial assets

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss, which is included in the "other gains/(losses), net" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.7 Investments and other financial assets *(CONTINUED)*

(b) Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 "Financial Instruments" ("HKFRS 9")

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information.

3.8 Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate is incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.8 Investments in an associate *(CONTINUED)*

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

3.9 Trade receivables

Trade receivables are recognised initially at the amount of consideration and subsequently measured at amortised cost using the effective interest method.

3.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.11 Share-based payments

Equity-settled share-based payment transactions – share awarded to directors and employees

For share award schemes of the Company, the fair value of services received, determined by reference to the fair value of awarded shares granted at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in share award reserve. The cost of acquisition of the Company's shares held for the share award schemes is recorded as shares held under share award schemes. At the time when the awarded shares are vested, the difference between the amount previously recognised in share award reserve and the amount of the relevant treasury shares will be transferred to share premium.

At the end of each reporting period, the Group revisits its estimate of the number of awarded shares that are expected to ultimately vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share award reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.12 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.13 Contract liabilities and contract costs

Contract liabilities primarily consist of the unamortised revenue from sales of game tokens and virtual items for mobile games, where there is still an implied obligation to be provided by the Group and will be recognised as revenue when all of the revenue recognition criteria are met.

Incremental costs of obtaining a contract, including unamortised commission charged by distribution and payment channels and unamortised revenue sharing to the publishers are capitalised if they are expected to be recovered. Capitalised contract costs are amortised on a systematic basis consistent with the pattern of the transfer of the goods or services to which the asset relates.

3.14 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.15 Revenue recognition

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 6 and 24.

3.16 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period; the right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

3.17 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3.18 Comparative figures

Certain comparative figures have been reclassified in these consolidated financial statements to conform with the current year's presentation, which have no material effect on previously reported financial performance and financial position.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. Because of the simplicity of the financial structure and the operations of the Group, no hedging activities are undertaken by management.

4. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

4.1 Financial risk factors *(CONTINUED)*

(a) Market risks

(i) Foreign exchange risk

The Group's foreign currency transactions are mainly denominated in United States dollar ("**US$**"), European dollar ("**EUR**"), Hong Kong dollar ("**HK$**") and Singapore dollar ("**SGD**"). The majority of assets and liabilities are denominated in RMB, US$, EUR, HK$ and SGD, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities denominating in a currency other than RMB, which is the functional currency of the major operating companies within the Group. The Group currently does not hedge its foreign currency exposure.

	Assets Year ended 31 December		**Liabilities Year ended 31 December**	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
USD	**247,230**	222,345	**(84,886)**	(78,228)
EUR	**-**	-	**(46,822)**	(44,613)
HKD	**10,655**	12,951	**(772)**	(1,307)
SGD	**7,528**	950	**-**	-

The following table details the Group's sensitivity analysis to a 5% (2023: 5%) increase and decrease in RMB against USD, EUR, or HKD. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2023: 5%) change in foreign currency rates. A positive (negative) number below indicates an increase (a decrease) in post-tax profit where RMB strengthen 5% (2023: 5%) against relevant foreign currencies. For a 5% (2023: 5%) weakening of RMB against the relevant foreign currencies, there would be an equal and opposite impact on the post-tax profit.

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
USD	**(7,454)**	(6,601)
EUR	**1,955**	1,863
HKD	**(457)**	(475)
SGD	**(376)**	(39)

4. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

4.1 Financial risk factors *(CONTINUED)*

(a) Market risks (CONTINUED)

(ii) Cash flow and fair value interest rate risk

The income and operating cash flows of the Group is substantially independent of changes in market interest rates. Interest rate risk relates to the risk that the fair value or cash flows of certain deposits with variable interest rate and the wealth management products (included in financial assets at FVTPL) will fluctuate because of changes in market interest rates. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

The Group has no significant interest-bearing assets or liabilities, except for certain deposits placed with banks and loan receivables from third parties.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Fluctuation of the fixed interest-bearing asset and liability balances is the major sources of the Group's fair value interest rate risks.

The management of the Group considers that the impact to profit or loss for respective years are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

(b) Credit risk

Credit risk arises from cash and cash equivalents (Note 25), financial assets at FVTPL (Note 23) and contractual cash flows of debt instruments carried at amortised cost (Notes 20, 21 and 30).

The carrying amounts of short-term bank deposits, cash and cash equivalents and contractual cash flows of debt instruments carried at amortised cost represent the Group's maximum exposure to credit risk in relation to financial assets.

4. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

4.1 Financial risk factors *(CONTINUED)*

(b) Credit risk (CONTINUED)

(i) Risk management

Credit risk is managed on a group basis. To manage this risk, deposit with banks are mainly placed with reputable financial institutions.

For trade receivables, management make periodic collective assessments as well as individual assessment on the recoverability of the receivables based on the historical settlement records and past experience. Trade receivables at the end of each reporting period were due from the third-party Platforms (as defined in Note 6) and Publishers (as defined in Note 6) in cooperation with the Group. If the strategic relationship with the third-party Platforms and Publishers terminated or scaled-back; or if the third-party Platforms and Publishers alter the co-operative arrangements; or if they experience financial difficulties in paying the Group, the Group's corresponding trade receivables might be adversely affected in terms of recoverability.

To manage this risk, the Group maintains frequent communications with the third-party Platforms and Publishers to ensure the effective credit control. In view of the history of cooperation with the third-party Platforms and Publishers and the sound collection history of receivables due therefrom, the directors of the Company believe that the credit risk inherent in the Group's outstanding trade receivables balances due from the third-party Platforms and Publishers is low, except for those debtors with known financial difficulties or significant doubt on collection of receivables. As at 31 December 2024 and 2023, the receivables relating to third-party Platforms and Publishers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance. For other receivables, management consider contractual cash flows of debt instruments carried at amortised cost as low credit risk as counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

Management considers the credit risks on amounts due from non-controlling interests are minimal after considering the financial condition, past default history and repayment pattern of these entities. Management has performed assessment over the recoverability of the balances and management does not expect any losses from non-performance by these companies.

(ii) Impairment of financial assets

The Group has below financial assets that are subject to the expected credit loss model:

- trade receivables, and
- other financial assets at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial. Cash and cash equivalents are mainly placed with reputable financial institutions. There has been no recent history of default in relation to these financial institutions. The ECL rate is negligible.

4. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

4.1 Financial risk factors *(CONTINUED)*

(b) Credit risk (CONTINUED)

(ii) Impairment of financial assets (CONTINUED)

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. The Group measures the ECL on a combination of both individual and collective basis.

(I) Measurement of ECL on individual basis

Receivables relating to third-party Platforms and Publishers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance. As at 31 December 2024, no loss allowance in respect of these individually-assessed receivables was recognised (2023: nil).

(II) Measurement of expected credit loss on a collective basis

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the counterparties and applying the ECL rates to the respective gross carrying amounts of the receivables.

The ECL rates are determined based on historical credit losses and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the counterparties to settle the receivables. As at 31 December 2024, the balance of loss allowance in respect of these collectively-assessed trade receivables balances was RMB586,000 (2023: RMB356,000) based on the average ECL rates of 0.9% (2023: 1.1%).

Impairment losses on receivables are presented as "impairment loss under expected credit loss model, net of reversal" in the consolidated statement of comprehensive income. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, including loan receivables, deposits and other receivables, amounts due from non-controlling interests (included in other receivables) and cash and cash equivalents, the ECL is based on the 12-month ECL. It is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss rate is minimal as at 31 December 2024 (2023: minimal).

4. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

4.1 Financial risk factors *(CONTINUED)*

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Weighted average interest rate %	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
At 31 December 2024					
Trade payables	**2.75**	**81,033**	**31,650**	**18,743**	**131,426**
Other payables and accruals (excluding payroll and welfare payables, other tax payables, and others)	**–**	**2,979**	**–**	**–**	**2,979**
Lease liabilities	**3.92**	**3,237**	**3,671**	**10,305**	**17,213**
		87,249	**35,321**	**29,048**	**151,618**
At 31 December 2023					
Trade payables	3.29	84,601	22,834	30,572	138,007
Other payables and accruals (excluding payroll and welfare payables, other tax payables, and others)	–	2,467	–	–	2,467
Lease liabilities	4.75	4,498	332	–	4,830
		91,566	23,166	30,572	145,304

4. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

4.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, repurchase of shares or issue new shares. In the opinion of the directors of the Company, the Group's capital risk is low.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Critical accounting estimates

Estimates of average expected playing period of paying players ("Player Relationship Period") in the Group's self-development game revenue

As described in Note 6, the Group recognises the revenues rateably over the lifespan of in-game virtual items determined by management with reference to the average expected Player Relationship Period for the mobile games whereas the Group acts as principal. The determination of average expected Player Relationship Period in each game is made based on the Group's best estimate that takes into account all known and relevant information at the time of assessment, including consideration of the stage of life of new games and the identification of events that may trigger changes in the average expected Player Relationship Period. Such estimates are subject to re-evaluation on a periodic basis or when any indication of change in the average expected Player Relationship Period is identified. Any adjustments arising from changes in the average expected Player Relationship Period as a result of new information will be accounted for as a change in accounting estimate on a prospective basis. Any such changes may result in revenue from online games being recognised on a basis different from prior periods' and may cause its operating results to fluctuate.

Impairment assessment of the CGUs of developments and operations of a baseball mobile game and a basketball mobile game

In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the value in use including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rate or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(CONTINUED)*

(i) Critical accounting estimates *(CONTINUED)*

Impairment assessment of the CGUs of developments and operations of a baseball mobile game and a basketball mobile game (CONTINUED)

The recoverable amounts of the CGUs of developments and operations of (i) a baseball mobile game and (ii) a basketball mobile game of the Group have been determined by the management of the Group by value in use calculation on the basis of these CGUs (2023: CGU of developments and operations of a baseball mobile game). The value in use calculations use financial budgets based on past performance and expectation for development and operation of the relevant games, where the key input parameters include growth rates and discount rates. The Group estimates the recoverable amounts of these CGUs where the expected future cash flows arising from these CGUs differ from the original estimations, an impairment loss may arise. Details of the recoverable amount calculation are disclosed in Note 18.

As at 31 December 2024, the carrying amount of the CGU of the said basketball mobile game is RMB7,170,000. No impairment loss has been recognised in the consolidated statement of comprehensive income during the year.

As at 31 December 2024, the carrying amount of the CGU of the said baseball mobile game is RMB39,776,000 (2023: RMB60,566,000) after an impairment loss of RMB5,657,000 (2023: nil) recognised in the consolidated statement of comprehensive income during the year.

(ii) Critical accounting judgements

Contractual Arrangements

The Group conducts its business through the PRC Operating Entities. Due to the regulatory restrictions on the foreign ownership of the Listing Business in the PRC, the Group does not have any equity interest in Wangchen Technology. The Directors assessed whether or not the Group has control over the PRC Operating Entities by assessing whether it has the rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities. After assessment, the directors of the Company concluded that the Group has control over the PRC Operating Entities as a result of the Contractual Arrangements, and accordingly, the financial position and the operating results of the PRC Operating Entities are included in the Group's consolidated financial statements throughout the years ended 31 December 2023 and 2024. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the PRC Operating Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the PRC Operating Entities. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations.

6. SEGMENT INFORMATION AND REVENUE

The Group is a mobile sports game developer, publisher and operator. Revenue from self-development games of the Group is derived principally from various arrangements, including game published by the Group through its platforms or third-party distribution channels (the "**Distribution Channels**"), and game published by other third-party game publishers (the "**Publishers**") under various game distribution arrangements.

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker. As a result of this evaluation, the directors of the Company consider that the Group's operations are operated and managed as a single segment, which is mobile sports game development and operation mainly in the PRC (including Mainland China and Hong Kong), and no segment information is presented, accordingly.

(a) Revenue from online games published by the Group

The mobile games published by the Group which are operated under a free-to-play model whereby game players can download the games free of charge and are charged for the purchase of in-game virtual items via payment channels, such as various mobile carriers and third-party internet payment systems (collectively referred to as "**Payment Channels**"; Distribution Channels and Payment Channels, collectively referred to as "**Platforms**"). The Platforms are entitled to handling fees which are withheld and deducted from the gross proceeds collected from the game players, with the net amounts remitted to the Group. The payment received from game players regarding purchase of game tokens and other virtual items is non-refundable and the related contracts are non-cancellable.

The Group recognises the revenue from online games on a gross basis, with the commission charged by the Platforms as the cost of revenue. The revenue and the cost of revenue are recognised rateably over the lifespan of in-game virtual items determined by management with reference to the average expected Player Relationship Period, given there is an implicit obligation of the Group to maintain and allow access of the users of the games operated by the Group.

(b) Revenue from online games published by Publishers under game distribution arrangements

The Group grants Publishers the rights to publish its mobile games through Publisher's own platforms, including web-based portals, or other platforms, including online application stores installed in mobile devices.

These games are also under free-to-play model whereby game players can play the games free of charge and are charged for the purchase of game tokens or other virtual items. Proceeds earned from selling game tokens and other virtual items are collected by the Publishers or its designated Platforms and shared between the Group and the Publishers based on pre-determined rates.

6. SEGMENT INFORMATION AND REVENUE *(CONTINUED)*

(b) Revenue from online games published by Publishers under game distribution arrangements *(CONTINUED)*

With respect to the arrangement that the Group is responsible for providing game products, technical supports and upgrades, other daily game operations and the rights to determine the ultimate pricings of in-game virtual items, while the Publishers are only responsible for publishing, providing payment solutions, customer services and promotion. The Group considers the Publishers as agents in the transactions.

The Group recognises revenue from online games on a gross basis, with the commission charged by the Platforms and revenue sharing to the Publishers as the cost of revenue. The revenue and the cost of revenue are recognised rateably over the lifespan of in-game virtual items determined by management with reference to the average expected Player Relationship Period, given there is an implicit obligation of the Group to maintain and allow access of the users of the games operated by the Group.

(c) Performance obligations for contracts with customers and revenue recognition policies

As the Group is acting as a principal to the game players, it has determined that it is obligated to provide ongoing services to the game players who purchased virtual items to gain an enhanced game-playing experience over an average playing period of the paying players, and accordingly, the Group recognises the revenues rateably over the lifespan of in-game virtual items determined by management with reference to the average expected Player Relationship Period, starting from the point in time when game tokens or other virtual items are delivered to the players' accounts, and all other revenue recognition criteria are met. As the games are under a free-to-play model and revenue is generated from paying players when they purchase game points for in-game virtual items, the Group focuses on the average expected playing period of paying players when estimating the period over which revenue is being recognised.

For the purposes of determining when services have been provided to the respective paying players, the Group has determined the following:

- Consumable virtual items represent items that are extinguished after consumption in the form of fixed charges levied on each round of games played. The paying players will not continue to benefit from the virtual items thereafter. Revenue is recognised (as a release from contract liabilities) when the items are consumed and the related services are rendered.

- Durable virtual items represent items that are accessible and beneficial to paying players over an extended period of time. Revenue is recognised rateably over the average life of durable virtual items for the applicable game, which the Group makes best estimates to be lifespan of in-game virtual items determined by management with reference to the average expected Player Relationship Period.

6. SEGMENT INFORMATION AND REVENUE *(CONTINUED)*

(c) Performance obligations for contracts with customers and revenue recognition policies *(CONTINUED)*

For the average expected Player Relationship Period, the Group tracks each of the paying players' purchases and log in histories for each significant game to estimate the average playing period of the paying players. If a new game is launched and only a limited period of paying player data is available, then the Group considers other qualitative factors, such as the playing patterns of paying users for other games with similar characteristics. The average expected Player Relationship Period is assessed on a game-by-game basis.

If the Group does not have the ability to differentiate revenue attributable to durable virtual items from consumable virtual items for a specific game, the Group recognises revenue from both durable and consumable virtual items for that game rateably over the average expected Player Relationship Period.

While the Group believes its estimates to be reasonable based on available game player information, it may revise such estimates in the future as the games' operation periods change, sufficient individual game data become available, or there is indication that the similarities in characteristics and playing patterns of paying players of the games change. Any adjustments arising from changes in average expected Player Relationship Period would be applied prospectively on the basis that such changes are caused by new information indicating a change in game player behaviour patterns.

(d) Disaggregation of revenue from contracts with customers

Revenue for the years ended 31 December 2023 and 2024 are as follows:

	Year ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Web-based and mobile online game revenue – Over time	**775,918**	633,633

The Group has a large number of game players. No revenue from any individual game player exceeded 10% or more of the Group's revenue during the year ended 31 December 2024 or 2023.

The Group's non-current assets other than financial instruments and deferred tax assets by the geographical location in which the asset is located, is as follows:

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Mainland China	**69,919**	20,571
Hong Kong	**70,964**	84,557
	140,883	105,128

7. OTHER GAINS/(LOSSES), NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Gain/(loss) on disposal of property, plant and equipment	**5**	(621)
Impairment loss under ECL model, net of reversal (Note 20)	**(249)**	(246)
Fair value gains on financial assets measured at FVTPL (Note 23)	**636**	264
Exchange gain/(loss), net	**720**	(3,450)
Others	**(375)**	(203)
	737	(4,256)

8. OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants (note)	**2,478**	10,531
Bank interest income	**6,826**	5,572
Value-added tax refund	**136**	1,136
Interest income from loan receivables	**–**	143
Others	**3,238**	3,921
	12,678	21,303

Note: The amounts represent the Group's entitlement to subsidies for technological innovation received from the local government grants in the Mainland China. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

9. PROFIT BEFORE TAX

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit for the period has been arrived at after charging:		
Staff costs:		
Directors' emoluments	**4,271**	3,421
Other staff costs		
Wages, salaries and bonuses	**146,492**	111,830
Social security costs, housing provident fund and other staff cost	**35,571**	29,335
Share-based payment expense	**13,045**	–
Total staff costs	**199,379**	144,586
Impairment of intangible assets (included in cost of revenue)	**5,657**	–
Auditor's remuneration:		
Audit services	**1,779**	1,664
Non-audit services	**509**	704
Total auditor's remuneration	**2,288**	2,368
Depreciation of property, plant and equipment	**3,561**	3,243
Depreciation of right-of-use assets	**6,160**	6,738
Amortisation of intangible assets	**43,550**	37,968
Total depreciation and amortisation	**53,271**	47,949

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

(a) Benefits and interests of directors

Names	Salary RMB'000	Bonus RMB'000	Social security costs and housing benefits and other employee benefits RMB'000	Total RMB'000
Year ended 31 December 2024				
Executive directors				
Jia Xiaodong	980	342	122	1,444
Li Xin	974	340	86	1,400
Huang Xiang	884	–	111	995
	2,838	682	319	3,839
Independent non-executive directors				
Zhan Peixun	144	–	–	144
Leung Ming Shu	144	–	–	144
Chak Hoi Kee Clara	144	–	–	144
	432	–	–	432
Total	3,270	682	319	4,271
Year ended 31 December 2023				
Executive directors				
Jia Xiaodong	945	47	114	1,106
Li Xin	935	21	83	1,039
Huang Xiang	734	–	110	844
	2,614	68	307	2,989
Independent non-executive directors				
Zhan Peixun	144	–	–	144
Leung Ming Shu	144	–	–	144
Chak Hoi Kee Clara	144	–	–	144
	432	–	–	432
Total	3,046	68	307	3,421

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) *(CONTINUED)*

(a) Benefits and interests of directors *(CONTINUED)*

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

No directors waived any emolument for the year ended 31 December 2024 or 2023. No director fee was paid to these directors in their capacity as directors of the Company or the companies comprising the Group for the year ended 31 December 2024 or 2023. No emoluments were paid by the Company or the companies comprising the Group as an inducement to join the Company or the companies comprising the Group, or as compensation for loss of office for the year ended 31 December 2024 or 2023.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2023: two) directors whose emoluments are reflected in analysis shown in Note (a) above. The emoluments payable to the remaining three (2023: three) individuals during the year are as follows:

	Year ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Basic salaries	**2,957**	2,858
Bonus	**734**	88
Other social security costs and housing benefits	**280**	285
Share-based payment expense	**9,653**	–
Total	**13,624**	3,231

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December	
	2024	2023
HK$1,000,001 to HK$1,500,000	**2**	3
HK$12,000,001 to HK$12,500,000	**1**	–
Total	**3**	3

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) *(CONTINUED)*

(c) Director's retirement benefits and termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 December 2024 or 2023.

(d) Consideration provided to third parties for making available director's services

For the year ended 31 December 2024 and 2023, the Company did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporates by and controlled entities with such directors

Save as disclosed in Note 31 in this report, there is no loans, quasi-loans and other dealing arrangement in favor of directors, or controlled body corporates and connected entities of such directors for the year ended 31 December 2024 or 2023.

(f) Directors' material interest in transactions, arrangements or contracts

There is no significant transactions, arrangements and contracts in relation to the Group's business in which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year ended 31 December 2024 or 2023.

11. FINANCE COST

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Lease liabilities (Note 17)	**328**	430
Imputed interest arising from trade payables	**3,637**	4,163
	3,965	4,593

12. INCOME TAX EXPENSES (CREDITS)

The income tax expenses (credits) of the Group for the years ended 31 December 2023 and 2024 is analysed as follows:

	2024 RMB'000	2023 RMB'000
Current tax		
– PRC Enterprise Income Tax ("**EIT**")	2,660	950
– Hong Kong profits tax	–	729
Overprovision in prior years		
– PRC EIT	–	(4,398)
Deferred income tax (Note 22)	(1,281)	1,240
Income tax expenses (credits)	1,379	(1,479)

Hong Kong Income Tax

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2,000,000 of taxable profits of qualifying group entity will be taxed at 8.25%, and taxable profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% for the year ended 31 December 2024 and 31 December 2023 on the assessable profits.

PRC EIT

The income tax provision of the Group in respect of its operations in the PRC was calculated at the tax rate of 25% for the year ended 31 December 2024 and 31 December 2023 on the assessable profits, except for stated below, based on the existing legislation, interpretations and practices in respect thereof.

Wangchen Technology was subject to EIT rate of 15% (2023: 15%) for the year ended 31 December 2024. Preferential tax rate of 15% is subject to requirement of the "Preferential Enterprise Income Tax Treatment for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone".

The WFOE has fulfilled the requirement of the "Notice of the State Council on Printing and Distributing Several Policies for Promoting the High-quality Development of the Integrated Circuit Industry and Software Industry in the New Era" (Guo Fa [2020] No.8) and it is subject to a reduced preferential EIT tax rate of 12.5% (2023: 12.5%) for the year ended 31 December 2024.

PRC Withholding Tax ("WHT")

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

During the year ended 31 December 2024 and 2023, the Group did not require its subsidiaries established in the PRC to distribute their retained earnings to foreign investors, and the Group is able to control the timing of the reversal of the temporary differences arising from the unremitted earnings of these PRC subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future. Accordingly, no deferred income tax liability on WHT was accrued as at the end of each reporting period.

12. INCOME TAX EXPENSES (CREDITS) *(CONTINUED)*

PRC Withholding Tax ("WHT") *(CONTINUED)*

The tax expenses (credits) on the Group's profit before tax differs from the theoretical amount that would arise using the PRC statutory income tax rate as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit before tax	**85,525**	72,756
Tax calculated at PRC statutory tax rate of 25%	**21,382**	18,189
Tax effects of:		
Differential income tax rates applicable to subsidiaries	**(1,729)**	(1,665)
Share of results of an associate	**(327)**	–
Super Deduction for research and development expenses (note)	**(24,135)**	(20,843)
Income not taxable for tax purposes	**(1,445)**	(1,129)
Expenses not deductible for tax purpose	**8,351**	9,304
Tax losses for which no deferred income tax was recognised	**231**	229
Utilisation of previously unrecognised tax losses	**(949)**	(1,166)
Overprovision in prior years	**–**	(4,398)
	1,379	(1,479)

Note: According to the relevant laws and regulations promulgated by the PRC State Administration of Taxation made effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim up to 200% (2023: 200%) of their qualified research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year ended 31 December 2024 and 2023.

13. EARNINGS PER SHARE

(a) Basis earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2024	2023
Profit attributable to the owners of the Company (RMB'000)	**84,159**	74,203
Weighted average number of ordinary shares in issue (thousand shares)	**133,157**	136,996
Basic earnings per share attributable to the owners of the Company (RMB per share)	**0.63**	0.54

(b) Diluted earnings per share

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2024 for a dilution as the impact of the dilutive potential ordinary shares in issue resulting from the unvested share awards during this year is minimal.

The calculation of the diluted earnings per share for the year ended 31 December 2023 is based on the profit attributable to ordinary equity holders of the Company, adjusted to reflect the impact from any dilutive potential ordinary shares issued by the Company, as appropriate. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares assumed to have been issued on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares. In June 2021, the Company issued convertible bonds in the principal amount of HK$77,112,000 (equivalent to RMB64,163,000). On 16 January 2023, the shares of the Company were listed on the Main Board of the Stock Exchange with offer price of HK$6.5 per share. The Pre-IPO convertible bonds were automatically converted into 12,000,000 shares of the Company on the same day, representing approximately 8.70% of the issued share capital of the Company. It has no significant dilutive effect on earnings per share calculation for 2023.

14. DIVIDENDS

During the year, the Company recognised the following dividend as distribution (other than an amount of RMB1,271,000 attributable to the shares held under the share award schemes of the Company as set out in note 32):

	Year ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Final dividend for the year ended 31 December 2023 of RMB18.82 cents (2023: nil for the year ended 31 December 2022) per ordinary share	**24,700**	–

No dividend was proposed for ordinary shareholders of the Company since the end of the reporting period.

15. PRINCIPAL SUBSIDIARIES

The following is a list of principal subsidiaries (including those under contractual arrangements) as at 31 December 2024 and 2023:

Name of subsidiaries	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid-in capital	Equity interest held by or attributable to the Group As at 31 December 2024	2023
Gala Sports Technology Limited 望塵體育科技有限公司	Hong Kong, limited liability company	Mobile sports game development, publishing and operation, the PRC	HK$10,000	**100%**	100%
Shenzhen Wangchen Moji Technology Co., Ltd 深圳市望塵莫及科技有限公司 (note i)	The PRC, limited liability company	Technical support, consulting and other services, the PRC	RMB42,000,000	**100%**	100%
Shenzhen Wangchen Technology Co., Ltd 深圳市望塵科技有限公司 (notes i and ii)	The PRC, limited liability company	Mobile sports game development, publishing and operation, the PRC	RMB11,777,778	**100%**	100%

Notes:

(i) The English name of certain companies referred herein represent management's best effort at translating the Chinese names of those companies as no English names have been registered.

(ii) The Group's control over, and beneficial interest in the equity of, the entity exists by virtue of the Contractual Arrangements entered into with the then shareholders of the entity, which is established as limited liability companies under PRC law. The Group does not hold ownership interest in the registered capital of Wangchen Technology. However, under the Contractual Arrangements, the Group controls the entity by way of controlling all voting rights in owners' meetings of the entity and governing its financial and operating policies. Under the Contractual Arrangements, the entity shall pay a service fee to the Group, which consisted of 100% of the total consolidated profit, after the deduction of any accumulated deficit of the entity and their affiliated entities in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions. In addition, the owners of the registered capital of the entity have irrecoverably authorised Shenzhen Wangchen Moji to exercise all their voting rights in the entity, including the appointment and removal of the directors of these entities. As a result, the entity is regarded as the subsidiary under the control of the Group. Accordingly, the results of the entity, if any, and its assets and liabilities are included in the consolidated financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

	Computers and other equipment RMB'000	Furniture and fixtures RMB'000	Leasehold improvement RMB'000	Total RMB'000
COST				
At 1 January 2023	6,569	1,091	3,994	11,654
Additions	1,443	37	–	1,480
Disposals	(323)	(408)	–	(731)
Written off	(2,190)	(251)	–	(2,441)
At 31 December 2023	5,499	469	3,994	9,962
Additions	1,598	444	3,583	5,625
Disposals	(6)	–	–	(6)
At 31 December 2024	**7,091**	**913**	**7,577**	**15,581**
DEPRECIATION				
At 1 January 2023	2,581	428	2,012	5,021
Provided for the year (Note 9)	1,976	128	1,139	3,243
Eliminated on disposals	(40)	(56)	–	(96)
Written off	(2,190)	(251)	–	(2,441)
At 31 December 2023	2,327	249	3,151	5,727
Provided for the year (Note 9)	1,814	331	1,416	3,561
Eliminated on disposals	(6)	–	–	(6)
At 31 December 2024	**4,135**	**580**	**4,567**	**9,282**
CARRYING VALUES				
At 31 December 2024	**2,956**	**333**	**3,010**	**6,299**
At 31 December 2023	3,172	220	843	4,235

17. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets		
Properties	**14,656**	4,009
Lease liabilities		
Non-current	**12,489**	330
Current	**2,664**	4,330
	15,153	4,660

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Depreciation of right-of-use assets (Note 9)	**6,160**	6,738
Interest expense	**328**	430

The total cash outflow for leases during the year was RMB8,129,000 (2023: RMB6,934,000), including payment of principal elements and interest elements of lease liabilities and short-term leases.

The Group leases various properties as its offices. Rental contracts are typically made for fixed periods of 1 to 5 years (2023: 1 to 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor nor pledge as security for borrowing purposes.

The Group has applied an exemption to HKFRS 16 “Leases” on certain short-term leases where the lease terms are within 1 year or less. For the leases where the exemption applied, the lease expenses of RMB83,000 (2023: RMB38,000) are recognised as expenses relating to short-term leases in the general and administrative expenses as incurred for the year.

18. INTANGIBLE ASSETS

	Licenses RMB'000	Software RMB'000	Total RMB'000
COST			
At 1 January 2023	147,928	1,701	149,629
Additions	91,178	–	91,178
At 31 December 2023	239,106	1,701	240,807
Additions	48,943	–	48,943
At 31 December 2024	**288,049**	**1,701**	**289,750**
AMORTISATION AND IMPAIRMENT			
At 1 January 2023	109,283	672	109,955
Provided for the year (Note 9)	37,569	399	37,968
At 31 December 2023	146,852	1,071	147,923
Provided for the year (Note 9)	43,151	399	43,550
Impairment for the year (Note 9)	5,657	–	5,657
At 31 December 2024	**195,660**	**1,470**	**197,130**
CARRYING VALUES			
At 31 December 2024	**92,389**	**231**	**92,620**
At 31 December 2023	92,254	630	92,884

Certain amounts of the considerations of purchase of intangible assets during the years ended 31 December 2024 and 2023 are deferred and settled by instalments and included in trade payables at the end of the reporting period. Settlements of such considerations are presented as "purchase of intangible assets" under investing activities of the consolidated statement of cash flows.

Due to the unexpected slower pace of growth of paying players of a baseball mobile game developed and launched during the year ended 31 December 2023, the Group experienced drop in business performance and suffered losses from developments and operations of this game for the years ended 31 December 2023 and 2024. In addition, the Group also noticed declines in gross billings in a basketball mobile game during the year ended 31 December 2024. The management of the Group has therefore identified certain non-current assets arising mainly from capitalising fixed royalty fee under certain licensing arrangements for these games (the "**Identified Assets**") have indications of impairment losses.

The estimation of recoverable amounts of these games as at 31 December 2024 was based on the value in use of these CGUs of baseball mobile game and basketball mobile game to which the Identified Assets belong to. The value in use calculations use cash flow projections based on financial budgets approved by the management of the Group covering the license fee contracts period and a pre-tax discount rate of 24.5% (2023: 26%) for the CGU of the baseball mobile game and 24.5% (2023: n/a) for the CGU of the basketball mobile game. The value in use calculations were determined by the management of the Group with the assistance of an independent qualified professional valuer appointed thereby.

18. INTANGIBLE ASSETS *(CONTINUED)*

The financial budgets are based on past performances and expected growth rate for developments and operations of similar sports mobile games of the Group.

The management of the Company have assessed the cash flow projection and other input parameters in the value in use calculations of the two CGUs as set out above, which resulted in recognition impairment of the Identified Assets in the CGUs of the developments and operations of (i) a baseball mobile game and (ii) a basketball mobile game of the Group amounting to RMB5,657,000 and nil, respectively, for the year ended 31 December 2024.

The recoverable amounts are assessed to be above the carrying amount of the Identified Assets as at 31 December 2024. Management of the Group believes that any reasonably possible change in any of these assumptions would not result in impairment.

19. INTEREST IN AN ASSOCIATE

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Cost of investments, unlisted	**24,000**	–
Share of post-acquisition profits and other comprehensive income, net of dividends received	**1,308**	–
	25,308	–

Details of the Group's associate at the end of the reporting period are as follows:

Name	Paid-in capital	Proportion of ownership interest held by the Group		Principal activity
		2024	2023	
Established in the PRC: 深圳遠望創星創業投資合夥企業 (有限合夥) ("遠望創星")	RMB48,510,000	**49.47%**	N/A	Investment holdings

During the years ended 31 December 2024, the Group established "遠望創星" in the Mainland China with two independent third parties for an initial investment cost of RMB24,000,000. The assets of the investee principally include investments in funds and equity investments in private entities in the Mainland China. The Group's investment in the investee is accounted for as interest in an associate as the directors of the Company consider the Group has significant influences therein.

The Group considers the associate is not individually material nor principally affected the results or net assets of the Group.

20. TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables	**62,877**	33,727
Less: allowance for credit losses (Note 4.1(b)(ii))	**(586)**	(356)
Trade receivables, net	**62,291**	33,371

Notes:

(i) The credit terms of trade receivables granted by the Group are normally from 30 to 90 days. An aging analysis of trade receivables based on recognition date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Up to 3 months	**62,248**	33,295
More than 3 months	**629**	432
	62,877	33,727

(ii) Movements on the Group's provision for impairment of trade receivables are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	**356**	2,049
Provision for impairment, net (Note 7)	**249**	246
Written off	**(19)**	(1,939)
At end of the year	**586**	356

The provisions for impaired trade receivables have been included in "other gains/(losses), net" in the consolidated statement of comprehensive income. Further details for impairment assessment of trade receivables are set out in Note 4.1(b)(ii).

(iii) The Group's trade receivables were denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	**20,782**	12,617
US$	**38,619**	18,190
HK$	**3,476**	2,920
	62,877	33,727

(iv) As at 31 December 2023 and 2024, the fair values of trade receivables approximated their carrying amounts. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the net receivable balance. The Group does not hold any collateral as security.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Prepayment for selling and marketing expenses	**4,844**	9,410
Other prepayments	**6,122**	8,197
Deposits	**3,104**	1,707
Loan receivables	**5,112**	19,707
Other receivables	**1,588**	1,144
	20,770	40,165
Analysed as:		
Non-current	**3,177**	5,707
Current	**17,593**	34,458
	20,770	40,165

The maximum exposure to credit risk as of 31 December 2024 and 2023 was the carrying value of each class of receivable mentioned above. The Group did not hold any collateral as security. The carrying amounts of the financial assets at amortised cost approximate to their fair values and are mainly denominated in RMB and USD.

As at 31 December 2024 and 2023, the expected loss rate for deposits and other receivables is negligible. Loan receivables as at 31 December 2024 and 2023 represents loans to certain staff of the Group, which are unsecured, interest-free, not past due or credit-impaired and repayable within one year from the end of the respective reporting periods while the balance as at 31 December 2023 was also an amount due from an independent third party, which was unsecured, carried interest of 5% per annum, and has been fully settled during the current year.

22. DEFERRED INCOME TAX

The following are the major deferred income tax assets/(liabilities) recognised and movements thereon during the current and prior years taking into consideration the offsetting of balances within the same tax jurisdiction:

	Contract liabilities RMB'000	Lease liabilities RMB'000	Contract costs RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	5,141	2,774	(1,935)	(2,751)	369	3,598
(Credited) recognised in profit or loss	(2,208)	(2,151)	1,214	2,221	(316)	(1,240)
At 31 December 2023	2,933	623	(721)	(530)	53	2,358
Recognised (credited) in profit or loss	1,757	1,393	(481)	(1,416)	28	1,281
At 31 December 2024	**4,690**	**2,016**	**(1,202)**	**(1,946)**	**81**	**3,639**

At the end of the reporting period, the Group has unused tax losses of RMB8,610,000 (2023: RMB13,749,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. As at 31 December 2024, other than the amounts of RMB4,203,000 (2023: RMB6,330,000) that will be expired in 2025 to 2029 (2023: in 2024 to 2028), the remaining balances of these unrecognised tax losses have no expiry dates and may be carried forward indefinitely.

At the end of the reporting period, the Group has taxable temporary differences associated with undistributed earnings of the subsidiaries established in the Mainland China of RMB262,090,000 (2023: RMB178,846,000). No deferred tax liability has been recognised for these undistributed earnings because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables present the Group's financial instruments that are measured at fair value as at 31 December 2024 and 31 December 2023 by fair value hierarchy:

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2024 RMB'000	31 December 2023 RMB'000				
Financial assets at FVTPL						
A unlisted fund (note i)	**N/A**	13,720	Level 3	Valuation estimated by the management on underlying assets held by the fund	N/A (2023: discount rate of 4.5%)	The higher the discount rate, the lower the fair value.
Wealth management products (note ii)	**14,414**	28,117	Level 2	Price provided by the financial institution with reference to underlying investment portfolios which have observable quoted price in active markets	N/A	N/A

Notes:

(i) The unlisted fund as at 31 December 2023 represented a portfolio of investments managed by fund managers. The portfolio assets including principally equity securities in companies whose shares listed on the Stock Exchange and debt securities issued by private entities in Hong Kong. The entire balance has been fully redeemed during the current year.

(ii) The wealth management products as at 31 December 2024 and 2023 are issued by banks in Hong Kong and the Mainland China, respectively, that are non-principal guaranteed with floating return and principally invest in cash and money market instruments with good liquidity. The investment product as at 31 December 2023 is recognised by the Bank Insurance Regulatory Commission and the People's Bank of China.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(CONTINUED)*

(b) Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The accounting team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The fluctuations in the fair value of the assets and liabilities are explained to the board of directors of the Company.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

The directors of the Company consider that there has been no changes in the business or economic circumstances that affect the fair value of the Group's financial instruments.

The directors of the Company consider that the carrying amounts of financial assets at amortised cost recognised in the consolidated financial statements approximate their fair values at 31 December 2024 and 2023.

24. CONTRACT COSTS AND CONTRACT LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Contract costs		
Cost charged by the Platforms and Publishers	**13,940**	8,148
Contract liabilities		
Unamortised revenue	**(51,710)**	(30,707)
	(37,770)	(22,559)

Notes:

(i) Contract costs are mainly related to unamortised commissions charged by the Platforms and unamortised revenue sharing to the Publishers. Contract liabilities primarily consist of the unamortised revenue from sales of game tokens and virtual items for mobile games, where there is still an implied obligation to be provided by the Group over time. The Group expects to deliver the services to satisfy the remaining performance obligation of these contract liabilities within one year or less.

(ii) The following table shows the amount of revenue recognised in the consolidated statement of comprehensive income for the respective years relating to contract liabilities brought forward:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Web-based and mobile online games	**30,707**	49,633

(iii) The Group recognises contract costs in relation to commissions charged by the Platforms and the revenue shared to the Publishers, which meet contract acquisition cost and fulfilment cost criteria, respectively, when the Group views the game players as its customer and that is incremental cost of acquiring a customer contract. They are capitalised as contract acquisition cost and fulfilment costs and amortised over the Player Relationship Period, which is consistent with the pattern of recognition of the associated revenue. The Group had no impairment losses recognised on any contract costs.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.10% to 4.55% (2023: 0.20% to 5.26%).

As at 31 December 2023 and 2024, the Group's cash and bank balances were denominated in the following currencies:

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
RMB	**169,003**	116,666
US$	**193,958**	172,428
HK$	**7,187**	10,367
SGD	**7,528**	950
	377,676	300,411

Funds of the Group amounted to RMB160,703,000 as at 31 December 2024 (2023: RMB114,732,000) are kept in the bank accounts with banks in the Mainland China where the remittance of funds is subject to foreign exchange control.

26. SHARE CAPITAL OF THE COMPANY

	Number of shares	**Share capital HK$'000**	**Share capital RMB'000**
Ordinary shares of the Company of HK$0.01 each			
Authorised:			
As at 1 January 2023, 31 December 2023 and 31 December 2024	10,000,000,000	100,000	82,570
Issued and fully paid:			
As at 1 January 2023	1,000,000	10	8
Capitalisation issue (note i)	112,580,000	1,126	968
Issue of new shares upon Listing (note ii)	12,420,000	124	107
Issue of shares on conversion of the Pre-IPO convertible bonds (note iii)	12,000,000	120	103
As at 31 December 2023 and 2024 (note iv)	138,000,000	1,380	1,186

26. SHARE CAPITAL OF THE COMPANY *(CONTINUED)*

Notes:

(i) On 16 January 2023, the Company issued additional 112,580,000 shares by way of capitalisation of HK$1,125,800 (equivalent to RMB968,000) standing to the credit of the Company's share premium account.

(ii) On 16 January 2023, the shares of the Company were listed on the Main Board of the Stock Exchange with an offer price of HK$6.5 per share. Upon Listing, the Company issued a total of 12,420,000 shares for total proceeds (before related fees and expenses) of HK$80,730,000 (equivalent to RMB69,394,000).

(iii) On 16 January 2023, the Pre-IPO convertible bonds of HK$78,000,000 (equivalent to RMB69,393,000) issued by the Company were converted into 12,000,000 shares of the Company, representing approximately 8.70% of the issued number of shares of the Company after the conversion.

(iv) Included in the share capital of the Company as at 31 December 2024 was 32,800 shares (2023: nil) held under its share award schemes.

27. TRADE PAYABLES

Trade payables due to third parties primarily consist of the license fee and royalty fee payable to the licensors for the rights to use the intellectual properties of certain sports athletes in the Group's developed games in specified geographic areas for certain period of time.

The aging analysis of trade payables based on recognition date is as follows:

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
0 – 365 days	**64,795**	101,958
1 – 2 years	**56,173**	16,693
Over 2 years	**9,420**	5,229
	130,388	123,880
Analysed as:		
Current	**81,440**	78,106
Non-current	**48,948**	45,774
	130,388	123,880

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

28. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Payable for selling and marketing expenses	**542**	724
Payroll and welfare payables	**31,974**	14,333
Other tax payables	**16,901**	14,340
Accrued expenses	**2,437**	1,742
Others	**–**	872
	51,854	32,011
Analysed as:		
Current	**51,854**	31,959
Non-current	**–**	52
	51,854	32,011

As at 31 December 2023 and 2024, the fair values of these balances approximated to their carrying amounts.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000	**Financial liability at fair value through profit or loss RMB'000**	**Accrued issued costs RMB'000**	**Total RMB'000**
At 1 January 2023	11,126	69,393	526	81,045
Cash flows	(6,896)	–	(526)	(7,422)
Interest expense	430	–	–	430
Conversion of Pre-IPO convertible bonds	–	(69,393)	–	(69,393)
At 31 December 2023	4,660	–	–	4,660
Cash flows	(6,642)	–	–	(6,642)
Interest expense	328	–	–	328
New leases entered	16,807	–	–	16,807
At 31 December 2024	**15,153**	**–**	**–**	**15,153**

30. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Assets as per consolidated statement of financial position		
Financial assets measured at amortised costs		
– Trade receivables (Note 20)	**62,291**	33,371
– Deposits and other receivables (excluding prepayments) (Note 21)	**9,804**	22,558
– Cash and cash equivalents (Note 25)	**377,676**	300,411
Financial assets at fair value through profit or loss (Note 23)	**14,414**	41,837
	464,185	398,177
Liabilities as per consolidated statement of financial position		
Financial liabilities measured at amortised cost		
– Trade payables (Note 27)	**130,388**	123,880
– Other payables and accruals (excluding payroll and welfare payables, other tax payables and others) (Note 28)	**2,979**	2,466
– Lease liabilities (Note 17)	**15,153**	4,660
	148,520	131,006

31. RELATED PARTY TRANSACTIONS

The following transactions were carried out between the Group and its related parties during the years ended 31 December 2023 and 2024. The related party transactions were at terms mutually agreed between the Group and the respective related parties.

Key management compensation

Key management includes executive directors and senior management. The compensation paid or payable to key management, including directors' remuneration, is shown below:

	Year ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Wages, salaries and bonuses	**6,027**	6,355
Other social security costs and housing benefits and other employee benefits	**424**	669
Share-based payment expenses	**9,575**	–
Total	**16,026**	7,024

32. SHARE AWARD SCHEMES

2023 Share Award Scheme

On 14 December 2023, the Company adopted a share award scheme (the "2023 Share Award Scheme"), pursuant to which the board of directors of the Company may, in its discretion, grant share awards to the eligible participants, including employees of the Group (other than its core connected persons thereof, such as its directors and chief executive officer) and employees of the holding companies, fellow subsidiaries or associated companies of the Company (but excluding core connected persons of these entities, such as chief executive officers, directors and others as specified therein). The purposes of the 2023 Share Award Scheme are to (i) recognise and reward the contribution of the eligible participants to the growth and development of the Group and to provide incentives to them to retain their continued service to the operation and development of the Group; and (ii) to attract suitable talents for the further development of the Group. The total number of Shares which may be issued in any financial year in respect of all options and awards to be granted under the 2023 Share Award Scheme and other share schemes of the Company (as set out below) shall not exceed 5% of the total number of shares of the Company in issue as at the date of adoption or the date on which the refreshment of such limit has been approved. The vesting date in respect of any award shall be not less than 12 months from the grant date, unless certain conditions as set out in the 2023 Share Award Scheme have been fulfilled. The Group may determine and specify the purchase price of the awarded shares (i.e. the price payable by a selected person to purchase the awarded shares), if any, based on considerations such as the prevailing closing price of the shares of the Company, the purpose of the award and the characteristics and profile of the selected person. The 2023 Share Award Scheme shall be valid and effective for a period of ten years from the adoption date unless the board of directors of the Company decides to terminate it in accordance with the rules of the scheme.

During the year ended 31 December 2024, 4,742,928 (2023: nil) share awards had been granted to certain eligible participants on 11 July 2024 with vesting periods ranging from 1 to 3 years from the date of grant. The estimated fair values of the share awards granted is determined based on the market value of the Company's shares at the grant date. The vested shares will be transferred to the relevant grantees at no cost except that the expenses in respect of the transfer of such shares of the Company shall be borne by the grantees. As at 31 December 2024, the number of shares which had been granted and remained unvested under the 2023 Share Award Scheme was 4,725,030 (2023: nil), representing 3.5% (2023: 0%) of the weighted average number of ordinary shares during the year.

The following table discloses movements of the 2023 Share Award Scheme held by the eligible participants during the years ended 31 December 2024 and 2023:

	Outstanding at 1 January 2023, 31 December 2023 and 1 January 2024	Granted during the year	Awards lapsed during the year	Outstanding at 31 December 2024
Shares granted on 11 July 2024	–	4,742,928	(17,898)	**4,725,030**

32. SHARE AWARD SCHEMES *(CONTINUED)*

Executive Aligned Share Award Scheme

On 15 December 2023, the Company adopted another share award scheme (the "Executive Aligned Share Award Scheme"), pursuant to which the board of directors of the Company may, in its discretion, grant share awards to the eligible participants that are officers or directors of the Company and any person determined by the board of directors of the Company to be eligible to participate in this scheme. The purposes of the Executive Aligned Share Award Scheme are to (i) recognise and acknowledge the contribution that the eligible participants have made or may make to the Group; and (ii) reward the eligible participants who have achieved outstanding performance in order to attract suitable talents to drive the further development of the Group. The total number of shares of the Company to be granted under the Executive Aligned Share Award Scheme shall not exceed 5% of the issued share capital of the Company as at 15 December 2023. There is no restriction on the grantee in relation to (i) the number of shares of the Company that may be awarded under the Executive Aligned Share Award Scheme; and (ii) the amount that is required to be paid in respect of the making of such purchases. The Group may, in its sole discretion, determine the vesting date of any share awarded under the Executive Aligned Share Award Scheme. Unless the board of directors of the Company decides to terminate it in accordance with the rules of this scheme, the Executive Aligned Share Award Scheme shall be valid and effective from the adoption date until the earlier of (i) the date falling on the fifth anniversary of the adoption date; or (ii) the date on which all the unvested award shares have been fully vested, delivered, lapsed, forfeited or cancelled (as the case may be).

During the year ended 31 December 2024, 2,794,500 (2023: nil) share awards had been granted to an eligible participant on 10 December 2024, all of which were vested on the same date. The estimated fair values of the share awards granted is determined based on the market value of the Company's shares at the grant date. These vested shares had been transferred to the grantee at no cost except that the expenses in respect of the transfer of such shares of the Company were borne by the grantee. As at 31 December 2024 and 2023, no shares was granted but remained unvested under the Executive Aligned Share Award Scheme.

During the year ended 31 December 2024, an aggregate of 6,784,800 shares of the Company have been purchased from the market by the Company and the trustees of the above schemes for an aggregate consideration, including the relevant transaction costs, of HK$30,047,000 (equivalent to RMB27,324,000). The Group recognised a total expense of RMB13,045,000 (2023: nil) in relation to the shares granted by the Company under the 2023 Share Award Scheme and Executive Aligned Share Award Scheme for the year.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Statement of financial position of the Company

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
ASSETS		
Non-current asset		
Investment in a subsidiary	**175,552**	161,551
Current assets		
Prepayments	**140**	45
Amount due from a subsidiary	**20,594**	–
Financial asset at FVTPL	**14,414**	–
Cash and cash equivalents	**42,950**	72,160
Total assets	**253,650**	233,756
EQUITY AND LIABILITIES		
Equity		
Share capital	**1,186**	1,186
Reserves	**168,372**	192,707
Total equity	**169,558**	193,893
Current liabilities		
Amounts due to subsidiaries	**84,083**	38,556
Other payables and accruals	**9**	1,307
Total liabilities	**84,092**	39,863
Total equity and liabilities	**253,650**	233,756
Total assets less current liabilities	**169,558**	193,893

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

(b) Reserve movements of the Company

	Share premium RMB'000	Share award reserve RMB'000	Shares held under share award schemes RMB'000	Translation reserve RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	–	–	–	–	115,670	(59,694)	55,976
Loss for the year	–	–	–	–	–	(3,915)	(3,915)
Other comprehensive income for the year	–	–	–	9,755	–	–	9,755
Profit/(loss) and other comprehensive income/(expense) for the year	–	–	–	9,755	–	(3,915)	5,840
Issue of shares by capitalisation of share premium account (Note 26)	(968)	–	–	–	–	–	(968)
Issue of new shares (Note 26)	69,287	–	–	–	–	–	69,287
Transaction costs attributable to issuance of shares	(6,718)	–	–	–	–	–	(6,718)
Issue of shares on conversion of Pre-IPO convertible bonds (Note 26)	69,290	–	–	–	–	–	69,290
At 31 December 2023	130,891	–	–	9,755	115,670	(63,609)	192,707
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(1,169)**	**(1,169)**
Other comprehensive income for the year	**–**	**–**	**–**	**1,141**	**–**	**–**	**1,141**
Profit/(loss) and other comprehensive income/(expense) for the year	**–**	**–**	**–**	**1,141**	**–**	**(1,169)**	**(28)**
Recognition of share-based payment expenses	**–**	**3,470**	**–**	**–**	**–**	**–**	**3,470**
Purchase of shares under share award schemes	**–**	**–**	**(123)**	**–**	**–**	**–**	**(123)**
Vesting of shares under share award schemes	**(1,683)**	**–**	**–**	**–**	**–**	**–**	**(1,683)**
Dividends recognised as distribution	**–**	**–**	**–**	**–**	**–**	**(25,971)**	**(25,971)**
At 31 December 2024	**129,208**	**3,470**	**(123)**	**10,896**	**115,670**	**(90,749)**	**168,372**

FINANCIAL SUMMARY

The consolidated results, assets and liabilities of the Group for the last five financial years are summarised below.

RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**775,918**	633,633	637,886	459,851	404,745
Gross profit	**415,883**	344,656	333,064	221,527	180,391
Profit for the year attributable to					
– Owners of the Company	**84,159**	74,203	13,525	39,986	41,498

ASSETS AND LIABILITIES

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**631,613**	527,418	370,260	292,362	252,735
Total liabilities	**(254,480)**	(195,830)	(247,646)	(185,049)	(104,670)
Total equity	**377,133**	331,588	122,614	107,313	148,065