

REPORT

2025
年度報告

Stock Code
06820.HK



FRIENDTIMES INC.
Incorporated in the Cayman Islands
with limited liability

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Definitions

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

“Adoption Date”	14 September 2020, being the date on which the Board adopted the Share Award Scheme
“AGM”	the forthcoming annual general meeting of the Company to be held on 12 May 2026
“AI”	artificial intelligence
“APP”	a third-party application for smartphones
“Articles” or “Articles of Association”	The second amended and restated memorandum and articles of association of the Company, adopted by the Company by way of special resolution on 16 May 2023 with effect from the same date
“Audit Committee”	the Company’s audit committee which was established in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting system, risk management and internal control
“Auditor”	KPMG, Certified Public Accountants, Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
“Award”	an award by the Board to a Selected Participant entitling the Selected Participant to receive such number of Awarded Shares and the related income on such terms and conditions as the Board may determine
“Awarded Shares”	in respect of a Selected Participant, such number of Shares determined by the Board under an Award
“Board” or “Board of Directors”	board of Directors of the Company
“CEO”	chief executive officer
“CG Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	chairman of the Board
“Cheeryoo”	Suzhou Cheeryoo Network Technology Co., Ltd. (蘇州沁遊網絡科技有限公司), a company established under the laws of the PRC with limited liability on 11 January 2018 and wholly-owned by FriendTimes Technology, and by virtue of the Contractual Arrangements, accounted for as our subsidiary

Definitions

“China” or “PRC”	the People’s Republic of China, but for the purpose of this report and for geographical reference only, unless otherwise stated, excludes the special administrative regions of Hong Kong and Macau, and Taiwan
“Company” or “our Company” or “the Company”	FriendTimes Inc., an exempted company incorporated in the Cayman Islands on 16 November 2018 with limited liability and listed on the Stock Exchange on 8 October 2019 (Stock code: 6820)
“Contractual Arrangements”	certain contractual arrangements entered into on 20 February 2019, 6 March 2019 and 20 June 2022 by us
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in the context of this report, refers to the controlling shareholders of our Company, being Mr. Jiang, Gorgeous Sunshine, Eternal Heart, Ling Long, Future Wisdom, Warm Sunshine, Agile Eagle (as defined respectively in the Prospectus)
“DAU”	the abbreviation of “Daily Active User”, the number of daily active users
“Director(s)”	director(s) of the Company
“Eligible Participant”	any senior and mid-level management, core technical personnel and key employees who, at the absolute discretion of the Board, will contribute or have contributed to any member of the Group
“Equity Pledge Agreement”	the equity pledge agreement entered into among Suzhou Eagle, FriendTimes Technology and the Registered Shareholders (as defined in the Prospectus) dated 20 February 2019
“Exclusive Business Cooperation Agreement”	the exclusive business cooperation agreement entered into between Suzhou Eagle and FriendTimes Technology dated 20 February 2019
“Exclusive Option Agreement”	the exclusive option agreement entered into among Suzhou Eagle, FriendTimes Technology and the Registered Shareholders (as defined in the Prospectus) dated 20 February 2019
“Framework Loan Agreement”	the framework loan agreement entered into between Suzhou Eagle and FriendTimes Technology dated 6 March 2019
“Friend Century”	Friend Century Limited, a company incorporated under the laws of Hong Kong with limited liability on 7 December 2018 which is wholly-owned by Friend World and is our subsidiary

Definitions

“Friend World”	Friend World Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on 26 November 2018 and is a wholly-owned subsidiary by our Company
“FriendTimes Technology”	FriendTimes Technology Inc. (友誼時光科技股份有限公司), a company established under the laws of the PRC with limited liability on 11 May 2010, and the holding company of Operating Entities, and by virtue of the Contractual Arrangements, accounted for as our subsidiary. Formerly known as: Suzhou FriendTimes Technology Inc. (蘇州玩友時代科技股份有限公司)
“FVPL”	fair value through profit or loss
“Group”, “our Group”, “the Group”, “we”, “us”, “our”, or “FriendTimes”	the Company and its subsidiaries, or where the context refers to any time prior to the Company becoming the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
“HKFRS” or “HKFRS Accounting Standards”	all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$” or “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“IP”	intellectual property
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	8 October 2019, the date on which the Shares of the Company were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Ministry of Culture and Tourism”	Ministry of Culture and Tourism of the People’s Republic of China
“Model Code”	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix C3 to the Listing Rules

Definitions

“Nomination Committee”	the Company's nomination committee which was established in accordance with the requirements of the Listing Rules
“NPC”	Non-Player Character, the game characters in electronic games that are not controlled by real players
“Operating Entity(ies)”	FriendTimes Technology, Purple Blaze, Cheeryoo and its subsidiary (ies), Purple Wing, Wu Linglong and StarDynamic, the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements
“Prospectus”	the prospectus of the Company dated 24 September 2019
“Purple Blaze”	Suzhou Purple Blaze Network Technology Co., Ltd. (蘇州紫焰網絡科技有限公司), a company established under the laws of the PRC with limited liability on 23 March 2017 and wholly-owned by FriendTimes Technology, and by virtue of the Contractual Arrangements, accounted for as our subsidiary
“Purple Wing”	Shanghai Purple Wing Network Technology Co., Ltd. (上海紫翊網絡科技有限公司), a company established under the laws of the PRC with limited liability on 5 February 2018 and wholly-owned by FriendTimes Technology, and by virtue of the Contractual Arrangements, accounted for as our subsidiary
“Registered Shareholders”	Mr. Jiang Xiaohuang (蔣孝黃先生), Suzhou Zixin, Nanjing Liheng, Song Dawei (宋大偉), Song Huan (宋歡), Wang Jianyu (王建裕), Suzhou Luoyuan, Lin Zhirong (林直榮) and Zhang Min (張敏), as registered shareholders of FriendTimes Technology (as defined respectively in the Prospectus)
“Remuneration Committee”	the Company's remuneration committee which was established in accordance with the requirements of the Listing Rules
“Reporting Period”	1 January 2025 to 31 December 2025
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Rules”	the rules of the Share Award Scheme, as amended from time to time
“Selected Participant”	Eligible Participant(s) selected by the Board pursuant to the Scheme Rules who holds a subsisting Award
“Senior Management”	senior management of the Company

Definitions

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the issued capital of the Company with nominal value of US\$0.00001 each
“Shareholder(s)”	holder(s) of the Shares
“Share Award Scheme”	the share award scheme adopted by the Company on the Adoption Date (in its present or any amended form)
“StarDynamic”	Suzhou StarDynamic Network Technology Co., Ltd. (蘇州星辰動力網絡科技有限公司), a company established under the laws of the PRC with limited liability on 8 August 2024 and wholly-owned by FriendTimes Technology, and by virtue of the Contractual Arrangements, accounted for as our subsidiary
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	the company(ies) which are for the time being and from time to time the subsidiary(ies) (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Listing Rules) of the Company, whether incorporated in Hong Kong, the British Virgin Islands, the PRC or elsewhere
“Suzhou Eagle”	Suzhou Eagle Network Technology Co., Ltd. (蘇州億歌網絡科技有限公司), a WFOE established under the laws of the PRC with limited liability on 24 January 2019 which is wholly-owned by Friend Century and is our subsidiary
“Taiwan”	Taiwan Province of the PRC
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	a trust deed entered into by and among the Company, the Trustee and its nominee (as restated, supplemented and amended from time to time)
“Trustee”	the trustee which has been appointed by the Company to manage the Share Award Scheme
“Voting Rights Proxy Agreement and Powers of Attorney”	the voting rights proxy agreement and powers of attorney entered into among FriendTimes Technology, the Registered Shareholders and Suzhou Eagle dated 20 February 2019 and 20 June 2022

Definitions

“Wish Interactive”

Wish Interactive Technology Limited (心願互動科技有限公司), a company incorporated under the laws of Hong Kong with limited liability on 19 May 2015, which is wholly-owned by Friend World and is our subsidiary

“Wu Linglong”

Jiangsu Wu Linglong Culture Development Co., Ltd (江蘇吳玲瓏文化發展有限公司), a company incorporated under the laws of the PRC with limited liability on 13 May 2020, which is wholly owned by FriendTimes Technology and is accounted for as our subsidiary under a contractual arrangement

“%”

per cent

Corporate Information

EXECUTIVE DIRECTORS

Mr. Jiang Xiaohuang (*Chairman of the Board and CEO*)
Mr. Xu Lin
Mr. Sun Bo

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhu Wei
Mr. Zhang Jinsong
Ms. Tang Haiyan

MEMBERS OF AUDIT COMMITTEE

Mr. Zhu Wei (*Chairman*)
Mr. Zhang Jinsong
Ms. Tang Haiyan

MEMBERS OF REMUNERATION COMMITTEE

Mr. Zhang Jinsong (*Chairman*)
Mr. Jiang Xiaohuang
Mr. Zhu Wei

MEMBERS OF NOMINATION COMMITTEE

Mr. Jiang Xiaohuang (*Chairman*)
Mr. Zhang Jinsong
Ms. Tang Haiyan

COMPANY SECRETARY

Ms. Fung Wai Sum

AUTHORISED REPRESENTATIVES

Mr. Jiang Xiaohuang
Ms. Fung Wai Sum

REGISTERED OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House, Cricket Square
Grand Cayman KY1-9010
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

FriendTimes Building
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Suzhou Industrial Park
Jiangsu Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

COMPANY WEBSITE

www.friendtimes.net

STOCK CODE

6820

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House, Cricket Square
Grand Cayman KY1-9010
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Corporate Information

HONG KONG LEGAL ADVISER

Eric Chow & Co.
in Association with Commerce & Finance Law Offices
Suite 3401, Alexandra House
18 Chater Road
Central
Hong Kong

PRINCIPAL BANKS

China Construction Bank Suzhou Branch
Jianyuan Building, No. 18 Suzhou Avenue
Suzhou Industrial Park
Suzhou, Jiangsu Province
PRC

The Hongkong and Shanghai Banking Corporation Limited
6/F, 88 Gloucester Road
Wan Chai
Hong Kong

INDEPENDENT AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in
accordance with the Accounting and Financial Reporting
Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

* For illustrative purposes only

Financial Summary

The following is a summary of the annual results of the Group for the last five financial years:

RESULTS

	Year ended 31 December				2025 RMB'000
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	
Revenue	1,616,137	1,524,391	1,056,033	1,162,786	1,248,103
Gross profit	1,089,428	1,044,114	702,405	813,522	911,314
Profit/(loss) before taxation	233,869	24,430	(72,928)	(35,834)	96,279
Profit/(loss) for the year	275,483	25,111	(138,120)	(48,856)	93,165
Adjusted profit/(loss) for the year*	308,956	41,429	(132,954)	(42,842)	96,742

ASSETS, LIABILITIES AND EQUITY

	As at 31 December				2025 RMB'000
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	
Total assets	1,806,723	1,613,180	1,465,615	1,402,476	1,434,597
Total liabilities	160,318	116,231	262,053	252,400	194,599
Total equity	1,646,405	1,496,949	1,203,562	1,150,076	1,239,998

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

Chairman's Statement

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

In 2025, with the determination of “breaking the stalemate” and through the joint efforts of all staff, FriendTimes achieved a turnaround in annual results and returned to profitability. Since our inception in the cultural and creative industry more than a decade ago, the core management team has always stayed at the forefront, steering the Company with keen industry insight and accurately seizing market opportunities. Relying on solid talent reserves and a scientific management system, we have responded rapidly to every industry change and promoted the continuous growth of the enterprise with steady steps. At the same time, we attach great importance to the construction of talent echelons. By continuously improving the promotion mechanism, compensation system, and performance incentives, we fully stimulate the enthusiasm and creativity of employees. We are committed to building a composite team that is “capable of fighting and winning, daring to struggle and innovate, and highly collaborative”, enabling it to possess both the technical depth for intensive cultivation in professional fields and the collaborative breadth to break through cross-domain functional barriers, providing a solid guarantee for the long-term development of the enterprise.

FriendTimes deepened its product matrix and enhanced its long-term operational strength for diversified products, launching a variety of quality games covering ancient-style female-oriented products, modern female-oriented products, and creative games, comprehensively satisfying the entertainment requirements across different user demographics. With products such as Promise of Lingyun (凌雲諾), Twist of the Fate (浮生憶玲瓏), and Fate of the Empress (浮生為卿歌), we have consolidated our leading advantage in the ancient-style female-oriented track through immersive storytelling, national aesthetics, and innovative interaction mechanisms, building differentiated competitiveness. Modern-themed works such as A Story of Lala's: Rising Star (杜拉拉升職記) and Bloom Reverie (花與緋想) focus on the modern life scenes of women, accurately targeting the interest demographics of modern female players with distinct metropolitan symbols and fashionable expressions, further expanding the thematic boundaries of the female-oriented market. Creative products such as Ink Sword: Jianghu (墨劍江湖) and Culinary Chaos (暴炒萌廚) create brand-new immersive experiences for players through differentiated gameplay design and unique stylized expressions, continuously enriching the diversified charm of the product line. Meanwhile, several lightweight mini-games, relying on fast-paced gameplay and IP-based content, cut into fragmented entertainment scenarios, achieving a dual improvement in user scale and brand influence, and solidifying the Company's comprehensive competitiveness in the cultural and creative industry.

FriendTimes has always regarded promoting Chinese culture as its mission. By adhering to the concept of “digitalization empowers culture”, we not only gaze at the historical echoes of intangible cultural heritage treasures such as Suzhou gardens, Kunqu opera, and Suzhou embroidery, but also portray the spirit of perseverance and aspiration in the new era with delicate strokes. From intangible heritage embodied in traditional craftsmanship to workplace stories brought to life on screen, we connect the profound heritage and era vitality of Chinese culture through various digital carriers, allowing culture to glow with new life in the digital world. The Korean version of A Story of Lala's: Rising Star (杜拉拉升職記) brings modern workplace ecology and female growth stories to overseas markets, showing the charm of contemporary women in a light and engaging manner and vividly conveying the Chinese style of the new era. With the innovative interpretation of Jiangnan garden aesthetics and traditional opera culture, Twist of the Fate (浮生憶玲瓏) was selected as one of the “National Cultural Export Key Projects”, continuously showing the essence of traditional Chinese culture in overseas markets. The Company was also recognized as a “2025-2026 National Cultural Export Key Enterprise”. Relying on years of experience in overseas expansion, we adhere to localized strategies tailored to local conditions, allowing classical oriental aesthetics and new era stories to shine together through creative marketing and refined operations, and promoting games as a new engine for cultural exchange.

Chairman's Statement

FriendTimes consistently adheres to empowering creation with technology and reshaping experience with intelligence, actively advancing the deep integration of games with AI and building an AI application system covering the entire process of research and development, distribution, and operations. The Company continued to deepen the technology layout around four core directions: platform-based tool development, data asset accumulation, intelligent agent innovation, and AI-native gameplay experiment. We established an AI tool matrix covering art, programming, copywriting, translation, and audio, and promoted the standardized reuse of creative experience through the integration and accumulation of knowledge and databases. In business scenarios such as automated testing, player behavior analysis, intelligent distribution, intelligent customer service, and personalized content generation, we achieved deep empowerment of AI technology, and actively explored innovative gameplay such as humanoid intelligent NPCs and AI-driven level interaction, creating a cutting-edge interaction form of "AI + games". In the future, FriendTimes will adhere to technology leadership and innovation drive, keep up with the trend of industry change, strengthen the construction of compliance capabilities, ensure the normalization and safety of technology application, and make AI technology the core drive for forging global product competitiveness.

FriendTimes maintains an open mind to respond to industrial technological changes, empowers business innovation with investment, and explores the strategic value of hard technology to inject new momentum into the sustainable development of the enterprise. Faced with the rapid iteration of global artificial intelligence technology and industry, the Company keeps pace with technological innovation and has directly or indirectly invested in several companies in the AI field. For example, we recently led the angel round investment of Shanghai Novacore Technology Co., Ltd. (上海深穹星核科技有限公司) ("Novacore") to accelerate its technology iteration in the field of ultra-high simulation human faces and promote the commercial landing of AI companion scenarios. Novacore focuses on the integrated research and development of "intent understanding" big models and ultra-simulation human faces, and has made breakthroughs in real-time dialogue interaction, subtle emotion recognition, and "fast and slow brain" architecture, striving to achieve the continuous evolution of intelligent agents in interaction. Starting from capital cooperation, the two parties will carry out deep synergy around emotional companionship and interactive experience, and jointly explore the innovative application of embodied intelligence in the field of entertainment technology.

FriendTimes actively fulfills corporate social responsibility and gives back to society through practical actions. In terms of protecting minors, in strict compliance with relevant national policies and regulations, the Company continues to strengthen pre-prevention, in-process monitoring, and post-management, and increases the governance of the game content ecology to effectively maintain a healthy and clear game environment. Regarding user information security, the Company continuously improves the data protection and digitalization management system. It has passed the international ISO/IEC 27001 information security management system standard certification, ensuring the security of users' personal information through systematic means. At the same time, the Company has long been committed to public welfare undertakings, supporting the development of education in remote areas. It has successively donated books, computers, and other learning materials to schools in Sichuan Zhaojue, Shaanxi Yan'an, Guizhou, Inner Mongolia, and other regions. We also actively participated in rural public welfare and agricultural assistance activities in Yan'an, promoting rural revitalization through consumption support. By implementing multi-dimensional measures, the Company fulfills its corporate citizenship responsibilities and delivers positive social values.

Chairman's Statement

In the coming year, FriendTimes will prioritize systematic development as its core strategy, refining its project lifecycle management system to promote refined operations at key nodes, quantifiable standards, standardized processes, and data-driven decision-making, so as to achieve a fundamental transition from experience-driven to system-driven management and comprehensively enhance management efficiency. We will focus on building a strategic synergy system between distribution and research and development, whereby the distribution arm keenly captures industry hotspots and formulates forward-looking strategies, while the research and development arm establishes a rapid response mechanism to ensure that trend insights are efficiently transformed into product competitiveness. Meanwhile, AI serves as a core strategic support for business growth. We will continue to deepen the breadth and depth of AI applications, achieving breakthroughs in key areas such as platform-level innovative applications, intelligent distribution optimization, game performance enhancement, and development toolchain iteration. This will position technological innovation as the core engine driving our entire business ecosystem.

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

Jiang Xiaohuang

Chairman

Management Discussion and Analysis

OVERVIEW

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

The Group is headquartered in Suzhou, China, with branches in regions including Chengdu and Hong Kong in China, and South Korea, and was listed on the Main Board of the Stock Exchange on 8 October 2019. Since our inception in 2010, we have successfully launched core products such as the Legend of Empress (熹妃傳), Royal Chaos (熹妃Q傳), Fate of the Empress (浮生為卿歌), Promise of Lingyun (凌雲諾), Twist of the Fate (浮生憶玲瓏), A Story of Lala's: Rising Star (杜拉拉升職記), Ink Sword: Jianghu (墨劍江湖), Culinary Chaos (暴吵萌廚), Bloom Reverie (花與緋想) and others, which are well received among users.

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

PERFORMANCE REVIEW

For the year ended 31 December 2025, the Group's total revenue was approximately RMB1,248.1 million, increasing by approximately 7.3% as compared to the corresponding period of last year; the profit for the year was approximately RMB93.2 million, turning from loss to profit and increasing by approximately 290.7% as compared to the corresponding period of last year; the adjusted profit for the year was approximately RMB96.7 million, turning from loss to profit and increasing by approximately 325.8% as compared to the corresponding period of last year.

The growth in revenue of the Group during the Reporting Period was mainly due to the following reasons: (1) the continuous and steady contribution from existing game products, among which A Story of Lala's: Rising Star (杜拉拉升職記), Promise of Lingyun (凌雲諾), and the Legend of Empress (熹妃傳) delivered a prominent performance; and (2) positive progress made in the exploration of new tracks.

The turning from loss to profit of the Group during the Reporting Period was mainly due to the following reasons: (1) the increase in the overall revenue scale; (2) the increase in the proportion of revenue from high-gross-profit channels, which drove the growth in gross profit margin; (3) the Group's continuous optimization of operational efficiency, through which the research and development expenses ratio and sales expenses ratio were effectively controlled by refined cost and expense management; and (4) the in-depth application of AI in the entire process including product initiation, content planning, research and development testing, distribution and operation, and user acquisition, which improved work efficiency.

Management Discussion and Analysis

BUSINESS REVIEW

The Group has consistently implemented its strategies of “diversification and quality” and the integration of research and operations. Under the research and operations synergy mechanism, the research and development team gains deep insights into market trends and user preferences, enhancing the success rate of products under development. The distribution and operation teams provide real-time feedback that fuels iterative research and development improvements, creating an efficient closed-loop system from demand capture to product optimization. Leveraging such model, we continue to expand user demographics, tap into emerging market growth, and cultivate new revenue drivers. While solidifying its leading position in the ancient-style female-oriented segment, the Group actively explores product forms with more creative and lightweight characteristics. We have gradually established three core matrices of ancient-style female-oriented, modern female-oriented, and creative products, covering both APP-based games and mini-games. By refining gameplay design, scenario special effects, artistic quality, and music performance, we continuously invest in product iteration to effectively extend product lifecycles. This commitment aims to deliver increasingly rich and diverse gaming experiences to players.

After years of systematic planning and research and development accumulation in the early stage, the Group has achieved breakthroughs in its product categories. In 2025, we observed significant changes in revenue distribution across categories: ancient-style female-oriented products accounted for 64.3% of revenue by virtue of a deep user base and cultural resonance; modern female-oriented products accounted for 31.0%, representing a year-on-year increase of 331.1%, demonstrating the Company’s expansion capabilities and content innovation flexibility in modern themes; and creative products accounted for 4.7%, injecting new momentum into the Company’s future growth. Recently, several games delivered a stellar performance, with Bloom Reverie (花與緋想), Ink Sword: Jianghu (墨劍江湖) and A Story of Lala’s: Rising Star (杜拉拉升職記) all entering the TOP 100 of the WeChat mini-game best-seller list, among which A Story of Lala’s: Rising Star (杜拉拉升職記) entered the TOP 10 of the Douyin mini-game best-seller list and Ink Sword: Jianghu (墨劍江湖) ranked among the TOP 50 of the WeChat mini-game and Douyin mini-game best-seller list, fully demonstrating the Company’s breakthrough in diversified categories and market recognition.

Management Discussion and Analysis

By consistently persisting in and deepening the long-term operational strategy, the Group dynamically keeps abreast of user requirements to frequently iterate one version after another, update contents, and launch operational activities and IP collaborations. It also continuously implements micro-innovations in retention campaigns by deeply integrating IP highlights, so as to provide players with detailed and comprehensive long-term services, revitalizing product vitality. In terms of global layout, the Group implements differentiated and localized game contents and marketing strategies tailored to the characteristics of overseas users in different regions, continuously enhancing the attraction and retention of local players. Many of our products have built extensive reputations in regions such as Hong Kong, Macau, and Taiwan of the PRC, South Korea, Japan, Southeast Asia, and North America. During the Reporting Period, the Group further solidified its long-term operational strengths. Several products that have been online for years maintained robust vitality and revenue performance, among which the Legend of Empress (熹妃傳) held its tenth anniversary celebration in June 2025, further validating the enduring value of the Company's quality IPs.

The Group has adopted an "AI + Games" core strategy, whereby driving industrial upgrading and innovation in player experience through technological advancements. In pursuit of our objective of "Creation Empowered with Intelligent Technology Reshapes Gaming Experiences", we emphasize a dual-drive approach through technological research and development and practical application scenarios, so as to build a full-link AI application ecosystem that covers research and development, distribution, operations, and corporate management. Our efforts are concentrated on four key areas: platform-based tool development, data asset accumulation, intelligent agent innovation, and AI-native gameplay experiment, achieving systematic empowerment various stages such as product initiation, content planning, research, development and testing, distribution & operation, and advertising & user acquisition. At the same time, the Group actively embraces the domestic operating system ecosystem, and several of its games have completed the development of native apps for Huawei's HarmonyOS, officially joining the HarmonyOS ecosystem. Twist of the Fate (浮生憶玲瓏) and Culinary Chaos (暴吵萌廚) were showcased at Huawei HDC 2025, where we explore more technological application scenarios and possibilities for collaborative innovation.

Management Discussion and Analysis

Ancient-style Female-oriented



Since its launch on 20 January 2022, the Promise of Lingyun (凌云诺) has seamlessly blended classical essence with modern aesthetics through its innovative Chinese-style artistry. Through Chinese-style featured gameplay such as glamorous costume, manor creation and social interaction by means of poetry and painting, as well as the leisure details of floral art, tea whisking, drinking games and mahjong-styled games, the game unfolds a vivid and immersive scroll for players to both journey through and reside in, thereby allowing the players to enjoy the remastered pictures of ancient Chinese lifestyles centuries ago. In 2025, the game continued its dedicated craftsmanship by introducing diverse content centered around companion character development system, pet evolution system, and mount evolution system. Meanwhile, the mini-game version of the Promise of Lingyun (凌云诺) was launched, presenting the charm of Oriental aesthetics in a more lightweight manner, allowing players to dive into such a Chinese-style journey during their spare moments. From ancient-style daily life to cloud-based leisure, the Promise of Lingyun (凌云诺) invites players to wander through an evergreen Chinese-inspired world through continuous innovative operations, bridging the ages for a serene journey back through a thousand years of time.

Management Discussion and Analysis



The Group has meticulously developed its “Fate” series IP and has launched two flagship ancient-style female-oriented products, namely *Twist of the Fate* (浮生憶玲瓏) and the *Fate of the Empress* (浮生為卿歌), continuing to uphold their premier position in the category and delivering a stable revenue contribution to the Group. The *Twist of the Fate* (浮生憶玲瓏) was launched for public beta on 2 January 2024. Featuring the dual-core gameplay of “Love & Mystery”, it integrates innovative mechanisms such as deciphering clues, collecting adventures, and unlocking multiple identities to build an immersive open world for players. The game deeply draws on traditional Chinese cultural elements and meticulously carves out a Chinese-style aesthetic vision, showcasing the charm of Jiangnan water towns through its breathtaking scenery. The *Twist of the Fate* (浮生憶玲瓏) has been launched in Hong Kong, Macau, and Taiwan of the PRC, South Korea, North America, and Southeast Asia, and has been selected as one of the “National Cultural Export Key Projects”. Since its launch on 31 December 2019, the *Fate of the Empress* (浮生為卿歌) has successively released in various regions including Hong Kong, Macau, and Taiwan of the PRC, South Korea, Japan, North America, and Southeast Asia, in addition to Chinese Mainland. It was also selected as one of the “National Cultural Export Key Projects” and one of the “International Cooperation Key Projects” by the Ministry of Culture and Tourism under the “Belt and Road” Initiative. Furthermore, it has been entered with the collection certificate into the Game IP Pavilion of the China Audio-video and Digital Publishing Association.

Management Discussion and Analysis

Female-oriented Modern Style



A Story of Lala's: Rising Star (杜拉拉升职记), a female-oriented workplace mobile game, incorporates gameplay modes such as job promotion, dressing up, and leisure activities, in combination with lightweight content such as the vacation and travel mode and the shopping spree mode, outlining a vivid picture of the growth and lifestyle of the new generation of professionals in a fashionable metropolitan setting. Since its launch, the mini-game version has delivered particularly outstanding performances, evidenced by its entry into the Top 10 best-selling list of Douyin mini-games and the Top 50 best-selling list of WeChat mini-games. With its agile approach to metropolitan storytelling, it has reached a broader user demographics. In overseas markets, A Story of Lala's: Rising Star (杜拉拉升职记) benefited from our in-depth localization strategy, successfully attracting a large player base in South Korea and peaking at No. 22 of South Korea's iOS Best-selling Games, demonstrating strong cross-cultural appeal.

In 2025, A Story of Lala's: Rising Star (杜拉拉升职记) continued to release vitality through product iterations and cross-border integration. The game rolled out a series of content updates centered around new gameplay, fashion collections, companions, vehicle systems, and diverse travel scenarios, constantly broadening the narrative boundaries and imaginative space of the metropolitan workplace. Meanwhile, the game utilized collaborations as a medium to paint a brilliant picture of IP convergence within the Group. In June, the game joined forces with the Legend of Empress (熹妃传) to pair the workplace elite Lala with the palace-ruling Empress Xi (熹妃). Through the interweaving of exclusive gameplay and items, they jointly celebrated the 10th anniversary of the Legend of Empress (熹妃传), activating a cross-temporal resonance among fans. In September, a crossover collaboration was launched for the kitchen party game Culinary Chaos (暴吵萌厨), bringing players a fresh and entertaining gameplay experience that blends strategic elements with creative content. In December, a deep integration with the Fate of the Empress (浮生为卿歌) took place, where the sleek sophistication of the modern workplace echoed the timeless grace of classical palaces, culminating in a glamorous tapestry of style and aspiration. From career advancement to city strolling, and from the fusion of ancient and modern to the collision of styles, A Story of Lala's: Rising Star (杜拉拉升职记) empowers every player to script their own distinctive metropolitan chapter.

Management Discussion and Analysis



The enchanting merge-puzzle mobile game Bloom Reverie (花與緋想) was officially launched across all platforms on 20 January 2026. Using blossoms as a bridge, the game invites players to embark on a fantastic journey across time and space. Within a mystical floral realm nestled between dimensions, players become the curators of their own gardens, cultivating exotic and wondrous plants through light-hearted synthesis gameplay and freely decorating their own secret sanctuary. As flowers bloom and fade, they will encounter uniquely captivating destined partners and unlock immersive romantic bonds. The game seamlessly intertwines the relaxed cadence of merge-and-management gameplay with the dreamlike narratives of female-oriented romance. With a gentle tap, players can trigger exclusive character voice lines. In a healing ambiance, the untold heart of the voyager gradually come to light. From treasure merging to garden designing and from heart-fluttering moments to the intertwined destinies, Bloom Reverie (花與緋想) weaves a romantic tale of love and boundless growth. Since its launch, the game has achieved a peak DAU count of 500,000.

Management Discussion and Analysis

Creativity Products



Launched on 19 July 2024, the Ink Sword: Jianghu (墨劍江湖) is a mobile game which focuses on a poetic quest for martial arts, and a 2.5D ink-wash style RPG game set in a Chinese-style fictional universe, featuring the classic wuxia (武俠) culture as its core. By employing meticulous fine-brush and freehand painting techniques, the game outlines the spiritual essence of landscapes, as well as the vibrancy of towns and the martial world. Built on various martial arts genres, the game cleverly integrates the essence of traditional martial arts with modern game aesthetics to create a world of adventure, retribution, and heroism, bringing players an immersive swordsman experience. The Ink Sword: Jianghu (墨劍江湖) has continuously expanded its content through its version iterations, successively launching gameplay such as the Tiangong Contest (天工爭鬪) event, Tiangong Legendary Beast (天工神獸) system, and Ruiyin (瑞印) system, allowing players to experience a more exciting martial arts life in the game. Recently, its mini-game version has delivered outstanding performances since its launch, breaking into the Top 50 best-selling list of WeChat mini-games and the Top 50 Popular mini-games of Douyin.

Management Discussion and Analysis



Culinary Chaos (暴吵萌廚) was launched across all platforms on 28 May 2025, as a real-time chaotic couch co-op cooking mobile game focusing on multi-player cooperation in cooking esports. Players will play as “adorable chefs (小萌廚)” with exceptional culinary skills, and take on the intensely exhilarating cooking challenges through teamwork in a highly simulated kitchen environment. The game collaborated with the iconic childhood snack “Want Want Mini Milk Biscuits (旺仔小饅頭)” and China Academy of Art to bring joint content on the first day of its public beta. Under the theme of “In the Name of Culinary”, the game expanded its collaborations across various industries with over 30 renowned consumer brands, including Weilong Latiao (衛龍辣條), Juewei Duck Neck (絕味鴨脖), and Hefu-Noodle (和府撈麵). Culinary Chaos (暴吵萌廚) has continued to enrich its gaming content through seasonal updates, having successively launched five seasons, namely “Street Food Paradise (人間煙火)”, “Forest of Elves (精靈之森)”, “The Story of Lanruo (緣起蘭若)”, “Candy Wonderland (甜心奇境)”, and “Snowy Feast (雪國盛宴)”. During the period, the game engaged in cross-industry cooperation with Ele.me (餓了麼). In December 2025, the game launched a collaboration with the national-level animation IP “Pleasant Goat and Big Big Wolf (喜羊羊與灰太狼)”, introducing limited-edition character skins such as Pleasant Goat (喜羊羊), Big Big Wolf (灰太狼), and Tibbie (美羊羊), as well as the “Vibrant Goat Village (活力羊村)” themed decorations, allowing the partners of the green pastures (青青草原) to transform into culinary experts and accompany players through challenges. In addition, the game introduced rich social gameplay modes, such as Duo Ranked Battles (雙人排位賽), God of Cookery Tournament (廚神巔峰賽), Culinary Chaos Networking (萌圈交友), and Lobby Interaction (廣場互動), continuously expanding the interaction dimensions among players, with peak DAU reaching the million-level scale.

Management Discussion and Analysis

SHAREHOLDER RETURNS

In the current year, the Board proposed the payment of a final dividend of HK2 cents per Share to give back to the Shareholders for their trust and long-term companionship. Since its listing, the Group has distributed an aggregate cash dividend of over RMB790 million to its Shareholders, significantly exceeding the net proceeds of RMB434 million raised from its Listing.

At the same time, the Group has also demonstrated its confidence in its own value through the Share Award Scheme administered by the Trustee. During the period from 28 August 2023 to 31 December 2025, we have continuously purchased Shares on the open market through the Trustee under the Share Award Scheme, with the aggregate number of Shares purchased representing approximately 4.1% of the Company's total number of issued Shares.

To further convey confidence in the Group's long-term prospects, Mr. Jiang Xiaohuang, executive Director, Chairman of the Board, CEO and Controlling Shareholder of FriendTimes, has voluntarily undertaken that, for a period of 12 months commencing from 17 July 2025, he will not sell any Shares held directly or indirectly by him through the open market in the Stock Exchange.

OUTLOOK

The Company's reserve games include Code: Lovers (代號：戀人) (Also Known As: Heartbeat Fall (心跳陷落)), Code: FPJ (代號：FPJ) (Also Known As: Yumemeguri Shoujo ~ Isekai Kyuutei Kitan ~ (夢巡り少女 ~ 異世界宮廷綺譚 ~)), Code: KT (代號：KT) (Also Known As: Hello Kitty My Dream Store), Code: MX (代號：MX), and Code: Football (代號：足球) etc., which are currently under development and testing. Looking into the future, we will constantly deepen the construction of our research and operations integration system, strengthen underlying technology research and development capabilities, and further enhance our full lifecycle product management capabilities by expanding multi-channel distribution networks and refined long-term operational mechanisms. We will continue to iterate on management systems and performance mechanisms, and continuously improve the cost control. We will accelerate the application of AI technologies and innovative experiments, drive process innovation across all scenarios, and strive to bring players more refreshing experiences. By steadfastly implementing a global development strategy, and pursuing our strategy of "regional focus + category breakthrough", we will create a premium game matrix characterized by cultural uniqueness with global aesthetics.

Management Discussion and Analysis

SOCIAL RESPONSIBILITIES

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

By consistently taking practical actions in areas such as education assistance, animal rescue, “red culture education”, environmental protection, and epidemic prevention and control, the Group continues to fulfill its social responsibility and mission, demonstrating and delivering a message of love in public welfare. In June 2025, the Group supported the public welfare donation event for the “Forever-Bond Program (石榴籽計劃)” at Sanhe Primary School in Ergun City, Inner Mongolia. At the same time, the Group has established systems for network content security, data security, and account management. As for user privacy protection, under stringent management systems and procedural frameworks, we exercise rigorous control over information security risks, and strictly align with relevant laws and regulations in all operating regions globally, thereby safeguarding data security, while maximally securing user personal information.

In respect of the protection of minors, the Group strictly complies with relevant national policies, connects all of its games to a comprehensive system encompassing real-name authentication, anti-addiction procedures, and age-appropriate reminders, imposes restrictions on underage spending, and operates a parental guardianship project with a dedicated channel for complaints from minors. To strictly enforce the new regulations on preventing addiction among minors issued by the National Press and Publication Administration, we only offer 1 hour of online gaming services to minors from 8 pm to 9 pm on Fridays, Saturdays, Sundays, and statutory holidays, ensuring the healthy growth of minors. We will continue to strengthen pre-prevention, in-process monitoring, and post-management, and increase the governance of the game content ecology to effectively maintain a healthy and clear game environment.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2025, the Group recorded revenue of approximately RMB1,248.1 million, representing an increase of RMB85.3 million or approximately 7.3% from approximately RMB1,162.8 million for the year ended 31 December 2024. The increase in revenue in 2025 was mainly due to the revenue increment brought by mini-games, primarily A Story of Lala's: Rising Star (杜拉拉升職記), Promise of Lingyun (凌雲諾) and the Legend of Empress (熹妃傳), which was higher than the natural decline in revenue of existing products as they progressed through their lifecycles.

Revenue by activity

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

	Year ended 31 December				
	2025		2024		Year-on-year % change
	RMB'000	%	RMB'000	%	
Revenue from games	1,247,784	99.9%	1,162,103	99.9%	7.4%
Others	319	0.1%	683	0.1%	-53.3%
Revenue	1,248,103	100.0%	1,162,786	100.0%	7.3%

Revenue from games by geographic markets

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

	Year ended 31 December				
	2025		2024		Year-on-year % change
	RMB'000	%	RMB'000	%	
Chinese Mainland	1,007,567	80.7%	897,458	77.2%	12.3%
Overseas	240,217	19.3%	264,645	22.8%	-9.2%
Revenue from games	1,247,784	100.0%	1,162,103	100.0%	7.4%

Management Discussion and Analysis

Cost of sales

For the year ended 31 December 2025, the Group's cost of sales amounted to approximately RMB336.8 million, representing a decrease of approximately RMB12.5 million or approximately 3.6% from approximately RMB349.3 million for the year ended 31 December 2024, which was mainly due to the decrease in distribution cost ratio resulting from the increased proportion of revenue from mini-games.

Gross profit and gross profit margin

As a result of the above, for the year ended 31 December 2025, the Group's gross profit amounted to approximately RMB911.3 million, representing an increase of approximately RMB97.8 million or approximately 12.0% from approximately RMB813.5 million for the year ended 31 December 2024. The gross profit margin for the year ended 31 December 2025 amounted to approximately 73.0%, representing an increase of 3 percentage points from approximately 70.0% for the year ended 31 December 2024, which mainly benefited from the increase in the proportion of revenue from our high-margin channels.

Sales and marketing expenses

For the year ended 31 December 2025, the Group's sales and marketing expenses amounted to approximately RMB544.5 million, representing a decrease of RMB12.5 million or approximately 2.2% from approximately RMB557.0 million for the year ended 31 December 2024, which was mainly due to (i) a decrease in brand marketing expenses, and (ii) a reduction in material production costs brought by AI efficiency improvements.

Research and development expenses

For the year ended 31 December 2025, the Group's research and development expenses amounted to approximately RMB281.2 million, representing a decrease of RMB11.5 million or approximately 3.9% from approximately RMB292.7 million for the year ended 31 December 2024, mainly due to (i) a decrease in employee expenses for the research and development department resulting from the reduced number of employees, and (ii) a decrease in share-based remuneration expenses for research and development staff.

Management Discussion and Analysis

General and administrative expenses

For the year ended 31 December 2025, the Group's general and administrative expenses amounted to approximately RMB40.0 million, representing a decrease of RMB1.8 million or approximately 4.3% from approximately RMB41.8 million for the year ended 31 December 2024.

Finance costs

For the year ended 31 December 2025, the Group's finance costs amounted to approximately RMB2.0 million, representing a decrease of approximately RMB1.9 million from approximately RMB3.9 million for the year ended 31 December 2024, which was mainly due to the impact of the decrease in both financing amount and financing cost ratio.

Income tax

For the year ended 31 December 2025, the Group's income tax expense amounted to approximately RMB3.1 million, representing a decrease of approximately RMB9.9 million from approximately RMB13.0 million for the year ended 31 December 2024, mainly due to the decrease in offshore income tax paid and the decrease in deferred income tax of certain individual companies during the Reporting Period.

Profit/(loss) for the year

Based on the reasons above, in 2025, our profit for the year amounted to approximately RMB93.2 million, representing an increase of approximately RMB142.1 million or approximately 290.7% compared to the net loss for the year of 2024 of approximately RMB48.9 million.

Adjusted profit/(loss) for the year

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

Management Discussion and Analysis

The table below sets forth the reconciliation between the Group's profit/(loss) and adjusted profit/(loss) for the year for the years ended 31 December 2025 and 2024:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit/(loss) for the year	93,165	(48,856)
Add: Equity settled share-based payments	3,577	6,014
Adjusted profit/(loss) for the year	96,742	(42,842)

Liquidity and capital resources

As of 31 December 2025, the Group's current liabilities/net assets amounted to approximately 0.15 (31 December 2024: 0.22).

As of 31 December 2025, the Group's cash and cash equivalents amounted to approximately RMB153.0 million. The Group monitors and maintains cash and cash equivalents to a level that management believes to be sufficient to meet the Group's operating needs, reducing the impact of cash flow fluctuations.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net cash generated from/(used in) operating activities	117,195	(52,833)
Net cash (used in)/generated from investing activities	(202,920)	5,860
Net cash used in financing activities	(93,251)	(15,313)
Net decrease in cash and cash equivalents	(178,976)	(62,286)
Cash and cash equivalents as at the beginning of the year	334,825	396,216
Effect of foreign exchange rate changes	(2,834)	895
Cash and cash equivalents as at 31 December	153,015	334,825

Management Discussion and Analysis

Operating activities

For the year ended 31 December 2025, net cash generated from operating activities was RMB117.2 million, compared to net cash used of RMB52.8 million for the year ended 31 December 2024.

Investing activities

For the year ended 31 December 2025, net cash used in investing activities was RMB202.9 million, which primarily included (1) payments for purchase of investments measured at FVPL of RMB1,635.2 million; (2) the proceeds from redemption of investments measured at FVPL of RMB1,504.0 million; (3) payments for purchase of investments of time deposits of RMB373.1 million; and (4) the proceeds from redemption of time deposit investment of RMB292.4 million; and net cash generated from investing activities for the year ended 31 December 2024 was RMB5.9 million.

Financing activities

For the year ended 31 December 2025, net cash used in financing activities was RMB93.3 million, which is mainly used to (1) repay the payment for bank borrowings of RMB152.0 million; (2) acquire the proceeds from bank borrowings of RMB70.9 million; (3) pay security deposits for bank acceptance bills of RMB6.0 million; and (4) purchase Shares of RMB5.3 million in respect of the Share Award Scheme; and net cash used in financing activities for the year ended 31 December 2024 was RMB15.3 million.

Capital expenditures

The Group's capital expenditures mainly included (1) purchase of equipment such as servers and computers; (2) purchase of such intangible assets as copyrights of literature and various office software used or to be used in our games; and (3) payment of housing rental fees for the acquisition of right-of-use assets.

Capital expenditures for the years ended 31 December 2025 and 2024 are set forth below:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Equipment	670	323
Intangible assets	1,348	3,292
Right-of-use assets	1,370	–

For the year ended 31 December 2025, the Group's expenditures on the acquisition of equipment amounted to approximately RMB0.7 million, representing an increase of RMB0.4 million from approximately RMB0.3 million for the year ended 31 December 2024; for the year ended 31 December 2025, the Group's expenditures on acquisition of intangible assets amounted to approximately RMB1.3 million, representing a decrease of RMB1.9 million from approximately RMB3.3 million for the year ended 31 December 2024, which was mainly attributable to the purchase of a two-year right to use the software used for research and development in 2024; for the year ended 31 December 2025, the Group's expenditures on leased office premises amounted to approximately RMB1.4 million, while there was no such expenditure for the year ended 31 December 2024.

Management Discussion and Analysis

Gearing ratio and capital structure

As at 31 December 2025, gearing ratio (calculated as the sum of bank loans and lease liabilities divided by total equity) was 5.7% (31 December 2024: 13.0%). For the year ended 31 December 2025, the Group's balance of bank borrowings amounted to approximately RMB70.3 million (31 December 2024: RMB149.4 million). The Company's number of issued Shares remained unchanged, being 2,180,850,000 Shares.

Contingent liabilities

As of 31 December 2025, the Group did not have any unrecorded significant contingent liabilities or any guarantees (2024: Nil).

Employees and remuneration policies

As of 31 December 2025, the Group had a total of 912 employees (31 December 2024: 887 employees), all based in the PRC. The Group determined the remuneration policy for the employees based on their performance, work experience and the current market salary scale. We did not experience any material labour disputes during the year ended 31 December 2025.

Restructuring and significant investments

During the year ended 31 December 2025, the Group did not have any restructuring and significant investments.

Financial assets

1. As of 31 December 2025, the Group's wealth management products were issued by licensed commercial banks and securities firms in China, including principal-protected floating return products and medium-to-low-risk non-principal-protected floating return products.
2. As of 31 December 2025, the wealth management products of the Group that have met the disclosable transaction requirements at the time of purchase under the Listing Rules were disclosed in relevant announcements. None of the remaining wealth management products had a fair value accounting for 5% or more of the Group's total assets.
3. As of 31 December 2025, the Group's limited partnership investments were investments in six venture capital partnerships as a limited partner. The fair value at the time of investment did not exceed 5% of the Group's total assets, or did not meet the disclosable transaction requirements under the Listing Rules, and therefore no disclosure was required.

Management Discussion and Analysis

As of 31 December 2025, the six venture capital partnerships (private funds) under the same fund manager exceeded 5% or more of the Group's total assets:

Time of investments	Names of private funds	Nature of funds	Fund manager	Scope of investments	Initial size of funds (RMB million)	Initial cost of investments (RMB million)	Initial percentage of investments	Cost of investments	Fair value	Fair value relative size to total assets as of 31 December 2025
								as of 31 December 2025 (RMB million)	as of 31 December 2025 (RMB million)	
July 2020	Suzhou Yongxin Ronghui Venture Capital Partnership (LP)* (蘇州永鑫融慧創業投資合夥企業 (有限合夥))	Comprehensive fund	Suzhou Yongxin Ark Equity Investment Partnership (蘇州永鑫方舟股權投資管理合夥企業 (普通合夥))	Investing in innovative enterprises in their startup and growth stages through equity investment	278.3	30.0	10.78%	28.2	30.4	6.68%
November 2021	Suzhou Yongxin Kaituo Venture Capital Partnership (LP)* (蘇州永鑫開拓創業投資合夥企業 (有限合夥))	Comprehensive fund	Suzhou Yongxin Ark Equity Investment Partnership (蘇州永鑫方舟股權投資管理合夥企業 (普通合夥))	Investing in innovative enterprises in their growth-stage through equity investment	500.9	30.0	5.99%	28.1	31.4	
November 2022	Suzhou Yongxin Rongchang Venture Capital Partnership (LP)* (蘇州永鑫融暢創業投資合夥企業 (有限合夥))	Specialized fund	Suzhou Yongxin Ark Equity Investment Partnership (蘇州永鑫方舟股權投資管理合夥企業 (普通合夥))	Investing through equity investment in the growth-oriented enterprises with core competitive advantages and potential for listing	76.3	5.0	6.55%	5.0	19.1	
July 2023	Suzhou Yongxin Rongyao Venture Capital Partnership (LP)* (蘇州永鑫融耀創業投資合夥企業 (有限合夥))	Comprehensive fund	Suzhou Yongxin Ark Equity Investment Partnership (蘇州永鑫方舟股權投資管理合夥企業 (普通合夥))	Investing in innovative enterprises focusing on pan-intelligent manufacturing industry related areas in their growth-stage through equity investment	600.0	5.0	0.83%	5.0	4.9	
July 2023	Suzhou Yongxin Rongke Venture Capital Partnership (LP)* (蘇州永鑫融科創業投資合夥企業 (有限合夥))	Specialized fund	Suzhou Yongxin Ark Equity Investment Partnership (蘇州永鑫方舟股權投資管理合夥企業 (普通合夥))	Investing through equity investment in the growth-oriented enterprises with core competitive advantages and potential for listing	52.1	5.0	9.60%	5.0	5.0	
March 2025	Suzhou Yongxin Ronglun Equity Investment Partnership (LP)* (蘇州永鑫融倫股權投資合夥企業 (有限合夥))	Specialized fund	Suzhou Yongxin Ark Equity Investment Partnership (蘇州永鑫方舟股權投資管理合夥企業 (普通合夥))	Investing through equity investment in the growth-oriented enterprises with core competitive advantages and potential for listing	52.1	5.0	9.60%	5.0	5.0	

Management Discussion and Analysis

4. As of 31 December 2025, the Group's stock investments were all stock investments with an active stock market, and no single stock investment had a fair value exceeding 5% or more of the Group's total assets.
5. As of 31 December 2025, the Group's investments in monetary funds referred to low-risk products in the securities investment funds, the fair value of which did not exceed 5% or more of the Group's total assets.
6. The Company has formulated standardized capital and investment management policies to monitor and control potential risks related to investment activities. When considering whether to invest and what kind of products to invest in, the management will consider, among other things, the risk level, investment return, liquidity and maturity of the relevant wealth management products on a case-by-case basis. Our investment portfolio and policies are regularly reviewed by our Directors and management team.

Material acquisitions and disposals of subsidiaries, associated corporations and joint ventures

For the year ended 31 December 2025 and up to the date of this report, there were no material acquisitions and disposals of subsidiaries, associated corporations and joint ventures.

Future Plan for Material Investments and Capital Assets

The Group did not have other plans for material investments and capital assets as at 31 December 2025 and up to the date of this report.

Off-balance sheet arrangements

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

Pledge of assets by the Group

As of 31 December 2025, the Group obtained borrowings and loans pledged by assets, and the amount of the secured assets was RMB35.8 million (31 December 2024: RMB60.0 million).

Foreign currency exchange risks

For the year ended 31 December 2025, most of the transactions denominated in non-RMB were denominated in U.S. dollars and Hong Kong dollars. The management team closely monitors foreign currency exchange risks to ensure that appropriate measures are implemented in a timely and effective manner. In the past, the Group has not incurred any significant foreign currency exchange losses in its operations. The management team will continue to closely monitor the Group's foreign currency exchange risks and will consider implementing appropriate measures.

EVENTS AFTER THE YEAR ENDED 31 DECEMBER 2025

The Group did not have any significant events after the year ended 31 December 2025 and up to the date of this report.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Jiang Xiaohuang (蔣孝黃), aged 43, is an executive Director, the chairman of the Board and the CEO of our Company. Mr. Jiang is responsible for the overall management, decision-making and strategic planning of our Group.

Mr. Jiang is the founder of our Group and he has near 21 years of experience in the game industry. Prior to founding our Group, from October 2004 to February 2009, Mr. Jiang served as the research and development director in Suzhou Snail Digital Technology Co., Ltd. (蘇州蝸牛數字科技股份有限公司), which is principally engaged in the development and operation of online games. Mr. Jiang founded Suzhou Bojoy Information Technology Co., Ltd. (蘇州寶將信息科技有限公司), the predecessor of FriendTimes Technology, in May 2010 and currently serves as the CEO of our Group. He is also a director of Friend World, Friend Century, Wish Interactive, Suzhou Eagle, FriendTimes Technology and Purple Blaze.

Mr. Jiang obtained his bachelor's degree (through online learning) in computer science and technology from Beihang University (北京航空航天大學) in July 2016 and his executive master of business administration (EMBA) from Tsinghua University (清華大學) in January 2017.

Mr. Xu Lin (徐林), aged 45, is an executive Director and the vice president of our Company. He is primarily responsible for assisting in the overall management, strategic planning and decision-making of products research and development of our Group.

Mr. Xu has over 20 years of experience in the technology industry. Prior to joining our Group, from July 2005 to June 2006, Mr. Xu had served as the game planner and artist in Suzhou Industrial Park Jima Game Software Co., Ltd. (蘇州工業園區吉碼遊戲軟件有限公司), where Mr. Xu was responsible for the planning and art design of games. From October 2006 to October 2008, Mr. Xu had worked in Suzhou Zhuo Ao You Electronics Co., Ltd. (蘇州卓奧友電子有限公司), a company primarily engaged in the development and sales of computer hardware and software and educational products. Mr. Xu joined FriendTimes Technology in November 2010 and currently serves as the vice president of our Group. He is also a director of FriendTimes Technology.

Mr. Xu obtained his bachelor's degree in history from Suzhou University of Science and Technology (蘇州科技大學) in June 2005, and his master's degree in business administration (MBA) from Concordia University in March 2019.

Mr. Sun Bo (孫波), aged 41, is an executive Director and the vice president of our Company. Mr. Sun is responsible for assisting in overall management, strategic planning and decision-making of products operation of our Group.

Mr. Sun has over 21 years of experience in the game industry. Prior to joining our Group, from December 2004 to December 2008, Mr. Sun had served as the operation manager in Suzhou Snail Digital Technology Co., Ltd. (蘇州蝸牛數字科技股份有限公司), a company primarily engaged in the development and operation of online games, where Mr. Sun was responsible for game operation. From February 2009 to November 2009, Mr. Sun had served as the game operation director of the game operation department in Hangzhou Yi Te Wangwang Network Technology Co., Ltd. (杭州易特旺旺網絡技術有限公司), which is principally engaged in the development of computer software, where Mr. Sun was responsible for the game operation. From December 2009 to November 2010, Mr. Sun had worked in Hangzhou Jiushang Technology Co., Ltd. (杭州久尚科技有限公司), which is principally engaged in the development of computer software and internet technology. Mr. Sun joined FriendTimes Technology in December 2010 and currently serves as the vice president of our Group. He is also a director of FriendTimes Technology and StarDynamic.

Mr. Sun obtained his professional diploma in network engineering and management from Anhui Wenda University of Information Engineering (安徽文達信息工程學院) in July 2005 and obtained his master's degree in business administration (MBA) from Asia City University (亞洲城市大學) in December 2019.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhu Wei (祝偉), aged 54, is an independent non-executive Director of our Company. Mr. Zhu is responsible for supervising and providing independent advice to our Board.

Mr. Zhu has over 22 years of experience in accounting and taxation. Prior to joining our Group, Mr. Zhu worked in various companies being responsible in the finance and accounting aspects. From December 2003 to December 2006, Mr. Zhu had worked in Jiangsu Welsen CPA Co., Ltd. (江蘇華星會計師事務所). From December 2006 to November 2009, Mr. Zhu had worked in Jiangsu Xinzongda CPA Co., Ltd. (江蘇新中大會計師事務所有限公司). From November 2009 until present, Mr. Zhu has been serving as a partner in Suzhou Newgrand Certified Public Accountants (蘇州仲華會計師事務所) where he is responsible for the operation and management. From August 2016 to July 2019, Mr. Zhu had served as an independent director of Jiangsu Yunyi Electric Co., Ltd. (江蘇雲意電氣股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300304.SZ). From May 2017 to July 2022, he had served as an independent director of Beijing Jetsen Technology Co., Ltd. (北京捷成世紀科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300182.SZ). Since May 2022, Mr. Zhu has been serving as an independent director of Jiangsu Yunyi Electric Co., Ltd (a company listed on the Shenzhen Stock Exchange, stock code: 300304.SZ). Mr. Zhu joined FriendTimes Technology in December 2015 and has been serving as an independent director since then.

Mr. Zhu was qualified as a registered tax agent in China (中國註冊稅務師) in September 1999. Mr. Zhu was admitted as a certified accountant of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in August 2002 and he was admitted as a member of the Institute of Public Accountants, Australia in January 2011. Mr. Zhu also obtained the senior accountant qualification (高級會計師資格) in September 2006. Mr. Zhu obtained the Independent Director Qualification of the Shenzhen Stock Exchange (深圳證券交易所) and the Shanghai Stock Exchange (上海證券交易所) in March 2016 and April 2016, respectively.

Mr. Zhu obtained his professional diploma in financial accounting from Suzhou Radio and Television University (蘇州市廣播電視大學) in July 1992 and his bachelor's degree in international finance from Nanjing University (南京大學) in April 1999.

Directors and Senior Management

Mr. Zhang Jinsong (張勁松), aged 56, is an independent non-executive Director of our Company. Mr. Zhang is responsible for supervising and providing independent advice to our Board.

Mr. Zhang has over 18 years of experience in business management. From June 2007 to December 2019, Mr. Zhang had served as the general manager of the merchant sales department of Suzhou Industrial Park Commercial Tourism Development Co., Ltd. (蘇州工業園區商業旅遊發展有限公司) where he was primarily responsible for the daily sales operation and management. Since January 2020, Mr. Zhang has been serving as the general manager of the risk control department of Suzhou Industrial Park Neighborhood Center Development Co., Ltd. (蘇州工業園區鄰里中心發展有限公司) where he is primarily responsible for the risk control. Mr. Zhang joined FriendTimes Technology in September 2019 and has been serving as an independent director since then.

Mr. Zhang obtained his professional diploma in trade economics from Suzhou Vocational University (蘇州市職業大學) in July 2003 and his bachelor's degree in economic information management from Naval Aeronautical and Astronautical University (中國人民解放軍海軍航空工程學院) in June 2006.

Ms. Tang Haiyan (唐海燕), aged 55, is an independent non-executive Director of our Company. Ms. Tang is responsible for supervising and providing independent advice to our Board.

Ms. Tang has over 32 years of experience as a PRC qualified lawyer. Since July 1995, Ms. Tang has been responsible for the operation and management as a partner of Y & T Lawyers (江蘇益友天元律師事務所) that was founded by her. From February 2015 to April 2021, Ms. Tang had served as an independent director of Suzhou Thvow Technology Co., Ltd. (蘇州天沃科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002564.SZ). From February 2016 to June 2022, Ms. Tang had served as an independent director of Sufa Technology Industry Co., Ltd. (中核蘇閩科技實業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000777.SZ). From August 2016 to June 2019, Ms. Tang had served as a director of Tibet Summit Resources Co., Ltd. (西藏珠峰資源股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600338.SH). From June 2019 to May 2025, Ms. Tang served as an independent director of Suzhou Veichi Electric Co., Ltd (蘇州偉創電氣科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688698.SH). Since January 2010, Ms. Tang has been a director of Jiangsu Zhong Ou Investment Co., Ltd. (江蘇中歐投資股份有限公司). Since February 2018, Ms. Tang has been a director of Suzhou Lunhua Education Investment Co., Ltd. (蘇州倫華教育投資有限公司). Ms. Tang joined FriendTimes Technology in April 2018 and has been serving as an independent director since then.

Ms. Tang became a qualified PRC lawyer in May 1993. Ms. Tang is currently an executive director of the Institute of Securities Law of CLS (中國法學會證券法學研究會) and an arbitrator of the sixth Suzhou Arbitration Commission (蘇州仲裁委員會). Ms. Tang obtained the Independent Director Qualification from the Shanghai Stock Exchange (上海證券交易所) and the Shenzhen Stock Exchange (深圳證券交易所) in September 2008 and September 2016, respectively.

Ms. Tang obtained her bachelor's degree in economic law from East China University of Political Science and Law (華東政法大學) in July 1992, her master's degree in international economic law from University of Canberra, Australia in July 2004, and her master's degree in business administration (MBA) from China Europe International Business School (中歐國際工商學院) in September 2008.

Directors and Senior Management

SENIOR MANAGEMENT

Mr. Yu Xinghong (俞星宏), aged 41, is currently the vice president of our Company. He is mainly responsible for assisting in the overall management, strategic planning and decision-making of product research and development of our Group.

Mr. Yu has over 18 years of experience in the gaming industry. Prior to joining our Group, from February 2008 to May 2010, Mr. Yu worked as a game data planner at Shanghai Morefun Digital Technologies Co., Ltd. (上海美峰數碼科技有限公司). From May 2010 to December 2012, Mr. Yu worked as a game data planner at Shanghai Baoyu Information Technology Co., Ltd. (上海暴雨信息科技有限公司). From January 2013 to September 2013, Mr. Yu served as the lead game planner at Suzhou Songzhilin Network Technology Co., Ltd. (蘇州松之林網絡科技有限公司). Mr. Yu joined FriendTimes Technology in September 2013 and currently serves as the vice president of our Group.

Mr. Yu obtained his Bachelor's degree in Information and Computing Science from Jiangsu Ocean University (江蘇海洋大學) (formerly known as Huaihai Institute of Technology (淮海工學院)) in June 2008.

Ms. Li Ya (李姪), aged 44, is the chief financial officer of our Company. Ms. Li is responsible for providing financial management and formulating financial strategies of our Group.

Ms. Li has over 19 years of experience in accounting and finance. From February 2007 to December 2008, Ms. Li worked as an accountant in the finance department of Suzhou Xinrui Meiwen Computer Engineering Co., Ltd. (蘇州新銳美文計算器工程有限公司). From January 2009 to October 2010, Ms. Li worked as a finance manager of Jiangsu Century Ark Culture Development Co., Ltd. (江蘇世紀方舟文化發展有限公司). Ms. Li joined FriendTimes Technology in December 2010 and currently serves as the chief financial officer of our Group.

Ms. Li was admitted as a member of the Institute of Public Accountants Australia in December 2016 and she obtained the intermediate accountant qualification certificate of PRC (中級會計職稱) in February 2017. She was also admitted as an associate of the Association of International Accountants in February 2019. Ms. Li also obtained the Board Secretary Qualification of the Shenzhen Stock Exchange in May 2016.

Ms. Li obtained her professional diploma in accounting from Nanjing University of Finance & Economics (南京財經大學) in January 2009 and her master's degree in business administration (MBA) from Hong Kong Asia Business College (香港亞洲商學院) in December 2017.

For biographical information about Mr. Jiang Xiaohuang, Mr. Xu Lin, and Mr. Sun Bo (who form part of our Senior Management), please see the section headed "Executive Directors" above.

CHANGE IN INFORMATION OF DIRECTORS

Save as disclosed in this report, there was no change in the information of our Directors or chief executives of the Company subsequent to the publication of the 2025 interim report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors and Senior Management

COMPANY SECRETARY

Ms. Fung Wai Sum (馮慧森), aged 43, was appointed as our joint company secretary on 21 February 2019 and has served as our sole company secretary since 24 June 2022. Ms. Fung is a senior manager of Company Secretarial Services of Tricor Services Limited, a member of Vistra Group.

Ms. Fung has over 21 years of experience in providing professional corporate secretarial services to private and listed companies. Ms. Fung is currently the company secretary of six listed companies on the Stock Exchange, namely our Company, Tongdao Liepin Group (stock code: 6100.HK), China ZhengTong Auto Services Holdings Limited (stock code: 1728.HK), Greenland Hong Kong Holdings Limited (stock code: 0337.HK), ClouDr Group Limited (stock code: 9955.HK) and Migao Group Holdings Limited (stock code: 9879), and the joint company secretary of two listed companies on the Stock Exchange, namely Shenzhen Neptunus Interlong Bio-Technique Company Limited (stock code: 8329.HK) and YSB Inc. (stock code: 9885.HK).

Ms. Fung is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute (formerly “The Hong Kong Institute of Chartered Secretaries”) and The Chartered Governance Institute in the United Kingdom. Ms. Fung obtained her bachelor’s degree in business administration in operations management and economics from The Hong Kong University of Science and Technology in November 2004, and her master’s degree in professional accounting and corporate governance from City University of Hong Kong in November 2008.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board is committed to adhering to a high standard of corporate governance.

The Board believes that a high standard of corporate governance is essential in providing a framework for the Company to safeguard the interests of Shareholders, potential investors and business partners, and to enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

COMPLIANCE WITH THE CG CODE

The Company has adopted the code provisions as set out in the CG Code as its corporate governance framework. For the year ended 31 December 2025, the Company has complied with the code provisions set out in the CG Code except for the deviation from code provision C.2.1 as disclosed below.

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

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code for Directors to conduct securities transactions. The Company has made specified enquiry with all the Directors, who have confirmed that, they have complied with the required standards set out in the Model Code during the year ended 31 December 2025.

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

Corporate Governance Report

ARTICLES OF ASSOCIATION

For the year ended 31 December 2025, there was no change to the Articles of Association of the Company, and its current version is posted on the websites of the Stock Exchange and the Company.

THE BOARD OF DIRECTORS

Board Composition

The Board currently consists of 6 Directors comprising 3 executive Directors and 3 independent non-executive Directors.

Executive Directors

Mr. Jiang Xiaohuang (*Chairman of the Board and CEO*)

Mr. Xu Lin

Mr. Sun Bo

Independent Non-executive Directors

Mr. Zhu Wei

Mr. Zhang Jinsong

Ms. Tang Haiyan

Brief biographical details of Directors and Senior Management are set out in the section headed “Directors and Senior Management” of this annual report. Save as disclosed in the Prospectus and in this report, to the best knowledge of the Company, there has been no financial, business, family, or other material/relevant relationships among members of the Board.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

For the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors confirming his/her independence in accordance with Rule 3.13 of the Listing Rules and the Company considers that all independent non-executive Directors are independent.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All Directors (including independent non-executive Directors) are appointed for a specific term of three years which may be extended as each and the Company may agree, subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association. Article 16.19 of the Articles of Association provides that at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at least once every three years. The Company has also implemented a set of effective procedures for the appointment of new Directors. The nomination of new Directors shall be first deliberated by the Nomination Committee and then submitted to the Board, subject to approval by election at the general meeting.

Corporate Governance Report

In accordance with the Articles of Association, Mr. Xu Lin and Mr. Zhu Wei shall retire at the AGM. All of the above Directors, being eligible, will offer themselves for re-election at the AGM.

Where vacancies on the Board exist, the Nomination Committee evaluates skills, knowledge and experience required by the Board, and identifies if there are any special requirements for the vacancy. The Nomination Committee identifies appropriate candidates and convenes Nomination Committee meeting to discuss and vote in respect of the nominated Directors, and recommends candidates for Directors to the Board.

The Nomination Committee considers candidates with individual skills, experience and professional knowledge that can best assist and facilitate the effectiveness of the Board. The Nomination Committee takes the policy on Board diversity of the Company into consideration when it considers the balance of composition of the Board as a whole.

MECHANISM FOR ASSESSING THE INDEPENDENCE OF THE BOARD

The Company has complied with code provision B.1.3 of the CG Code by adopting the Board independence assessment mechanism ("Board Independence Assessment Mechanism") during the year to ensure that the Board has a strong element of independence to enable the Board to exercise independent judgment effectively and better protect the interests of the Shareholders and the Company.

The objectives of the assessment are to improve the effectiveness of the Board to maximize its strengths and identify areas for improvement or further development. The assessment process also articulates actions the Company needs to take to maintain and improve Board performance, for example, identifying the individual training and development needs of each Director.

Under the Board Independence Assessment Mechanism, an annual review on Board independence will be conducted. The Board Independence Assessment Report will be presented to the Board for discussion of the results and actions for improvement.

During the year ended 31 December 2025, all Directors have completed an independence assessment, and the Board Independence Assessment Report has been submitted to the Board. The Board has also reviewed the implementation and effectiveness of the Board Independence Assessment Mechanism and the results were satisfactory.

BOARD DIVERSITY

The Company believes that diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a Board Diversity Policy to ensure that the Company will, when determining the composition of the Board, consider Board diversity in terms of, among other things, age, gender, cultural and educational background, professional and industry experience, skills and knowledge, insight, and the potential contributions that such candidate could bring to the Board. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires being effective. The structure, size and composition (including, for example, gender, age, and length of service) of the Board will be reviewed from time to time by the Nomination Committee to ensure that the Board has a balance of skills, expertise and diversity of perspective for providing effective leadership to the Company and meeting the needs of the Group.

Corporate Governance Report

The Company recognizes and embraces the benefits of having a diverse Board, and considers diversity at Board level as an essential element in maintaining a competitive advantage. The Company also recognizes the importance of being able to attract, retain and motivate employees from the widest pool of available talent, and is committed to diversity at all levels, including gender, age, cultural and educational background, and professional experience. A truly diverse Board will include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Nomination Committee has conducted an annual review of the Board Diversity Policy to ensure its effectiveness. The review results were satisfactory.

The Nomination Committee of the Company reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new Directors of the Company. The Nomination Committee also oversees the conduct of the annual review of the effectiveness of the Board.

In reviewing and assessing the composition of the Board, the Nomination Committee considers the benefits of diversity in all aspects, including without limitation, those described above, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board. Factors to be taken into account include: gender, age, ethnicity, cultural and educational background, professional skills, experience and knowledge. Due regard is to be given to the business model and specific needs of the Company.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender

Male: 5 Directors

Female: 1 Director

Age Group

Aged 41–50: 3 Directors

Aged 51–60: 3 Directors

Designation

Executive Directors: 3 Directors

Independent Non-executive Directors: 3 Directors

Educational Background

Business Administration: 3 Directors

Accounting and Finance: 1 Director

Legal: 1 Director

Others: 1 Director

Corporate Governance Report

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy and the Board is sufficiently diverse. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

GENDER DIVERSITY

The Company values gender diversity across all levels of the Group. The male-to-female ratio in the workforce of the Group, including the Board and Senior Management as at the date of this annual report is approximately 2:1.

The Board targeted to achieve and has achieved having at least one female Director in the Group, and considers that the above current gender diversity is satisfactory. Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report of the Company for the year.

The Company will also proactively provide trainings to our Senior Management and will take into account the factor of gender diversity when recruiting suitable candidates for our Senior Management in the future, so as to develop a pipeline of potential successors for the Board and enhance gender diversity in the Board in the coming years.

The Company has adopted the Director Nomination Policy. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. In overseeing the conduct of the annual review of the effectiveness of the Board, the Nomination Committee considers the balance of talents, skills, experience, independence and knowledge on the Board and the diversity representation of the Board.

DIRECTORS' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE

The Company has entered into Directors' and Senior Management's liability insurance policy to cover any possible legal action against them.

DELEGATION TO THE MANAGEMENT

The Board reserves decision-making power for all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (especially those that may involve conflicts of interest), financial data, appointment of Directors and other significant financial and operational matters. Directors could seek independent professional advice in performing their duties at the Company's expense and are encouraged to access to and to consult with the Company's Senior Management independently.

The daily management, administration and operation of the Company are delegated to the Senior Management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the Senior Management.

Corporate Governance Report

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors are provided with necessary training and information to ensure that they have a proper understanding of the Company's operations, businesses and market in which it operates as well as his responsibilities under relevant statutes, laws, rules and regulations. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole to discharge their duties. The Directors and Senior Management also meet on a regular basis or as necessary to discuss issues such as operation of the Group, corporate governance policies, and regulatory compliance.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a Director.

The training record of each Director for the year ended 31 December 2025 is set out below:

Name of Directors	Reading materials in relation to Corporate Governance and Regulations	Training in relation to Corporate Governance and Regulations
Executive Directors		
Mr. Jiang Xiaohuang	Yes	Yes
Mr. Xu Lin	Yes	Yes
Mr. Sun Bo	Yes	Yes
Independent Non-executive Directors		
Mr. Zhu Wei	Yes	Yes
Mr. Zhang Jinsong	Yes	Yes
Ms. Tang Haiyan	Yes	Yes

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

For the year ended 31 December 2025, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and Senior Management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

Corporate Governance Report

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board committee meetings, reasonable notice is given. The agenda and accompanying board papers are dispatched to the Directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the company secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by all Directors.

For the year ended 31 December 2025, the Company held eight Board meetings. The Directors have attended the meetings via video or telephone conference, or in person. The Company will continue to fully comply with code provision C.5.1 of the CG Code to hold Board meetings at least four times a year, and at approximately quarterly intervals. The attendance record of the Directors at the Board meetings is set out below:

Name of Directors	Attendance/Number of meetings eligible to attend
Executive Directors	
Mr. Jiang Xiaohuang	8/8
Mr. Xu Lin	8/8
Mr. Sun Bo	8/8
Independent Non-executive Directors	
Mr. Zhu Wei	8/8
Mr. Zhang Jinsong	8/8
Ms. Tang Haiyan	8/8

Corporate Governance Report

GENERAL MEETINGS

For the year ended 31 December 2025, the Company held one general meeting in total. The attendance record of the Directors at the general meeting is set out below:

Name of Directors	Attendance/Number of meetings eligible to attend
Executive Directors	
Mr. Jiang Xiaohuang	1/1
Mr. Xu Lin	1/1
Mr. Sun Bo	1/1
Independent Non-executive Directors	
Mr. Zhu Wei	1/1
Mr. Zhang Jinsong	1/1
Ms. Tang Haiyan	1/1

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Group's affairs. All Board committees of the Company are established with defined written terms of reference which are published on the Company's and the Stock Exchange's websites.

The majority of the members of each Board committee are independent non-executive Directors. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The Audit Committee was established by our Company pursuant to a resolution of the Board on 11 September 2019 with written terms of reference in compliance with Rule 3.22 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to make recommendations to our Board on the appointment, re-appointment and removal of external auditors; review the financial statements; provide material advice in respect of our financial reporting process; oversee our internal control and risk management systems and audit process; and provide advice and comment to our Board on matters related to corporate governance. The members of the Audit Committee are Mr. Zhu Wei, Mr. Zhang Jinsong and Ms. Tang Haiyan, all of whom are independent non-executive Directors. Mr. Zhu Wei is the chairman of the Audit Committee who possesses suitable professional qualifications.

Corporate Governance Report

For the year ended 31 December 2025, the Audit Committee held two meetings. The members have attended the meetings via video or telephone conference, or in person. The attendance of each member is set out below:

Name of members	Attendance/Number of meetings eligible to attend
Mr. Zhu Wei	2/2
Mr. Zhang Jinsong	2/2
Ms. Tang Haiyan	2/2

The Audit Committee has, in respect of the year ended 31 December 2025, reviewed the annual financial results and report for the year ended 31 December 2024, the interim financial results and report for the period ended 30 June 2025 and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, re-appointment of external auditors and relevant scope of works, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee has reviewed the Company's audited consolidated results for the year ended 31 December 2025 and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

Remuneration Committee

The Remuneration Committee was established by our Company pursuant to a resolution of the Board on 11 September 2019 with written terms of reference in compliance with Rule 3.26 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration Committee are to review and make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to Directors and Senior Management of our Group and to review and approve the share award plan of the Company. The members of the Remuneration Committee are Mr. Zhang Jinsong, Mr. Jiang Xiaohuang and Mr. Zhu Wei. Mr. Zhang Jinsong is the chairman of the Remuneration Committee.

For the year ended 31 December 2025, the Remuneration Committee held one meeting. The members have attended the meeting via video or telephone conference, or in person. The attendance of each member is set out below:

Name of members	Attendance/Number of meetings eligible to attend
Mr. Zhang Jinsong	1/1
Mr. Jiang Xiaohuang	1/1
Mr. Zhu Wei	1/1

The Remuneration Committee has, in respect of the year ended 31 December 2025, considered and reviewed the existing remuneration policies and structures, reviewed and approved matters relating to the Share Award Scheme and reviewed and made recommendations to the Board on the remuneration policy and the remuneration packages of the Directors and Senior Management.

Corporate Governance Report

Further details of the remuneration payable to the Directors and the five highest paid individuals for the year ended 31 December 2025 are set out in notes 7 and 8 to the consolidated financial statements in this annual report.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management of the Company by band for the Reporting Period is set out below:

Remuneration bands (RMB)	Number of individuals
1,000,000–2,000,000	3
2,000,000–3,000,000	2
Total	5

Nomination Committee

The Nomination Committee was established by our Company pursuant to a resolution of the Board on 11 September 2019 with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to review the structure, size and composition of our Board at least annually; assist the Board in maintaining a board skills matrix and review and make recommendations to the Board on appointment of Directors and the management of the Board succession. The members of the Nomination Committee are Mr. Jiang Xiaohuang, Mr. Zhang Jinsong and Ms. Tang Haiyan. Mr. Jiang Xiaohuang is the chairman of the Nomination Committee.

For the year ended 31 December 2025, the Nomination Committee held one meeting. The members have attended the meeting via video or telephone conference, or in person. The attendance of each member is set out below:

Name of members	Attendance/Number of meetings eligible to attend
Mr. Jiang Xiaohuang	1/1
Mr. Zhang Jinsong	1/1
Ms. Tang Haiyan	1/1

The Nomination Committee has, in respect of the year ended 31 December 2025, conducted an annual review of the Board Diversity Policy and the composition of the Board, and reviewed the annual confirmation of independence of the independent non-executive Directors and assessed their independence.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES IN RESPECT OF CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025 to give a true and fair view of the affairs of the Company and of the Company's results and cash flows.

The management has provided the Board with such explanation and information as necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. During the Reporting Period, the Company provided all members of the Board with monthly updates on the Company's performance, position and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. The statement by the Auditor regarding their reporting responsibilities on the audited consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 135 to 139 of this annual report.

Directors' Interests in Shares

Details of the Directors' interests in the Company's Shares are set out in the section headed "Report of the Directors" of this annual report.

Dividend Policy

The Company has adopted the Dividend Policy on payment of dividends. Subject to the Companies Act of the Cayman Islands and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

The Board will determine the level of dividends after considering the factors of the Company including (i) the results of operations, (ii) cash flows, (iii) future prospects, (iv) financial condition, (v) economic and political conditions of the business environment, (vi) share buy-back, (vii) the statutory and regulatory restrictions on the payment of dividends and (viii) other factors as may be considered relevant by the Board, and subject to the approval of Shareholders. The Board has the absolute discretion to recommend any dividends.

Auditor's Remuneration

Remuneration payable to KPMG, the external auditor of the Company, for the year ended 31 December 2025 is as follows:

Service nature	Amount RMB'000
Audit services	
— Audit and audit related services	2,030.0
— Non-audit services	—
Total	2,030.0

Corporate Governance Report

Accountability and Audit

The Directors acknowledge their responsibility for preparing the financial statements to give a true and fair view of the financial position of the Group and the results and cash flows for the year ended 31 December 2025. The statement by the Auditor regarding their reporting responsibilities on the financial statements is set out on pages 135 to 139 of this annual report. During the preparation of the financial statements for the year ended 31 December 2025, the Directors have selected suitable accounting policies and applied them consistently; made judgements and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant impact on the Group's ability to continue as a going concern. The Company's long-term basis for generating or preserving value and its strategy for achieving its goals are detailed in the "Management Discussion and Analysis" on pages 14 to 32 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board continuously supervises the effectiveness of the Company's risk management and internal control system with the assistance of the Audit Committee, so as to protect the Company's assets and the interests of Shareholders. The Company's risk management and internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses. The effectiveness of the risk management and internal control systems are reviewed annually.

The Company has established its internal audit function, which is responsible for independently reviewing the adequacy and effectiveness of the Company's risk management and internal control system and reporting the results to the Audit Committee. The Internal Control Supervisor of the Company coordinates the detailed work of internal control and takes charge of sorting out and optimizing business processes and the management mechanism, as well as conducting evaluation on the effectiveness of internal control. In addition to the internal control and internal audit functions, all employees are accountable for risk management and internal control within their business scope. Business departments actively cooperate with internal control and internal audit functions, report to the management team on any important business development and how policies and strategies established by the Company are implemented within the department, and timely identify, assess and manage major risks.

The Company has formulated risk management and internal control management policies to construct a fundamental environment for risk management and internal control. Currently, the Company has set up the internal control framework, which relates to business processes such as procurement, sales, human resources and payroll management, marketing management, tax management, capital management, information security and intellectual property rights, financial reporting and disclosure. Risk assessment is conducted on a regular basis (at least once a year), to ensure the effective operation of risk management and internal control.

The Company has taken a series of rectification measures for the relevant risk issues disclosed in the Prospectus prior to the Listing of the Company and will continue to follow up.

During the year ended 31 December 2025, the Board has reviewed the effectiveness of the risk management and internal control system of the Company. The review included key controls, including financial, operational and compliance control and risk management functions. The Board considered that the risk management and internal control systems are effective and adequate, and the Company's resources for accounting, internal audit and financial reporting functions are generally sufficient, qualification, experience of the staff, and the training programs received by staff and the related budgets are also sufficient. The review has been discussed by the Company's management, external and internal auditors and evaluated by the Audit Committee.

Corporate Governance Report

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, Senior Management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

The Board is committed to incorporating the ESG mindset into business operations. The Board accepts full responsibility for the sustainability of the Group, including formulating strategies, overseeing the Group's ESG related risks and opportunities, and approving the ESG Report. The Board is also required to keep abreast of and comply with the latest regulatory requirements before the approval of the ESG Report.

The Board believes that the management of ESG-related risks and opportunities is essential to the Group's efficient and effective operation. The risk management and internal control systems assure accuracy, reliability and the timeliness of the data presented and sustainable development measures. The Board will also regularly review the implementation effectiveness of the systems and whether they cover major control measures on material ESG issues.

Company Secretary

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has engaged Ms. Fung Wai Sum, a senior manager of Company Secretarial Services of Tricor Services Limited (a member of Vistra Group) (a company secretarial service provider), as the company secretary of the Company to advise the Board on corporate governance matters, ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed. Ms. Li Ya, the chief financial officer of our Company is the primary corporate contact person of Ms. Fung Wai Sum, the company secretary of the Company.

Ms. Fung Wai Sum has informed the Company that she has received no less than 15 hours of relevant professional training during the year ended 31 December 2025. Her trainings satisfied the requirements under Rule 3.29 of the Listing Rules.

SHAREHOLDERS

Communication with Shareholders and Investor Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Company's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

The annual general meetings provide opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Board and the chairmen of the Board committees of the Company will attend the annual general meetings to answer Shareholders' questions. The external auditor of the Company will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

The Company encourages the Shareholders to attend annual general meetings and other general meetings, which allows the Shareholders to communicate with the Board, and exercise their right to vote.

Corporate Governance Report

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at <https://www.friendtimes.net>, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. The shareholders' communication policy will be reviewed annually. During the year, the Board has reviewed the implementation and effectiveness of the shareholders' communication policy and the results were satisfactory.

Shareholders may at any time send their enquiries or concerns to the Board in writing through the company secretary whose contact details are as follows:

FriendTimes Building, No. 68 Qitai Road, Suzhou Industrial Park, Jiangsu Province, the PRC, or
Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
(email address: ir@friendtimes.net)

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of Extraordinary General Meeting and Putting Forward Proposals

Pursuant to Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened or resolutions shall be added to the agenda of a meeting on the written requisition of any one or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company. General meetings may also be convened on the written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Report of the Directors

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The Company is an investment holding company. The Group is a leading integrated and well-established mobile game developer, publisher and operator in the PRC with particular success in female-oriented games. Details of the principal activities of the principal subsidiaries of the Company are set out in note 14 to the financial statements. An analysis of the Group's revenue and business condition for the year ended 31 December 2025 by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

Business Review

A fair review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year and an indication of likely future developments in the Group's business, could be found in the section headed "Management Discussion and Analysis" in this annual report. In addition, a discussion on relationships with its key stakeholders is included in the section headed "Management Discussion and Analysis". The review and discussion form part of this Report of the Directors.

Principal Risks and Uncertainties

We face various risks involved in our daily business operations, including risks that are specific to our game publishing business as well as the industry and regulatory landscape in the PRC. In particular, our commercial launch of mobile games is subject to certain pre-approval and post-filing procedures with the relevant competent regulatory authorities in the PRC, which may change from time to time. For more details, please refer to the sections headed "Risk Factors" and "Business — Recent Change in Regulatory Environment" in the Prospectus.

Financial Results

The financial results of the Group during the year ended 31 December 2025 are set out in the consolidated statement of profit or loss in this annual report.

Charitable Donations

Details of the Group's charities for the year are set out in the chapter headed "Environmental, Social and Governance Report — B8. Community Investment — Corporate Social Responsibility".

Summary of Financial Information for the Past Five Years

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 10 of this annual report. This summary does not form part of the audited financial statements.

Relationship with Employees, Customers and Suppliers

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

The Group also understands that maintaining good relationships with customers and suppliers is critical to achieving its long-term goals. During the year ended 31 December 2025, there were no serious disputes between the Group and its customers and/or suppliers.

Report of the Directors

Compliance with Laws and Regulations

The Group is subject to various PRC laws and regulations in relation to its game publishing operations in the PRC, including, without limitation, in the aspects of value-added telecommunication services, game examination, publishing and operation, virtual currency, real-name registration, anti-addiction system, information security and censorship, and privacy protection.

As far as the Board is aware, during the Reporting Period, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects.

Dividend

The Board proposed the payment of a final dividend of HK2 cents per ordinary Share for the year ended 31 December 2025 (31 December 2024: Nil).

The payment of the final dividend shall be subject to the approval by the Shareholders at the AGM. Upon the approval by the Shareholders, the final dividend is expected to be paid on or around Wednesday, 10 June 2026.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

Annual General Meeting

The AGM will be held on Tuesday, 12 May 2026. A notice convening the AGM will be published and dispatched to the Shareholders in due course in the manner prescribed by the Listing Rules.

Closure of Register of Members

1. Entitlement to attend and vote at the 2026 AGM

For determination of the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 7 May 2026 to Tuesday, 12 May 2026 (both days inclusive), during which period no transfer of the Shares will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 6 May 2026.

2. Entitlement to the final dividend for 2025

For determination of the entitlement of Shareholders to the final dividend for 2025 (final dividend is subject to approval by the Shareholders at the AGM), the register of members of the Company will be closed from Monday, 18 May 2026 to Thursday, 21 May 2026 (both days inclusive), during which period no transfer of the Shares will be registered. The record date for the entitlement to the final dividend for 2025 is Thursday, 21 May 2026. In order to qualify for the entitlement to the final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 15 May 2026. The payment date for the final dividend for 2025 is expected to be on or around Wednesday, 10 June 2026.

Report of the Directors

Distributable Reserves

The Company's distributable reserves as at 31 December 2025 amounted to approximately RMB146.3 million.

Property, Plant and Equipment

Details of the changes in property, plant and equipment of the Group for the year ended 31 December 2025 are set out in note 10 to the financial statements.

Environmental Protection Policy and Performance

The Group understands the importance of environmental protection. There was no non-compliance with relevant laws and regulations in terms of business, including health and safety, factory conditions, employment and environment. The Group has implemented environmental protection measures and has encouraged employees to pay attention to environmental protection at work and consume electricity and paper according to actual needs to reduce energy consumption and minimize unnecessary waste. For further details, please refer to the section headed "Environmental, Social and Governance Report" of this annual report.

Share Capital

Details of the movements in share capital of the Company during the year ended 31 December 2025 are set out in note 25 to the financial statements.

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed the listed securities of the Company (including sale of treasury shares as defined under the Listing Rules). The Company did not hold any treasury shares (as defined under the Listing Rules) as at 31 December 2025.

Directors

During the Reporting Period and up to the date of this annual report, the Directors of the Company are as follows:

Executive Directors

Mr. Jiang Xiaohuang (*Chairman of the Board and CEO*)

Mr. Xu Lin

Mr. Sun Bo

Independent Non-executive Directors

Mr. Zhu Wei

Mr. Zhang Jinsong

Ms. Tang Haiyan

The biographical details of the Directors and Senior Management are set out in the section headed "Directors and Senior Management" of this annual report.

Report of the Directors

Directors' Service Contracts

Each of our executive Directors has entered into a service contract with the Company for a term of three years commencing from the Listing Date, which was renewed for a further three years commencing from 8 October 2022 and 8 October 2025, respectively, and may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our 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 was renewed for a further three years commencing from 8 October 2022 and 8 October 2025, respectively, and may be terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors has or is proposed to have a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Transactions, Arrangements or Contracts

There was no transaction, arrangement or contract of significance to which the Company or its subsidiaries, or its holding companies or any of its fellow subsidiaries was a party, and in which a Director or an entity connected with the Director was materially interested, whether directly or indirectly, subsisting during or at the end of the year ended 31 December 2025.

Directors' Interests in Competing Business

None of the Directors have any interest in a business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's business and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

Emoluments of Directors, Senior Management and Employees

The remuneration policy of the Group is formulated on the basis of the performance, work experience and salary level prevailing in the market. Particulars of Directors' and Senior Management's remuneration, five highest paid individuals' emoluments and staff costs are set out in notes 7 and 8 to the financial statements.

During the year ended 31 December 2025, no emoluments were paid by the Group to the Directors and the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. No Director waived any emolument during the year ended 31 December 2025.

Report of the Directors

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2025, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were 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 and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in Shares or underlying Shares of the Company as at 31 December 2025			
Name	Capacity/Nature of interest	Number of Shares held/interested	Approximate percentage of interest ⁽²⁾
Mr. Jiang Xiaohuang ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Interest of a controlled corporation/ Founder of a discretionary trust	1,245,176,157 (L) ⁽¹⁾	57.10%
Mr. Xu Lin ⁽⁷⁾	Interest of a controlled corporation	7,141,974 (L) ⁽¹⁾	0.33%
	Beneficial owner	1,776,000 (L) ⁽¹⁾	0.08%
Mr. Sun Bo ⁽⁸⁾⁽⁹⁾	Interest of a controlled corporation	3,570,987 (L) ⁽¹⁾	0.16%
	Beneficial owner	1,650,000 (L) ⁽¹⁾	0.08%
	Person having a right to require delivery of the underlying Shares	502,000 (S) ⁽¹⁾	0.02%

Report of the Directors

Notes:

- (1) The letter "L" denotes the person's long position in the Shares of the Company. The letter "S" denotes the person's short position in the Shares of the Company.
- (2) The calculation is based on the total number of 2,180,850,000 Shares in issue as at 31 December 2025.
- (3) 941,774,116 Shares are registered under the name of Eternal Heart Holdings Limited, the issued share capital of which is owned as to 100% by Gorgeous Sunshine Holding Limited, which is in turn the holding vehicle wholly-owned by TMF (Cayman) Ltd., the trustee of Jiang Family Trust. Jiang Family Trust is a discretionary trust established by Mr. Jiang as the settlor and protector. Accordingly, Mr. Jiang is deemed to be interested in the Shares held by Eternal Heart Holdings Limited for the purpose of Part XV of the SFO.
- (4) 90,500,000 Shares are registered under the name of Ling Long Holdings Limited, the issued share capital of which is owned as to 100% by Gorgeous Sunshine Holding Limited, which is in turn the holding vehicle wholly-owned by TMF (Cayman) Ltd., the trustee of Jiang Family Trust. Jiang Family Trust is a discretionary trust established by Mr. Jiang as the settlor and protector. Accordingly, Mr. Jiang is deemed to be interested in the Shares held by Ling Long Holdings Limited for the purpose of Part XV of the SFO.
- (5) 189,754,000 Shares are registered under the name of Warm Sunshine Holdings Limited, the issued share capital of which is owned as to 100% by Future Wisdom Holdings Limited, which is in turn wholly-owned by Mr. Jiang. Accordingly, Mr. Jiang is deemed to be interested in the Shares held by Warm Sunshine Holdings Limited for the purpose of Part XV of the SFO.
- (6) 23,148,041 Shares are registered under the name of Agile Eagle Holdings Limited, the issued share capital of which is owned as to 100% by Mr. Jiang. Accordingly, Mr. Jiang is deemed to be interested in the Shares held by Agile Eagle Holdings Limited for the purpose of Part XV of the SFO.
- (7) 7,141,974 Shares are registered under the name of Purple Crystal Holdings Limited, the issued share capital of which is owned as to 100% by Purple Dream Holdings Limited, which is in turn 17.24% owned by Mr. Xu. Accordingly, Mr. Xu is deemed to be interested in the Shares held by Purple Crystal Holdings Limited for the purpose of Part XV of the SFO.
- (8) 3,570,987 Shares are registered under the name of Purple Crystal Holdings Limited, the issued share capital of which is owned as to 100% by Purple Dream Holdings Limited, which is in turn 8.62% owned by Mr. Sun. Accordingly, Mr. Sun is deemed to be interested in the Shares held by Purple Crystal Holdings Limited for the purpose of Part XV of the SFO.
- (9) Pursuant to the Share Award Scheme, Mr. Sun was granted 502,000 Awarded Shares on 31 January 2021.

Save as disclosed above, as at 31 December 2025, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be 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; or to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.

Arrangement for Directors to Acquire Shares or Debentures

At no time during the year ended 31 December 2025 was the Company or any of its subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, to the best knowledge of the Company and the Directors, the following persons (not being a director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares or underlying Shares of the Company as at 31 December 2025			
Name of Shareholders	Capacity/ Nature of interest	Number of Shares held/interested	Approximate percentage of Interest ⁽²⁾
Mr. Jiang Xiaohuang ⁽³⁾⁽⁴⁾⁽⁵⁾	Interest of a controlled corporation/Founder of a discretionary trust	1,245,176,157 (L) ⁽¹⁾	57.10%
Ms. Mao Yuyan ⁽⁶⁾	Interest of spouse	1,245,176,157 (L) ⁽¹⁾	57.10%
TMF (Cayman) Ltd. ⁽³⁾	Trustee of a trust	1,032,274,116 (L) ⁽¹⁾	47.33%
Gorgeous Sunshine Holding Limited ⁽³⁾	Interest of a controlled corporation	1,032,274,116 (L) ⁽¹⁾	47.33%
Eternal Heart Holdings Limited	Beneficial owner	941,774,116 (L) ⁽¹⁾	43.18%
Ling Long Holdings Limited	Beneficial owner	90,500,000 (L) ⁽¹⁾	4.15%
Future Wisdom Holdings Limited ⁽⁴⁾	Interest of a controlled corporation	189,754,000 (L) ⁽¹⁾	8.70%
Warm Sunshine Holdings Limited	Beneficial owner	189,754,000 (L) ⁽¹⁾	8.70%
Agile Eagle Holdings Limited ⁽⁵⁾	Beneficial owner	23,148,041 (L) ⁽¹⁾	1.06%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares of the Company.
- (2) The calculation is based on the total number of 2,180,850,000 Shares in issue as at 31 December 2025.
- (3) Eternal Heart Holdings Limited and Ling Long Holdings Limited are wholly-owned by Gorgeous Sunshine Holding Limited which is the holding vehicle wholly-owned by TMF (Cayman) Ltd., the trustee of Jiang Family Trust. Jiang Family Trust is a discretionary trust established by Mr. Jiang as the settlor and protector. Accordingly, each of Mr. Jiang, Gorgeous Sunshine Holding Limited and TMF (Cayman) Ltd. is deemed to be interested in the Shares held by Eternal Heart Holdings Limited and Ling Long Holdings Limited.
- (4) Warm Sunshine Holdings Limited is wholly-owned by Future Wisdom Holdings Limited which is in turn wholly-owned by Mr. Jiang. Accordingly, each of Mr. Jiang and Future Wisdom Holdings Limited is deemed to be interested in the Shares held by Warm Sunshine Holdings Limited.
- (5) Agile Eagle Holdings Limited is wholly owned by Mr. Jiang. Accordingly, Mr. Jiang is deemed to be interested in the Shares held by Agile Eagle Holdings Limited.
- (6) Ms. Mao Yuyan is the spouse of Mr. Jiang and therefore she is deemed to be interested in all the Shares held by Mr. Jiang by virtue of the SFO.

Report of the Directors

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE AWARD SCHEME

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

Objectives of the Share Award Scheme

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

Eligible Participants of the Share Award Scheme

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

Administration of the Share Award Scheme

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

Sources of Awarded Shares of the Share Award Scheme

1. Mr. Jiang Xiaohuang, the Controlling Shareholder of the Company, indirectly transferred 80,000,000 Shares (representing approximately 3.7% of the total number of issued Shares as of the date of this report) as a gift, at nil consideration, as the pool of Shares; and
2. As of 31 December 2025, a total of 100,812,000 Shares (representing approximately 4.6% of the total number of issued Shares as of the date of this report) are purchased as the pool of Shares under the Share Award Scheme.

Report of the Directors

Limit of the Share Award Scheme

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

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

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

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

Voting Rights

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

Duration and Termination of the Share Award Scheme

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

As at 31 December 2025, the remaining life of the Share Award Scheme was approximately 4.5 years, provided that the Board may decide early termination in accordance with the relevant rules under the Share Award Scheme (which is amended from time to time).

Implementation of the Share Award Scheme

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

Report of the Directors

5. On 4 January 2022, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant a total of 16,000,000 Awarded Shares, which have been held by the Trustee on behalf of the Selected Participants, at nil consideration to the Share Award Grantees. The grant of Awarded Shares has been effective from 5 January 2022. The Share Award Grantees are employees (excluding the Directors) of the Group. These Awarded Shares were granted as a gift at nil consideration with an exercise period ranging from 1 month to 37 months.
6. On 22 July 2022, Mr. Jiang Xiaohuang completed the third annual share contribution plan and indirectly transferred an aggregate of 20,000,000 Shares at nil consideration as the pool of Shares. By that time, the three-year gift plan of Mr. Jiang Xiaohuang has been fully completed.
7. On 2 and 5 January 2023, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant 2,152,000 and 6,461,600 Awarded Shares respectively, which have been held by the Trustee on behalf of the Selected Participants, at nil consideration to the Share Award Grantees. The grant of Awarded Shares has been effective from 2 and 5 January 2023 respectively. The Share Award Grantees are employees (excluding the Directors) of the Group. These Awarded Shares were granted as a gift at nil consideration with an exercise period ranging from 1 month to 37 months.
8. On 2 September 2024, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant 1,600,000 Awarded Shares, which have been held by the Trustee on behalf of the Selected Participants, at nil consideration to the Share Award Grantees. The grant of Awarded Shares has been effective from 2 September 2024. The Share Award Grantees are employees (excluding the Directors) of the Group. These Awarded Shares were granted as a gift at nil consideration with an exercise period ranging from the date of grant to 11 months.
9. On 31 December 2024, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant 18,857,000 Awarded Shares, which have been held by the Trustee on behalf of the Selected Participants, at nil consideration to the Share Award Grantees. The grant of Awarded Shares has been effective from 31 December 2024. The Share Award Grantees are employees (excluding the Directors) of the Group. These Awarded Shares were granted as a gift at nil consideration with an exercise period ranging from the date of grant to 37 months.
10. As of 31 December 2025, a total of 100,812,000 Shares are purchased as the pool of Shares under the Share Award Scheme.

The number of Shares available for grant under the Share Award Scheme as at 1 January 2025 and 31 December 2025 was 107,506,000 and 120,598,000, representing approximately 4.9% and approximately 5.5% of the total number of Shares in issue as at 1 January 2025 and 31 December 2025, respectively.

Report of the Directors

Set out below are the details of the number of Awarded Shares granted and movements under the Share Award Scheme for the year ended 31 December 2025:

Name or category of the participant	Date of grant	Vesting period	Purchase price	Unvested as at 1 January 2025	Number of Awarded Shares				Unvested as at 31 December 2025
					Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	
Director									
Mr. Sun Bo	1 January 2021	1 January 2021 to 31 January 2025	nil ⁽³⁾	200,000	–	(200,000) ⁽¹⁾	–	–	–
Five highest paid individuals (excluding directors) during the Reporting Period in aggregate									
In aggregate	2 January 2021	1 January 2021 to 31 January 2025	nil ⁽³⁾	760,000	–	(760,000) ⁽¹⁾	–	–	–
In aggregate	5 January 2022	5 January 2022 to 31 January 2025	nil ⁽³⁾	600,000	–	–	(600,000)	–	–
In aggregate	2 January 2023	2 January 2023 to 31 January 2025	nil ⁽³⁾	300,000	–	–	(300,000)	–	–
In aggregate	2 September 2024	2 September 2024 to 31 July 2025	nil ⁽³⁾	600,000	–	(300,000) ⁽²⁾	(300,000)	–	–
In aggregate	31 December 2024	31 December 2024 to 31 January 2025	nil ⁽³⁾	600,000	–	(600,000) ⁽¹⁾	–	–	–
		31 December 2024 to 31 January 2026	nil ⁽³⁾	900,000	–	–	–	–	900,000
		31 December 2024 to 31 January 2027	nil ⁽³⁾	1,100,000	–	–	–	–	1,100,000
Employee Participants									
In aggregate	1 January 2021	1 January 2021 to 31 January 2025	nil ⁽³⁾	3,278,800	–	(3,218,800) ⁽¹⁾	(60,000)	–	–
In aggregate	5 January 2022	5 January 2022 to 31 January 2025	nil ⁽³⁾	1,000,000	–	–	(1,000,000)	–	–
In aggregate	2 September 2024	2 September 2024 to 31 July 2025	nil ⁽³⁾	250,000	–	(250,000) ⁽²⁾	–	–	–
In aggregate	31 December 2024	31 December 2024 to 31 January 2025	nil ⁽³⁾	200,000	–	(200,000) ⁽¹⁾	–	–	–
		31 December 2024 to 31 January 2026	nil ⁽³⁾	3,050,000	–	–	(15,000)	–	3,035,000
		31 December 2024 to 31 January 2027	nil ⁽³⁾	2,840,000	–	–	(15,000)	–	2,825,000
		31 December 2024 to 31 January 2028	nil ⁽³⁾	300,000	–	–	–	–	300,000
Total				15,978,800	–	(5,528,800)	(2,290,000)	–	8,160,000

Report of the Directors

Note:

- (1) These Shares were all vested on the same date and the weighted average closing price of the Shares on the trading day (i.e. 28 January 2025) immediately before the date (31 January 2025) on which the Awarded Shares were vested during the Reporting Period was HK\$0.57.
- (2) These Shares were all vested on the same date and the weighted average closing price of the Shares on the trading day (i.e. 30 July 2025) immediately before the date (31 July 2025) on which the Awarded Shares were vested during the Reporting Period was HK\$0.80.
- (3) As all the aforementioned Awarded Shares are donated by Mr. Jiang Xiaohuang, the Board has decided to grant the aforementioned Awarded Shares to the Eligible Participants at nil consideration.
- (4) There is no participant with Awarded Shares granted and to be granted in excess of the 1% individual limit, nor related entity participant or service provider with Awarded Shares granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue.
- (5) Due to inconsistencies between the five highest paid individuals for the year ended 31 December 2024 and the year ended 31 December 2025, the breakdown of "Unvested as at 1 January 2025" in this report is inconsistent with that of "Unvested as at 31 December 2024" in 2024 annual report, but the total amount of unvested Awarded Shares as at 31 December 2024 and 1 January 2025 is consistent.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 December 2025 are set out in note 27 to the financial statements. Such transactions were either (1) fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules; or (2) did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Contractual Arrangements

Background and Reasons

On 11 December 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the "FITE Regulations"), which were amended on 10 September 2008 and 6 February 2016. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests of a company providing value-added telecommunications services, including internet content provider services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the "Qualification Requirements"). Currently, none of the applicable PRC laws, regulations or rules provided clear guidance or interpretation on the Qualification Requirements. Therefore, in order for the Company to be able to carry on its business in the PRC, the Group has entered into the Contractual Arrangements to enable the Company to exercise and maintain control over operations of the Operating Entities and to consolidate these companies' financial results into the Company's results under International Financial Reporting Standards as if they are wholly-owned subsidiaries of the Company. Please refer to the section headed "Contractual Arrangements" of the Prospectus for details.

Up to the date of this annual report, there is no further update in relation to the Qualification Requirement.

Report of the Directors

Contractual Arrangements Overview

1. Details of operating company and Registered Shareholders

Operating company: FriendTimes Technology Inc.

FriendTimes Technology is a company established in the PRC with limited liability. As of 31 December 2025, registered Shareholders of FriendTimes Technology were Mr. Jiang Xiaohuang (74.14%), Suzhou Zixin Technology Investment Management Enterprise (LLP) (12.73%), Nanjing Liheng Venture Capital Investment Enterprise (LLP) (3.13%), Mr. Song Dawei (2.63%), Mr. Song Huan (2.00%), Mr. Wang Jianyu (1.62%), Suzhou Luoyuan Investment Centre (LLP) (1.25%), Mr. Lin Zhirong (1.25%) and Mr. Zhang Min (1.25%).

2. Description of the operating company's business

FriendTimes Technology is mainly engaged in the research and development, distribution and operation of mobile games.

3. Summary of terms of contractual arrangements

The Contractual Arrangements which were in place during the year ended 31 December 2025 are as follows:

- (1) The Exclusive Business Cooperation Agreement dated 20 February 2019, pursuant to which FriendTimes Technology agreed to engage Suzhou Eagle as its exclusive provider of technical support, consultation and other services, and FriendTimes Technology agreed to pay the service fee to Suzhou Eagle.
- (2) The Voting Rights Proxy Agreement and Powers of Attorney dated 20 February 2019, pursuant to which Registered Shareholders irrevocably and exclusively appointed Suzhou Eagle and/or its appointee, Mr. Liu Gongyou, but excluding any person who is not independent from the Registered Shareholders or may give rise to any conflict of interest, as his attorney-in-fact to exercise such shareholder's rights in FriendTimes Technology. Due to the resignation of Mr. Liu Gongyou, the Company has rearranged the execution of the Power of Attorney on 20 June 2022 to appoint Ms. Li Ya as the appointee.
- (3) The Exclusive Option Agreement dated 20 February 2019, pursuant to which the Registered Shareholders jointly and severally granted Suzhou Eagle the irrevocable and exclusive rights to require the Registered Shareholders to transfer their equity interests and/or assets in FriendTimes Technology to Suzhou Eagle and/or a third party designated by it, in whole or in part at any time and from time to time, at a minimum purchase price permitted under the PRC laws and regulations.
- (4) The Equity Pledge Agreement dated 20 February 2019, pursuant to which the Registered Shareholders agreed to pledge all of their respective equity interests in FriendTimes Technology to Suzhou Eagle as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts under the Contractual Arrangements.
- (5) The Framework Loan Agreement dated 6 March 2019, pursuant to which Suzhou Eagle principally agreed to provide loans to our Operating Entities from time to time in accordance with the PRC laws and regulations and our Operating Entities principally agreed to utilise the proceeds of such loans for their business operations.

Report of the Directors

- (6) The Voting Rights Proxy Agreement and Powers of Attorney dated 20 June 2022, pursuant to which Registered Shareholders irrevocably and exclusively appointed Suzhou Eagle and/or its appointee, Ms. Li Ya, but excluding any person who is not independent from the Registered Shareholders or may give rise to any conflict of interest, as his attorney-in-fact to exercise such shareholder's rights in FriendTimes Technology.

During the year ended 31 December 2025, FriendTimes Technology paid the service fee of approximately RMB327.3 million to Suzhou Eagle under the Exclusive Business Cooperation Agreement. The revenue and net loss of the Operating Entities subject to the Contractual Arrangements amounted to approximately RMB1,039.3 million and RMB67.2 million for the year ended 31 December 2025, respectively. The total assets and total liabilities of the Operating Entities subject to the Contractual Arrangements amounted to RMB1,458.4 million and RMB133.2 million as at 31 December 2025, respectively.

Risks associated with the Contractual Arrangements

For risks associated with the Contractual Arrangements, please see the section headed "Risk Factors — Risks Relating to Our Company Structure" in the Prospectus for details.

Material Change in relation to the Contractual Arrangements

During the year ended 31 December 2025, there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted.

Pursuant to the Share Transfer Agreement dated 31 December 2025, based on the Contractual Arrangements previously entered into, SEC Electric Machinery Co., Ltd. transferred 4.00% of its shares in FriendTimes Technology to Mr. Jiang Xiaohuang at nil consideration. All rights and obligations of SEC Electric Machinery Co., Ltd. under the Contractual Arrangements in respect of its 4.00% shares in FriendTimes Technology were also transferred to Mr. Jiang Xiaohuang, and the corresponding shares received by Mr. Jiang Xiaohuang will continue to be subject to all terms and conditions under the Contractual Arrangements. As Mr. Jiang Xiaohuang was originally a signatory to the Contractual Arrangements, the Company has not entered into and will not enter into any new contractual arrangements in respect of the aforementioned change in registered Shareholders, which does not constitute a material change in the Contractual Arrangements.

Unwinding the Contractual Arrangements

The Company will unwind the Contractual Arrangements as soon as the laws allow the business of the Operating Entities to be operated without the Contractual Arrangements. However, for the year ended 31 December 2025, none of the Contractual Arrangements had been unwound as none of the restrictions that led to the adoption of the Contractual Arrangements had been removed.

Waiver from the Stock Exchange

The Stock Exchange has granted a waiver to the Company from strict compliance with the connected transactions requirements under Chapter 14A of the Listing Rules in respect of the Contractual Arrangements. For details, please refer to the section "Connected Transactions" in the Prospectus.

Confirmation from Independent Non-Executive Directors

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

- (1) the transactions carried out during the year ended 31 December 2025 have been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- (2) no dividends or other distributions have been made by the Operating Entities to their equity holders which are not otherwise subsequently assigned or transferred to our Group;

Report of the Directors

- (3) no new contracts were entered into, renewed and/or reproduced between the Group and the Operating Entities during the year ended 31 December 2025 other than the Contractual Arrangements; and
- (4) the Contractual Arrangements have been entered into in the ordinary and usual course of business of the Group on normal commercial terms, are fair and reasonable so far as the Group is concerned and in the interests of the Company and its Shareholders as a whole.

Confirmation from the Company's Independent Auditor

KPMG, the Company's auditor, has carried out procedures annually to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised) Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. For the purpose of Rule 14A.56 of the Listing Rules, KPMG has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended 31 December 2025:

1. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;
2. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions;
3. under the contractual arrangements, nothing has come to their attention that causes them to believe that dividends or other distributions have been made by FriendTimes Technology to the equity shareholders of FriendTimes Technology which are not otherwise subsequently assigned or transferred to the Group;
4. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group; and
5. with respect to the aggregate amount of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

MANAGEMENT CONTRACTS

No contracts, other than the service contracts with the Directors, 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 2025.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the aggregate sales attributable to the Group's five largest customers accounted for approximately 1.5% and the largest customer accounted for approximately 1.5% of the Group's total revenue for the year.

During the year ended 31 December 2025, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 61.9% and the largest supplier accounted for approximately 22.3% of the Group's total purchases for the year.

Report of the Directors

For the year ended 31 December 2025, none of the Directors, their associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the issued Shares) has an interest in the five largest suppliers or customers of the Group.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in the annual report, the Company does not have any disclosure obligations under Rule 13.20, 13.21 and 13.22 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year ended 31 December 2025 or subsisted at the end of the year ended 31 December 2025.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS

As at 31 December 2025, the Company had no outstanding convertible securities, options, warrants or similar rights. There has been no issue or exercise of any convertible securities, options, warrants or similar rights during the year ended 31 December 2025.

RETIREMENT BENEFITS SCHEME

All of our employees are in PRC and they are members of the state-managed retirement benefits scheme operated by the PRC government. Our employees are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

Details of the pension obligations of the Company are set out in note 5 to the financial statements in this annual report.

PERMITTED INDEMNITY PROVISION

The Articles of Association provide that the Directors are entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain in or about the execution of their duty in their respective offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director.

The Company has purchased and maintained Directors' liability insurance during the Reporting Period, which provides appropriate coverage for the Directors.



Report of the Directors

FISCAL POLICIES

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

AUDITOR

There has been no change in auditors during the year ended 31 December 2025. The consolidated financial statements of the Company for the year ended 31 December 2025 have been audited by KPMG, Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance, who shall retire and being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the forthcoming AGM.

By order of the Board

Jiang Xiaohuang

Chairman and Chief Executive Officer

24 March 2026

Environmental, Social and Governance Report

CHAIRMAN'S STATEMENT

Dear Stakeholders,

The Group is pleased to issue its Environmental, Social and Governance (“ESG”) Report (the “Report”) for the period from 1 January 2025 to 31 December 2025 (the “Reporting Period” or the “FY2025”). The Report is the seventh ESG report issued by FriendTimes Inc. (the “Company” or “FriendTimes” or “we”) and its subsidiaries (the “Group”). The Report summarizes the Group’s initiatives, plans and performance in ESG and demonstrates its commitment to sustainable development.

The Group has always regarded sustainable development as the cornerstone of its long-term competitive strength and value. The board of directors (the “Board”), who assumes full responsibility for the decision-making and supervision of the Group’s ESG strategies, is committed to deeply integrating the concepts of green development and social responsibility into its product research and development and day-to-day operations while developing high-quality original cultural products. During the Reporting Period, the Board particularly strengthened its strategic review of climate change issues. With reference to the disclosure standards of International Financial Reporting Standard S2 (IFRS S2), we systematically performed climate risk identification and assessment. The Group is aware that the frequent occurrence of extreme weather events may pose potential physical risks to the operational stability of data centres and office infrastructure. At the same time, the global transition to a low-carbon economy and changes in environmental regulations may also bring transition risks such as increased operating costs.

To address the above challenges, we have incorporated climate-related risks into the Group’s overall ESG governance system, and ensured the implementation of various mitigation measures through a three-tier governance structure comprising the Board, the ESG Working Group (the “Working Group”) and various functional departments. Please refer to the section headed “ESG Governance Structure” for the ESG governance structure. We actively implement green office strategies, optimise server energy efficiency management, and continue to explore low-carbon paths under digital innovation. These technological means aim to improve our resource use efficiency and minimize our environmental footprint. At the same time, FriendTimes ploughs resources into its talent cultivation and cultural heritage preservation and is committed to exerting the positive social impact of digital entertainment products on the basis of ensuring network security and user privacy. Looking ahead, we will adhere to our solemn commitment to sustainable development, while continuing to enhance the Company’s resilience and governance level in response to environmental changes. Furthermore, we will walk hand in hand with all stakeholders to jointly build a green, diverse and highly resilient digital future, creating more profound cultural and ecological value for the society.

Adhering to the mission of “Create Value Through Culture”, the Group is committed to deeply integrating advanced technology with outstanding traditional Chinese culture. By virtue of its outstanding performance in cultural communication and globalised operations, the Group was awarded the title of “National Key Cultural Export Enterprises for 2025 -2026”. This award not only represents a national-level recognition of our core competitiveness, but also reflects a strong affirmation of our transmission of oriental aesthetic values. We insist on using original mobile games as a carrier, actively integrating intangible cultural heritage and classical aesthetic elements into game research and development. Through creative transformation, we strive to revitalise traditional culture in the digital space, leading users at home and abroad to appreciate the unique charm of Chinese civilisation. While driving our business growth, the Group is also deeply conscious of the social responsibility it bears. We are well aware that education is the cornerstone for promoting social progress and equity. Therefore, during the year, the Group continued to invest in public welfare undertakings. By promoting practical projects such as the “Pomegranate Seed Project”, we visited Sanhe Primary School in Inner Mongolia for donation and student assistance actions. We improved teaching facilities and environments in border regions through our concrete actions, helping improve the accessibility and quality of educational resources, which is expected to light up the hope of the future for students in remote areas. These efforts reflect our firm commitment to social inclusion and are also the concrete practice of our corporate values.

Environmental, Social and Governance Report

Looking ahead, FriendTimes will continue to improve its corporate governance system and further integrate ESG concepts into our business operations and decision-making. We will continue to strengthen communication and collaboration with shareholders, employees, business partners and various stakeholders, and forge ahead on the path of pursuing sustainable development. On behalf of the Board, I would like to express my sincere gratitude to all colleagues for their hard work and to all sectors of society for their long-standing trust. Let us stride forward hand in hand to jointly create a more harmonious, wonderful and culturally rich long-term development prospect.

Jiang Xiaohuang

Chairman and Chief Executive Officer

Environmental, Social and Governance Report

HONORS AND SIGNIFICANT EVENTS OF FRIENDTIMES

Corporate Awards

- The subsidiary of FriendTimes, Suzhou Cheeryoo Network Technology Co., Ltd. (“Cheeryoo Network”) was recognised as “National Key Cultural Export Enterprises for 2025-2026 (2025-2026 年度國家文化出口重點企業)”;
- FriendTimes was awarded the “Best Game Publisher of the Year 2025 (2025 年度最佳遊戲發行商)” in the 13th Golden Tea Awards 2025 (2025 年度第十三屆金茶獎); and
- The FriendTimes Suzhou Headquarters R&D Building located in Suzhou Industrial Park received the Silver Award in Commercial Architecture Design Category from the 2025 International Design Awards (IDA) (2025 年美國國際設計大獎 (IDA) 銀獎 (商業建築設計類別)).

Product Awards

- 2025 Top Ten Outstanding Traditional Chinese Cultural Games (2025 年度遊戲十強優秀中華傳統文化遊戲): Twist of the Fate (浮生憶玲瓏) was nominated;
- 2025 Top Ten Outstanding Mobile Games (2025 年度遊戲十強優秀移動遊戲): Culinary Chaos (暴吵萌廚) was nominated;
- Our mobile game software Twist of the Fate (浮生憶玲瓏) was recognized as “National Key Cultural Export Project for 2025-2026 (2025-2026 年度國家文化出口重點項目)”;
- The 13th Golden Tea Awards 2025 (2025 年度第十三屆金茶獎): Twist of the Fate (浮生憶玲瓏) received the “Excellent IP Game of the Year 2025 (2025 年度優秀 IP 遊戲)”;
- The 11th Game Appreciation Club Awards in 2025 (2025 年度第十一屆遊戲行業金口獎): Culinary Chaos (暴吵萌廚) received the “Most Anticipated Product of the Year (年度最受期待產品)”.

Environmental, Social and Governance Report

Significant Events of FriendTimes

- May 2010 — Established and commenced our game development business
- December 2010 — Launched our first self-developed web game
- 2011 to 2015 — Gradually launched a series of our self-developed mobile games
- May 2015 — Officially established a subsidiary in Hong Kong
- June 2015 — Launched the first large ancient Chinese style female-oriented mobile game Legend of Empress (熹妃傳)
- December 2015 — Established a subsidiary in South Korea
 - Completed the shareholding restructuring and changed its name to FriendTimes (玩友時代)
- September 2017 — Launched our 3D ancient Chinese-style social mobile game Royal Chaos (熹妃Q傳)
- March 2018 — Established the Group's headquarter building
 - Launched the 2D ancient female-oriented mobile game Rise of Queendom (宮廷計手遊)
- August 2019 — Launched a supernatural creature cooking and restaurant management mobile game Yokai Kitchen (精靈食肆)
- October 2019 — Listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 6820
- December 2019 — Launched the major 3D open ancient Chinese-style mobile game Fate of the Empress (浮生為卿歌)
- April 2020 — Corporate branding upgraded on the 10th anniversary, and changed its name to FriendTimes (友誼時光)
- May 2020 — Fate of the Empress (浮生為卿歌) was ranked the 5th place in China's iOS Top Games
- August 2020 — Officially established its subsidiary, Wu Linglong
- November 2020 — FriendTimes organised a 10th anniversary celebration at the Suzhou Olympic Sports Centre
- May 2021 — The new headquarters building of FriendTimes in Suzhou Industrial Park was officially put into operation
- June 2021 — Officially established its Chengdu subsidiary
- January 2022 — Launched the glamorous Chinese-style social mobile game Promise of Lingyun (凌雲諾)
- May 2022 — FriendTimes received the ISO/IEC 27001 certification
- June 2022 — FriendTimes received the Level 3 Information System Security Protection Record Certificate
- November 2023 — Officially announced Luo Yunxi (羅雲熙) as the spokesperson for the ancient Chinese-style romance and detective mobile game Twist of the Fate (浮生憶玲瓏)
- January 2024 — Launched the ancient Chinese-style romance and detective mobile game Twist of the Fate (浮生憶玲瓏)
- May 2024 — Launched the mini-game A Story of Lala's: Rising Star (杜拉拉升職記)
- July 2024 — Launched the male-oriented game Ink Sword: Jianghu (墨劍江湖)
- November 2024 — Fate of the Empress (浮生為卿歌) officially entered with the collection certificate into the Game IP Pavilion of the China Audiovideo and Digital Publishing Association
- May 2025 — Launched the kitchen party mobile game Culinary Chaos (暴吵萌廚)
 - Launched the Korean version of A Story of Lala's: Rising Star (杜拉拉升職記)

Environmental, Social and Governance Report

SUSTAINABLE DEVELOPMENT GOALS (“SDG”)

As a socially responsible company, the Group believes that supporting the achievement of the SDGs will help us to work with governments and other businesses to contribute to the achievement of the SDGs for our country and the world. To meet our commitment to the SDGs, we have identified two of the 17 SDGs of the United Nations (“UN”) that are most relevant to the nature of our business and our vision.



Goal 5: Achieve Gender Equality and Empower All Women and Girls

As a leading developer, publisher and operator of female-oriented mobile games in China, FriendTimes has been focusing on the needs of female gamers for years. At the same time, we are committed to creating a fair, diverse and inclusive work environment to achieve gender equality and empowerment of women. FriendTimes is committed to creating and maintaining a culture of inclusion in our workplace, implementing female- and family-friendly measures, and organising the “Goddess Day” for several consecutive years to demonstrate the Group’s concern and appreciation for women. At the same time, in support of the target 5.b headed “Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women” under SDG No. 5 of the UN, we were committed to ensuring that every employee received equal training opportunities. In FY2025, approximately 64.67% of our trained employees were women, and the training content covered general office skills, system development and maintenance skills, and management skills. Our human resources department also developed an annual training plan with monthly feedback on training matters to ensure that equal training opportunities were available for all employees.



Goal 9: Build Resilient Infrastructure, Promote Inclusive and Sustainable Industrialization and Foster Innovation

The core elements of FriendTimes’s products are closely related to the target 9.b headed “Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities” under the SDG no. 9. The Group supports technology development and research innovation in China, including industry diversification and enhancement of product value. With the corporate culture mission of “Let culture create value and empower innovation for culture” , FriendTimes further diversifies cultural industry forms, creates new consumption scenarios and stimulates cultural consumption potential by combining traditional culture and modern technology with efficient digital communication under the idea of “IP construction” of new cultural creation.

Environmental, Social and Governance Report

INTRODUCTION AND ESG STRATEGIES

About the Group

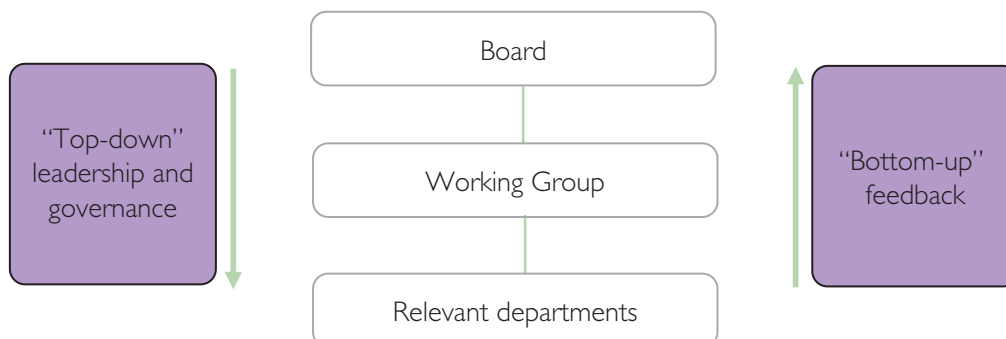
The Group is an outstanding integrated mobile game developer, publisher and operator that has a leading position in the industry. Since its establishment in 2010, the Group has been strategically focusing on female-oriented mobile games, tapping the growth potential of the market of the female-oriented mobile games, and creating our own brands of ancient Chinese-style female-oriented mobile games, such as Twist of the Fate (浮生憶玲瓏), Promise of Lingyun (凌雲諾), the Fate of the Empress (浮生為卿歌), the Royal Chaos (熹妃 Q 傳) and the Legend of Empress (熹妃傳), each of which has achieved a high ranking in the best-selling games board for iOS in China. Relying on the success of the Chinese mainland market, the Group expanded to overseas markets in 2011. Through strong localization capabilities and outstanding distribution capabilities, the Group has further established our overseas market position and brand recognition, with the Group's various products enjoying strong recognition in regions such as Hong Kong, Macau, Taiwan, South Korea, Japan, Southeast Asia, and North America. In 2025, we made an innovative breakthrough in the multiplayer cooperative party game segment with the successful launch of the casual competitive product Culinary Chaos (暴吵萌廚).

The Group firmly believes that sustainable development is the key to the Group's continued success. The Group recognizes the importance of integrating ESG concepts into its risk management system, and has adopted corresponding measures in daily operations and governance. This Report demonstrates the Group's commitment to sustainable development and describes its ESG initiatives, plans and performance.

ESG Governance Structure

To demonstrate our commitment to transparency and accountability on ESG issues, the Group has established the Working Group with clear terms of reference, setting out the rights delegated by the Board. The Working Group is composed of core members of different departments of the Group and is responsible for collecting the Group's relevant information on ESG aspects to prepare the Report.

The members of the Board possess the appropriate skills, experience, knowledge, and perspectives required for overseeing ESG matters of the Group. The Board has provided overall direction and strategy on sustainability management issues and will be responsible for assessing the ESG risks of the Group and ensuring that the Group has appropriate and effective ESG risk management systems and policies. In its day-to-day operations, the Working Group will assist the Board in fulfilling its ESG-related responsibilities by promoting, developing and implementing the Group's ESG-related initiatives, policies, plans and goals. The Working Group will also examine and evaluate the Group's performance in different aspects of the ESG such as environment, labour standards, product responsibility and progress of implementation of relevant goals. The Working Group will report to the Board at least once a year on the progress of its work and the ESG performance of the Group, to assist in identifying and assessing the Group's ESG risks, while assessing the effectiveness of internal monitoring mechanisms. Based on the Working Group's report, the Board will discuss the Group's ESG-related strategies, frameworks, policy directions, and progress towards targets at least once a year, and make improvements as appropriate.



Environmental, Social and Governance Report

SCOPE OF THE REPORT

The Report will cover the Group's efforts and contributions to the environment and society, and the scope of the Report is the same as that of annual report 2025. During the Reporting Period, the Group closed its operating points in Shanghai and Wuxi, and the social data will also decrease accordingly. The scope of business covered is the Group's headquarter in Suzhou, China and its office in Chengdu, the places of business where the Group has operational control. In determining the components included in the ESG Report, the Group's senior management has considered the extent of different business activities' impact on the Group's policy, financial, environmental and social performance.

REPORTING FRAMEWORK

The Report has been prepared in accordance with the "Environmental, Social and Governance Reporting Code" ("ESG Reporting Code") in Appendix C2 of the Main Board Listing Rules of Stock Exchange.

For the Group's corporate governance practices, please refer to the section headed "Corporate Governance Report" in the annual report 2025 of the Group.

REPORTING PRINCIPLES

The Group places a high priority on materiality, quantitative, balance and consistency in the preparation of this Report and the Group has applied these reporting principles in accordance with the ESG Reporting Code set out above, details of which are as follows:

Materiality: The Board and the Working Group reviewed and confirmed the material ESG issues, and the identified material issues were used as the focus for the preparation of this Report. For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: This Report describes the criteria and methods for calculating the relevant data, as well as the associated assumptions. Key performance indicators ("KPI(s)") are supplemented by explanatory notes to establish benchmarks where practicable.

Balance: In compliance with the principle of impartiality, the Report avoids selections, omissions or presentation formats that may inappropriately influence the decisions or judgments of the readers of the Report.

Consistency: Unless otherwise specified, the Group will continue to use the same disclosure and statistical methodology in the last year for meaningful comparisons. If there are any changes that may affect comparisons with previous reports, the Group will add explanatory comments to the corresponding content of the Report describing the changes of data in the scope of reporting and calculation methods.

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

The Group values the opinions of different stakeholders on our business and ESG issues, communicates and supports its stakeholders in a dual track communication model to fully understand, respond to and deal with the core concerns of different stakeholders to achieve common growth. The Group's main stakeholders include but not limited to, senior management and the Board, employees, investors and shareholders, customers, suppliers, government and regulatory authority and the communities, non-governmental organisations ("NGOs") and the media.

Through different stakeholder engagement and communication channels, the Group will bring their expectations into the Group's operating and ESG strategies. The communication channels of the Group and its main stakeholders and their expectations and concerns for the Group are as follows:

Stakeholders	Expectations and concerns	Communication channels
Senior management and the Board	<ul style="list-style-type: none"> Compliance operation Economic performance 	<ul style="list-style-type: none"> Training and seminars Regular meeting Intranet Industry seminars
Employees	<ul style="list-style-type: none"> Working environment Employee welfare Company event update 	<ul style="list-style-type: none"> Performance evaluation Employee communication and broadcasting Employee seminars and meetings Employee events and competitions Employee training courses
Investors and shareholders	<ul style="list-style-type: none"> Performance Development strategy Game development capabilities Operational prospects 	<ul style="list-style-type: none"> Annual general meeting and other shareholders' meetings Financial reports Official website Investor relations specialist Announcement and circular Roadshow
Customers	<ul style="list-style-type: none"> Product quality Software platform stability Network security management Processing of customer opinions Privacy protection 	<ul style="list-style-type: none"> User experience research Online customer service Social media platform support and interaction Offline communication for players Game show
Suppliers	<ul style="list-style-type: none"> Long-term partnership Fair and open procurement 	<ul style="list-style-type: none"> Regular consultation and exchange meetings Online communication Supplier evaluation On-site investigation
Government and regulatory authority	<ul style="list-style-type: none"> Compliance operation Paying taxes Revenue and profit growth rate 	<ul style="list-style-type: none"> Reporting performance Policy consultation and seminar
Communities, NGOs and the media	<ul style="list-style-type: none"> Privacy protection Corporate social responsibility Game safety 	<ul style="list-style-type: none"> Social media platform News Website of the Group ESG report

The Group is committed to working and communicating with our stakeholders to improve the Group's ESG performance and continuously create greater value for our country and society.

Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

In order to formulate sustainable development strategies and approaches by understanding the areas of stakeholders' concerns and identifying the ESG issues, which are or will be critical to its business, FriendTimes took the following four steps to systematically identify, prioritise and verify the material issues which are of common concerns of the Group and stakeholders.



Environmental, Social and Governance Report

The Group reviews and confirms the material ESG issues annually to ensure its materiality ESG issues can reflect its business development and industry standards. The following is a matrix of the Group's material ESG issues contained in the Report:



The Group confirms that it has established appropriate and effective management policies and monitoring systems on ESG issues, and confirms that the disclosures meet the requirements of the ESG Reporting Code.

CONTACT THE GROUP

The Group welcomes advice and suggestions from stakeholders. You can provide your valuable advices on the Report or its performance on sustainable development, and contact the Group through:

Tel: +86 512 62860060
 Email: ir@friendtimes.net

Environmental, Social and Governance Report

ENVIRONMENTAL

Environmental Target Setting

To better manage the Group's material issues and the Group's performance in these areas, the Group set quantifiable five-year long-term targets (as of 31 December 2026, or "FY2026") during the FY2021 in four areas, namely greenhouse gas ("GHG") emissions, waste management, energy consumption and water management. The Group will continue to work towards the set targets, and the progress of achieving the targets and the management measures taken by the Group will be reviewed and examined by the Working Group annually. The progress of achieving the set targets will be reported to the Board at least once a year, and recommendations on related matters will be made to the Board when appropriate. For each target set, the corresponding measures to achieve it will be disclosed in detail in the sections headed "Emissions Management", "Waste Management", "Energy Efficiency" and "Water Consumption".

The following table summarizes the targets set by the Group:

Aspect	FY2026 Target	Progress
GHG emissions	Reduce total GHG emissions intensity by 5% in FY2026 as compared to the level for FY2021 (2.07 tCO ₂ e per employee).	In progress
Hazardous/non-hazardous waste	Reduce hazardous waste generation intensity by 5% in FY2026 as compared to the level for FY2021 (0.12 waste toner cartridges per employee).	In progress
	Reduce office paper use per capita by 5% in FY2026 as compared to the level of FY2021 (0.80 kg per employee).	In progress
Energy use efficiency	Reduce the intensity of purchased energy consumption by 5% in FY2026 as compared to the level of FY2021 (2.64 MWh per employee).	In progress
	Increase the proportion of electric or new- energy driven vehicles among the Company's motor vehicles by FY2026.	In progress
Water use efficiency	Reduce the water consumption intensity by 5% in FY2026 as compared to the level of FY2021 (10.60 m ³ per employee).	In progress

Environmental, Social and Governance Report

Emissions

The Group attaches great importance to good environmental management in order to fulfill the Group's social responsibilities. The Group is committed to meeting or exceeding national environmental protection standards, has formulated relevant environmental management systems and procedures for daily operations to regulate GHG and non-hazardous waste generated during operations, so as to contribute to environmental protection and achieve the goal of environmental sustainable development.

The Group strictly complies with the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes", 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 Atmospheric Pollution", the "Water Pollution Prevention and Control Law of the People's Republic of China", and other laws and regulations related to environmental protection. In the FY2025, the Group has not identified any violations of local relevant environmental laws and regulations regarding air and GHG emissions, wastewater and emissions of hazardous and non-hazardous waste.

Emissions Management

Exhaust Gas Emissions

Due to the Group's business nature, its major exhaust gas emissions are from vehicles. In order to fulfil corporate responsibility in energy saving and emission reduction, the Group has formulated the "Administrative Management System" policy, in which there is a chapter on "Company Vehicles Management System" specifying the regulations on the use of the Company's vehicles, promoting the use of green transportation methods such as taking public transport or cycling. As vehicles are only used for general transfers, only a small amount of exhaust gas emissions are generated. The Group also carries out regular maintenance on our vehicles to effectively reduce fuel consumption, thereby reducing carbon emissions and exhaust gas emissions. The Group's exhaust gas emission for the FY2025 was decreased as compared with FY2024.

The exhaust gas emissions performance of the Group are as follows:

Types of emissions	Unit	FY2025	FY2024
Nitrogen oxides (NO _x)	kg	3.92	4.43
Sulfur oxides (SO _x)	kg	0.09	0.10
Particulate matter (PM)	kg	0.29	0.33

Sewage Discharge

The Group's business activities do not consume large quantities of water, therefore the Group's business activities do not generate a large amount of sewage discharge. Since the wastewater discharged by the Group will be sent to the regional water purification plant for treatment through the municipal sewage pipe network, the Group's water consumption is considered as the amount of wastewater discharged. The Group's water consumption data will be explained in the section headed "Water Consumption".

Environmental, Social and Governance Report

Waste Management

The Group adheres to the principles of waste management and is committed to the proper treatment and disposal of all waste generated from the Group's business activities, such as to identify, classify, centrally store and uniformly treat waste. The Group sets up a unified sorting collection box, assigns management responsible persons to handle waste in a timely manner, and maintains the environmental sanitation around the collection box. All of the Group's waste management practices are in compliance with relevant environmental laws and regulations.

In order to build a green and environmentally friendly office environment, the chapter "Corporate Office Environment Management System" in the "Administrative Management System" policy of the Group mentioned the promotion of office energy saving and emissions reduction measures, responded to the government's call, and promoted the concept of waste classification in operations, and encouraged employees to participate. The system clearly lists the definitions of recyclables, other garbage, kitchen waste, and hazardous waste for employees' reference. In addition, the Group advocates reducing the use of disposable paper cups. During internal meetings, participants are encouraged to bring their own water cups, while receiving visitors, we will try to use sterilized glass or porcelain cups to make tea.

Hazardous Waste

Although the Group does not generate a significant amount of hazardous waste due to the nature of our business, the management has established guidelines for the management and disposal of hazardous waste. If any hazardous waste is generated, the Group must comply with relevant environmental laws and regulations and employ qualified chemical waste recyclers to dispose of the relevant waste. During the Reporting Period, as part of our ongoing efforts to improve waste collection system, the Group generated only a limited amount of hazardous waste, namely office generated waste toner cartridges of 42 pieces in total, with an average of approximately 0.05 pieces of waste toner cartridges generated per employee (FY2024: 43 pieces in total, with an average of approximately 0.05 pieces of waste toner cartridges generated per employee).

Non-hazardous Waste

In the FY2025, the non-hazardous waste generated by the Group was mainly office paper and general domestic waste. The Group is committed to promoting a paperless working environment, and encourages the use of double-sided printing or photocopying whenever possible, as well as the use of internal email and electronic document formats for both internal collaboration and external communication. Through the above measures and policies, we have seen an improvement in employee awareness and sense of responsibility towards waste management and waste reduction.

During the Reporting Period, the Group's non-hazardous waste generation intensity decreased as compared to that of the FY2024. Total non-hazardous waste generation intensity decreased by approximately 17% from approximately 0.0119 tonne per employee in FY2024 to approximately 0.0099 tonne per employee in FY2025. The Group's paper intensity decreased compared to the FY2024, primarily due to the Group's commitment to promoting a paperless office and reducing the use and consumption of paper in daily work.

Environmental, Social and Governance Report

The non-hazardous waste disposal performance of the Group is as follows:

Type of non-hazardous waste	Unit	FY2025	FY2024
Paper ¹	tonnes	0.52	0.57
General domestic waste	tonnes	8.50	10.00
Total non-hazardous waste	tonnes	9.02	10.57
Non-hazardous waste intensity ²	tonnes/employee	0.0099	0.0119
Paper intensity	kg/employee	0.57	0.64

Notes:

1. The number of paper recycled has been excluded.
2. As of 31 December 2025, the total number of employees of the Group was 912 (as of 31 December 2024: 887). This data will also be used to calculate other intensity data.

Use of Resources

The Group's mission is to actively promote the efficient use of resources and to monitor the potential environmental impact of business operations in real time. Through the four basic principles of reduce, reuse, recycle and replace, we create the green office and operating environment to minimise the environmental impact caused by the Group's operations. In addition, the Group has related policies and systems, including but not limited to the "Corporate Office Environment Management System" and "Mechanical and Electrical Maintenance Management System" in the "Administrative Management System" to more effectively manage the use of resources during operations. All employees are required to implement these policies and practices and value electricity, paper and water resources in their daily operations. In order to achieve sustainable development, the Group will provide employees with environmental education and trainings from time to time and publicise practical suggestions on environmentally friendly lifestyles to enhance employees' environmental protection awareness. We will also promote green travel and increase employees' awareness of emission reduction and carbon reduction.

Environmental, Social and Governance Report

Energy Efficiency

The Group's energy consumption is mainly electricity consumption for daily operations and gasoline consumption for vehicle use. The Group actively implements the concept of energy saving and emissions reduction and is committed to fulfilling its corporate responsibility for energy saving and emissions reduction. It reduces the use of unnecessary power and builds a green and environmentally friendly office environment. The Group actively reduces electricity consumption by managing air-conditioning use, lighting facilities and office computers to achieve energy-saving effects. In order to reduce electricity consumption, the Group has used LED light tubes in all self-owned office buildings and requires to turn off or reduce the use of lightings under good sight conditions. In addition, in order to reduce energy wastage, the Group has formulated clear management measures for air conditioners and office appliances, which include, but are not limited to:

- The air-conditioning cooling temperature is set to not lower than 26°C in summer and the heating temperature is not set to higher than 18°C in winter;
- Turn off the office air conditioner 30 minutes before off work;
- When using office computers, adjust the screen to an appropriate brightness to avoid the brightness being too bright;
- Turn off the screen power when leaving the seat for more than 5 minutes;
- Be sure to turn off the office computer and unplug all power plugs in the office space after work;
- Keep ventilation around the case of the office computer to avoid the accumulation of debris affecting the heat dissipation of the equipment;
- Replace the lights in infrequently traversed areas such as basements, effectively transforming them into "unmanned zones" with touch-sensitive lights, which will illuminate only when someone passes by; and
- Conduct multiple nighttime floor patrols by the property management and promptly switch off lights in unoccupied areas if they are found illuminated, effectively conserving energy resources.

Environmental, Social and Governance Report

During the Reporting Period, the Group's energy consumption intensity increased from approximately 3.48 MWh per employee in FY2024 to approximately 3.61 MWh per employee in FY2025, representing an increase of approximately 4%. This was mainly due to the increase in performance in FY2025 compared to FY2024, and the increase in workload brought by the increase in performance resulted in an increase in electricity consumption.

The energy consumption performance of the Group is as follows:

Type of energy	Unit	FY2025	FY2024
Direct energy consumption ³ -Gasoline	MWh	59.81	66.99
Indirect energy consumption-Purchased electricity	MWh	3,232.24	3,021.23
Total energy consumption	MWh	3,292.05	3,088.22
Energy consumption intensity	MWh/employee	3.61	3.48

Note:

3. The unit conversion of direct energy consumption is based on the Energy Statistics Manual issued by the International Energy Agency.

Water Consumption

The water consumption of the Group is mainly domestic water and its managed water supply includes toilet water, washing water and cleaning water. To encourage all employees and customers to develop the habit of conscientiously saving water, the Group has been strengthening its water-saving publicity in the office area and posting water-saving slogans to ensure that "turn off the tap when not in use" and guiding employees to use water reasonably. In addition, the Group uses water-saving sanitary ware as much as possible, regularly inspects the water supply and drainage systems of the bathrooms and pantries in each building, and timely checks and repairs leaks. Through the above measures, the awareness of water saving of our employees has been improved. Due to the geographical location of the Group's operating points, the Group did not have any major issues in sourcing water that is fit for purpose.

During the Reporting Period, the Group's water consumption intensity decreased from approximately 19.24 m³ per employee in FY2024 to approximately 17.53 m³ per employee in FY2025. This was mainly due to the Group strengthening the promotion of relevant water-saving policies to employees and cultivating employees to develop the habit of saving water.

The water consumption performance of the Group is as follows:

Water consumption	Unit	FY2025	FY2024
Total water consumption	m ³	15,984.18	17,069.00
Water consumption intensity	m ³ /employee	17.53	19.24

Use of Packaging Materials

Given the nature of the Group's business, the Group has no industrial production and no factory facilities. Therefore, no significant amount of packaging materials is used for packaging products.

Environmental, Social and Governance Report

The Environment and Natural Resources

The Group continues to pursue environmental protection and focuses on the impact of the Group's business on the environment and natural resources. In addition to complying with environmental regulations and international standards, and properly protecting the natural environment, the Group also strives to integrate the concept of environmental and natural resources protection into its internal management and daily operation activities to achieve the goal of sustainable development. On the other hand, the Group also provides environmental protection education to all employees, so as to improve the environmental awareness of employees.

Indoor Air Quality Management

The main business of the Group is mobile game development, which does not have a serious impact on the air quality of the office. In order to maintain the office environment and improve the efficiency of office staff, the Group clearly stipulates the duties, standards and methods of work of cleaning staff in the "Corporate Office Environment Management System" chapter of the "Administrative Management System" policy. In addition, the system also provides daily maintenance methods for landscape affairs and standards for purchasing office furniture to ensure good air quality in the office.

Paperless Office

In order to reduce the amount of paper used in the office, the Group vigorously promotes a paperless office. We also continue to optimize our office systems so that all office processes are operated in electronic systems as much as possible, reducing the use of office paper and thus conserving forest resources. We also encourage employees to use electronic means as much as possible in the office and when communicating with customers, suppliers, etc. For necessary office paper, we have sourced all office paper from certified suppliers such as the Forest Stewardship Council or the Programme for the Endorsement of Forest Certification to ensure that the paper we purchase is environmentally responsible and friendly.

Environmental, Social and Governance Report

Climate Change

Governance

To demonstrate our commitment to transparency and accountability on ESG issues, the Group has established an ESG governance structure (including but not limited to climate risks) comprehensively supervised by the Board and specifically executed by the Working Group, adopting a top-down management model. The Working Group is composed of core members of different departments of the Group and is responsible for collecting relevant information to prepare the Report, while reporting to the Board at least once a year on the progress of its work and the ESG performance of the Group, to assist in identifying and assessing the Group's ESG risks, while assessing the effectiveness of internal monitoring mechanisms. Based on the Working Group's report, the Board will discuss the Group's ESG-related strategies, frameworks, policy directions, and progress towards targets at least once a year, and make improvements as appropriate.

Strategy

How to deal with climate change has become a global issue faced by mankind. China also made a solemn pledge at the UN Conference to strive to peak CO₂ emissions by 2030 and achieve carbon neutrality by 2060. In response to national policies and the general trend of sustainable development in the industry, the Group is also fully aware of the potential risks and opportunities that climate change poses to the Group's operations. The Group actively incorporates climate change into risk management and development considerations and has formulated "Climate Change Policy" to strengthen the Group's mitigation and adaptability to potential climate change impacts. At the same time, amid the rising public attention to climate issues, the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) further warns of the severity and urgency of the climate crisis. In order to more accurately identify and analyze potential physical risks and transition risks, the Group conducts climate scenario analysis through different global average temperature increases to identify potential risks and opportunities, and evaluate the impact of various climate change risks on business, strategy and finance, by reference to the IPCC's Shared Socioeconomic Pathways (SSPI-1.9, SSP5-8.5). Based on this, corresponding policies and strategies are formulated to further enhance the response capability in the face of climate change.

Environmental, Social and Governance Report

In order to better cope with the potential risks and opportunities of climate change, during the Reporting Period, the Group carried out the identification, assessment and analysis of climate related risks, identified the climate related risks that have a material impact on the Group's business and operations, and assessed the impact of each risk on its own finances, the results of the relevant work are as follows:

Type of risk	Risk factor	Description of risk	Mitigation measures
Physical risk	Extreme weather such as typhoons (Short-term) ⁴	<ul style="list-style-type: none"> Climate change brings more frequent and intense extreme weather events, such as typhoons, floods and rainstorms. When water supply, electricity supply and transportation are seriously affected by extreme weather, the continuity and stability of the Group's operations may be affected. In severe cases, the health and lives of employees may even be threatened and the reputation of the Group may be adversely affected. 	<ul style="list-style-type: none"> The Group has clearly explained in the chapter "Corporate Office Environment Management System" in the "Administrative Management System" policy how employees should better mitigate the impact on themselves during weather conditions such as storms and snowfall while maintaining a good office environment for the Group. In the event of extreme weather, the Group will make proper arrangements for the Group's operations in accordance with government guidelines and the actual situation, while safeguarding the lives and safety of its employees. In the event of force majeure, the Group will arrange for its employees to work remotely from home if it is unable to conduct its daily business at the office. Due to the nature of internet business, remote working would not have a material impact on the Group's business.
	Average temperature rise (Medium to Long-term) ⁴	<ul style="list-style-type: none"> Global warming and persistent high temperatures have led to increase in electricity consumption in office buildings and data storage centers, which in turn has affected operating costs. 	<ul style="list-style-type: none"> The Group promotes low carbon and environmentally friendly operation and work practices, such as strengthening energy saving and emission reduction promotion and management to reduce unnecessary electricity consumption, as detailed in the section headed "Energy Efficiency".

Environmental, Social and Governance Report

Type of risk	Risk factor	Description of risk	Mitigation measures
Transition risk	Policy and legal (Short-term) ⁴	<ul style="list-style-type: none"> As the government strengthens environmental regulation and implements national policies such as carbon neutrality, the Group will face more stringent regulatory compliance requirements in terms of energy consumption and carbon emissions, resulting in increased compliance costs. Failure to effectively control or reduce carbon emissions from corporate operations may result in damage to the Group's image. 	<ul style="list-style-type: none"> The management of the Group will continue to pay attention to relevant governmental requirements, consult opinions from third party professionals on compliance operations, and reduce carbon emissions and energy consumption through various measures.
	Market changes (Long-term) ⁴	<ul style="list-style-type: none"> In the process of transformation, consumers are more likely to turn to products that actively incorporate environmentally friendly concepts into games or to game companies that develop and produce in a low-carbon and environmentally friendly manner. If the Group fails to respond to the choices of consumers and business customers, it may lose some of its market share. 	<ul style="list-style-type: none"> The Group will insert soft promotions about environmental protection into suitable types of games (e.g. games with modern themes). The Group will also continue to try to develop games with the theme of environmental protection in order to raise the awareness of environmental protection among consumers.

Environmental, Social and Governance Report

Type of opportunity	Description of opportunity	Potential impacts
Reputation opportunity (Long-term) ⁴	<ul style="list-style-type: none"> The Group will enhance its image as a socially responsible business by implementing sustainable development and ecological environmental protection measures. 	<ul style="list-style-type: none"> The Group shall participate in and respond to national and industry climate-related policies and carbon market development, and publicly disclose sustainable development results to establish a good corporate image and enhance its reputation as a socially responsible business.
Policy and market opportunity (Medium to Long-term) ⁴	<ul style="list-style-type: none"> To achieve the dual carbon goals, China may accelerate the carbon-neutral transition of the energy system, promote the electrification of industry and transportation, and improve industrial energy efficiency. Therefore, China may introduce policies to support these goals (such as promoting renewable energy investments, promoting the expansion of renewable energy installed capacity, and building and improving green power trading and carbon emission rights trading, etc.). If the municipal government actively responds, it may also introduce policies and financial support to support green development. 	<ul style="list-style-type: none"> Opportunities for government subsidies or tax incentives may be available to reduce operating costs and increase profitability.

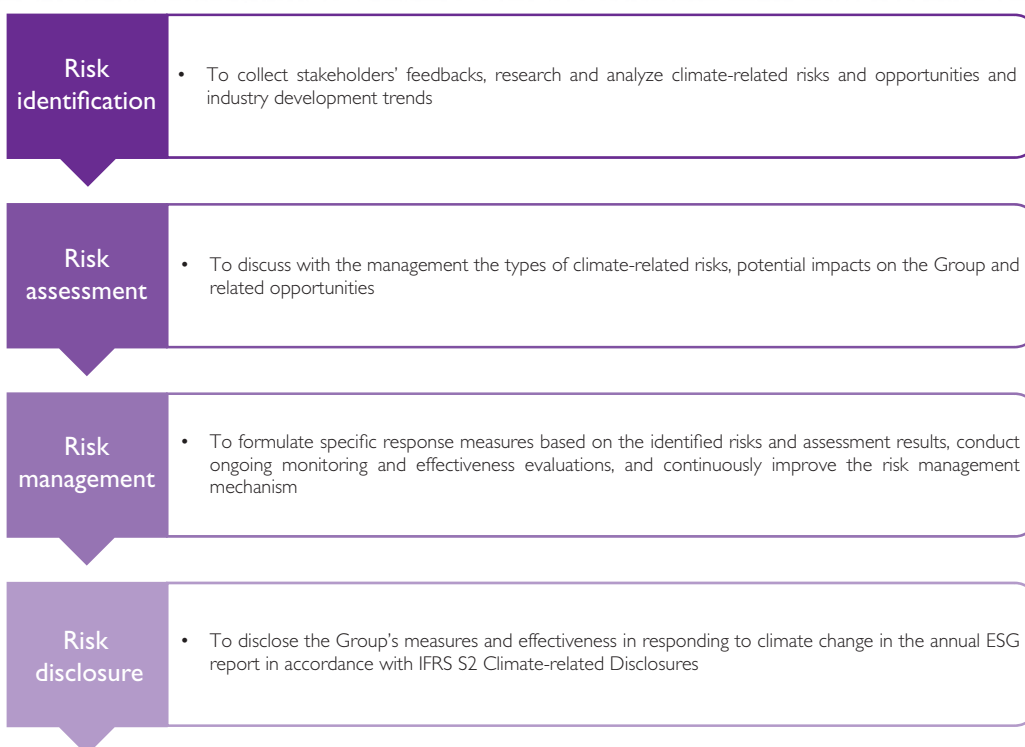
Note:

4. The time frame refers to the cycle in which climate-related risks and opportunities may have an impact on the Group's operations. Short-term is defined as 1 to 3 years, medium-term is defined as 3 to 5 years, and long-term is defined as 5 to 10 years.

Environmental, Social and Governance Report

Risk Management

The Group has incorporated climate change-related risks into its daily corporate operation management procedures to identify and mitigate potential risks. The management is responsible for addressing risks and opportunities related to sustainable development (including climate change). These risks will be continuously monitored to ensure that they are integrated into the Group's development, business decisions and approval processes, so as to effectively manage climate risks and opportunities and improve the Group's robust development capabilities in a complex environment. On this basis, the Group has proactively deployed response measures in key climate-related aspects, specifically as follows:



Environmental, Social and Governance Report

Metrics and Targets

The major GHG emissions of the Group are from direct GHG emissions (Scope 1) caused by gasoline consumed by vehicles and energy indirect GHG emissions (Scope 2) from purchased electricity. The Group actively adopts power-saving and energy-saving measures to reduce GHG emissions, including strict control of usage of air-conditioning, lighting facility and office appliance. Specific measures will be described in the section headed “Energy Efficiency”. In addition, the Group actively uses electronic communication methods such as telephone or online meetings to replace long-distance face-to-face meetings to reduce carbon emissions from business travel. The Group is also committed to further enhancing power-saving and energy-saving measures within our office operations to reduce carbon emissions and mitigate our environmental impact.

During the Reporting Period, the Group’s GHG emissions intensity decreased by approximately 11% from approximately 2.13 tCO₂e per employee in FY2024 to approximately 1.90 tCO₂e per employee in FY2025. This was due to the update of the national carbon dioxide emission factor for electricity this year, which resulted in a decrease in carbon dioxide emissions. Based on the Group’s business activities, including game research and development and operations and the sales of peripheral products, it is expected that our Scope 3 emissions cover upstream and downstream activities, including but not limited to: purchased goods and services (Category 1), upstream transportation and distribution (Category 4), employee commuting (Category 7) and downstream transportation and distribution (Category 9). At the same time, in recognizing the market’s concern on the supply chain management, the Group will actively explore the data feasibility of expanding GHG emissions disclosure to cover other GHG emissions (Scope 3), and will disclose relevant data when the data collection system becomes more mature in the future.

The GHG emissions performance of the Group is as follows:

Indicator ⁵	Unit	FY2025	FY2024
Direct GHG emissions (Scope 1)	tCO ₂ e	16.47	18.44
Energy indirect GHG emissions (Scope 2)	tCO ₂ e	1,715.03	1,874.67
Total GHG emissions (Scopes 1 and 2)	tCO ₂ e	1,731.50	1,893.11
GHG emission intensity	tCO ₂ e/employee	1.90	2.13

Note:

- GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, the National Carbon Dioxide Emission Factor for Electricity in 2023 jointly released by the Ministry of Ecology and Environment of the People’s Republic of China, National Bureau of Statistics and National Energy Administration and the “Global Warming Potential” of the Sixth Assessment Report, 2021 (AR6) issued by the Intergovernmental Panel on Climate Change.

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SOCIAL

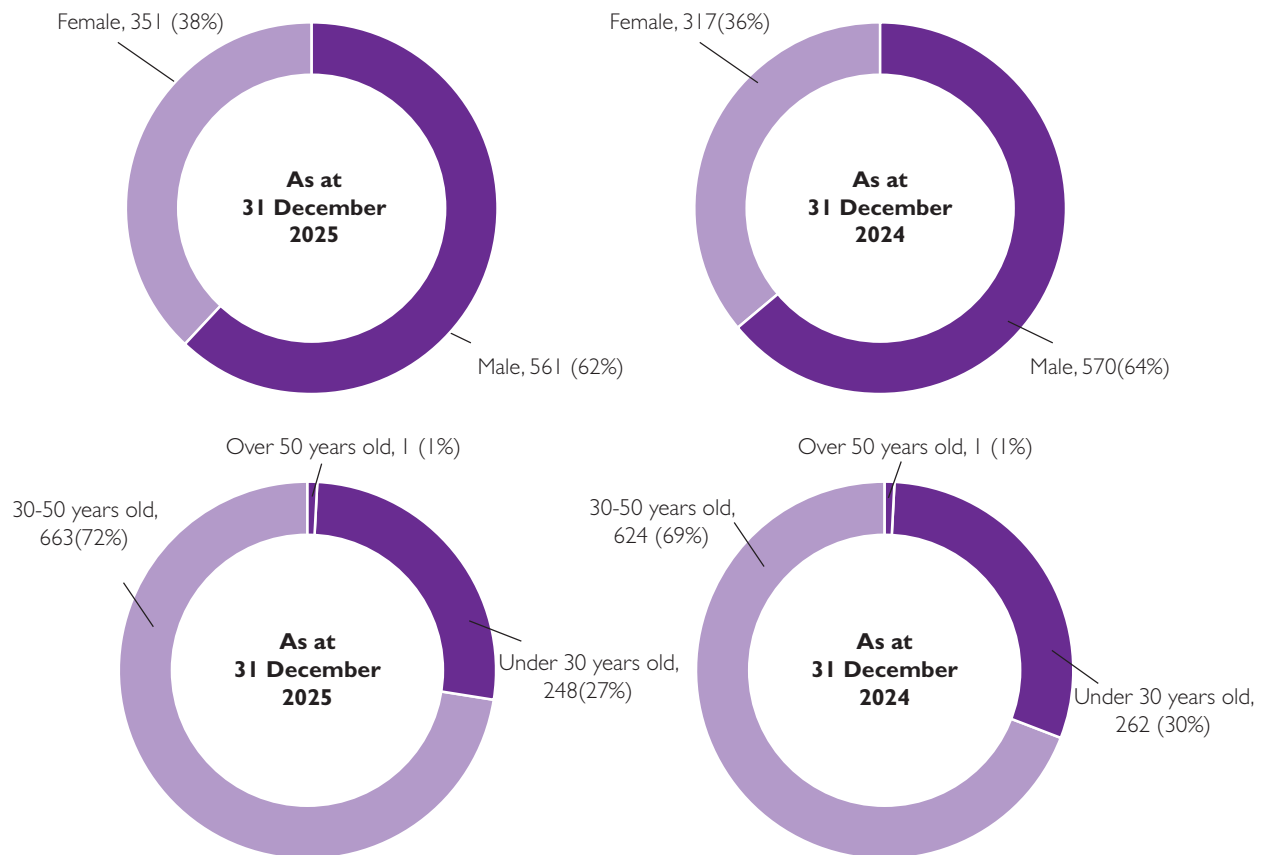
Employment

Talent Management

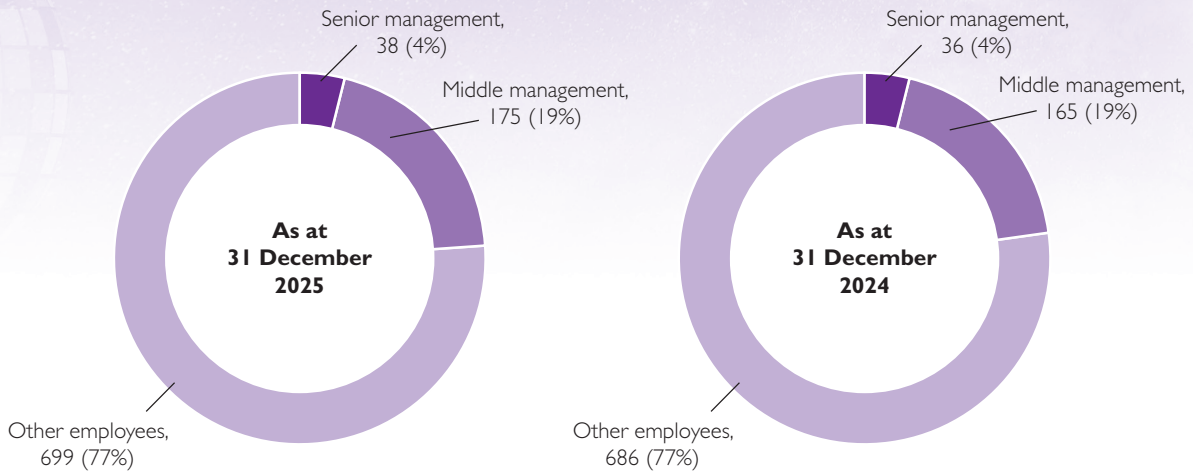
The Group believes that staff is the most important and the most valuable assets and the core of competitive strength that brings unlimited creativity and uniqueness to the Group. In order to retain talents and protect the lawful interest of employees, the Group has formulated the policies such as the "Human Resources Management Policy", "Recruitment Management Policy" and "Administrative Management System" to specify the labour employment management, protect employees' occupational health and safety, maintain employees' interests, fully respect and emphasized the stimulation of the employees' initiative, mobility and creativity, and strive to build a harmonious and proactive working culture.

In FY2025, the Group strictly complies with the employment-related laws and regulations, including but not limited to, "Labour Contract Law of the People's Republic of China" and "Labour Law of the People's Republic of China". The Group has not identified any material matters that violate human resources laws and regulations.

As at 31 December 2025, the total number of employees of the Group was 912 (as at 31 December 2024: 887), and all employees were full-time employees located in China. The specific information about employees is as follows:



Environmental, Social and Governance Report



Employee Remuneration and Benefits

The Group set up a fair, reasonable and competitive remuneration and benefits system with reference to market terms and individual merits. The Group calculated the remuneration of each employee by combining multi-dimensional data, including basic salary, attendance and performance, and paid on time to ensure employees receive deserved returns. The Group has also set up a salary adjustment mechanism to provide two salary adjustment opportunities within one year based on business development status and individual performance of employees. Performance is evaluated based on employees' work behaviours and results achieved through certain standards. Based on the evaluation results, outstanding employees are commended and encouraged while employees whose are unsatisfied are assisted, so as to provide positive guidance to employees in each position. In view of this, The Group set up special bonuses and conducted selection of "Quarterly Star", "Annual Star" and "Star Employee" in order to award and encourage employees. The Group also has a Share Award Scheme and issued a certain amount of shares to qualified participants, which aligned the interest of participants with the interest of the Group and encourage them to create long-term value for the Group.

In accordance with "Labour Contract Law of the People's Republic of China", the Group has signed and performed labour contracts with the employees, the signing rate of the labour contract is 100%. The Group makes contribution to the retirement benefit scheme in accordance with the law, to ensure that the employees enjoy social insurance benefits. In addition, the Group also makes contributions to employee benefit plans based on certain percentages of employees' salaries, bonuses and allowances and regularly organises free medical examinations for employees to ensure they remain in good health and can bring sustainable development and success to its employees and the Group.

Environmental, Social and Governance Report

The Group also complies with the requirements of the national and local laws and regulations of “Labour Law of the People's Republic of China” to effectively protect the legitimate rights and interest of workers, respect the rights of employees to rest and take vacations, and standardize employees' working hours and their rights to various types of rest and vacation. The Group has causal leave, sick leave, marriage leave, maternity leave, funeral leave, welfare annual leave, employment injury leave, traditional festivals, and the anniversary of the Group. We may arrange vacation or early leave as appropriate. In addition, in order to attract valuable talents and empower employees, the Group established “Trade Union Committee” in March 2017 and elected members of the trade union committee, including Chairman, Audit Committee and Female Staff Committee.

The Group attaches great importance to the well-being of its employees to express its care to them. In appreciation of the efforts and contributions of our staff, the Group has put in place a number of staff benefits. The headquarter building of the Group in Suzhou is equipped with supporting facilities such as tea break lounges, staff canteen, gym room, sightseeing elevators and nursery rooms to cater to the needs of different employees, so as to create a pleasant and comfortable working environment for employees, keep them physically and mentally healthy, and increase their sense of belonging and motivation to work for the Company.

In FY2025, the Group distributed Chinese New Year gift boxes and red pockets to all staff members to welcome the new year with staff. The Group also prepared Mid-Autumn Festival and Dragon Boat Festival gift boxes for all employees during these festive occasions to convey warm blessings.



In addition, the Group also organises a number of diversified activities from time to time, including but not limited to team building activities, sports competitions, birthday parties, festive care, paid annual leave, growth benefits (including but not limited to star-rated employee benefits: organising family gatherings and occasional gifts for elders) to enhance employees' friendship, master interpersonal skills, and maintain balance between employees' lives and work, and at the same time enhance team spirit and cohesion.

Environmental, Social and Governance Report

Case Study

Goddess Day and Prince Charming's Day



Case Study

New Year Activities



Environmental, Social and Governance Report

Case Study

Afternoon Tea at Half Moon



Case Study

Birthday Party

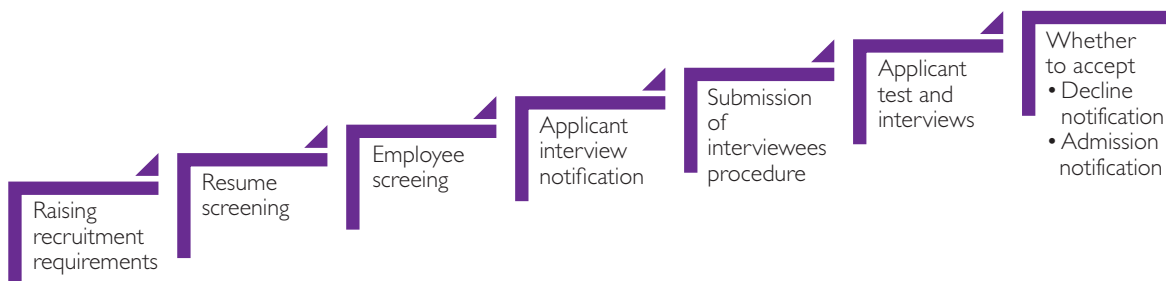


Environmental, Social and Governance Report

Recruitment, Promotion and Resignation

The human resources department of the Group is responsible for the review of annual appointments and schedules conditions, according to the Group's operating condition, development strategy and the needs of various departments for the change of the appointment system and schedule to summarize and perform an overall assessment, pay attention to whether the content of the "Annual Job Matching Handbook" is complete, whether the related duties and post changes are reasonable, and whether the newly established posts are appropriate, and submit to general manager for approval.

The Group will conduct multiple evaluations based on the applicant's working experience, professional skills, ability, personality characteristics and occupation, to seek for the most suitable candidate, and to ensure the experience of the applicant and their values are in line with the Group's development strategy and business plan. The specific recruitment process is as follows:



The Group has also established the "Human Resource Management System" policy, in which the two chapters of "Human Resources Organisation Planning" and "Personnel Recruitment and Employment" clearly stipulate job assignments and various recruitment requirements. The Group also clarifies the basis and procedures for personnel promotion and employment transfer management, to enhance transparency and hence protect the interests of employees and the Group, and reduce unnecessary disputes. The Group has implemented a comprehensive set of internal recruitment procedures, to promote employees in strict accordance with various criteria such as job performance, qualifications and departmental recommendations, providing employees with opportunities for promotion and development in order to explore their potential.

In order to simplify the turnover process, ensure transparency and reduce the impact of departures on overall productivity, the Group has clearly stipulated in, the chapter "Human Resources Withdrawal" in the "Human Resources Management System" policy the application procedures and approval process for resignation. The specific process is as follows:

Resignation Application Procedures



Environmental, Social and Governance Report

Approval Procedures



During the Reporting Period, the Group's employee turnover rate, i.e. employee turnover rate in China, was approximately 14%⁶ (FY2024: approximately 25%).

Employee turnover rate by gender⁶

Gender	FY2025	FY2024
Male	13%	27%
Female	14%	22%

Employee turnover rate by age group⁶

Age group	FY2025	FY2024
Under 30 years old	26%	29%
30 to 50 years old	8%	23%
Over 50 years old	—	—

Note:

6. Employee turnover rate in the category = Number of employee turnover in the category during the year / (Number of employees in the category at the beginning of the year + Number of new employees in the category during the year) × 100%.

Communication and Exchange

The Group has always emphasized resource sharing, concerned information communication, promoted communication and negotiation, harmonious relationship and improved understanding. The Group encourages active and open communication between employees and opposes any irresponsible private rumors and speak ill of others behind their backs. Communication platforms include but not limited to office automatic system, office telephone and regular communication meetings.

Environmental, Social and Governance Report

Health and Safety

Occupational Health and Safety

The Group attached great importance to the employees' health and safety, and strived to provide a healthy, safe and comfortable working environment for the employees. In addition to organising regular free body check for the employees, the Group also established related safety management system and procedures, regulating the potential health and safety risk in the workplace to protect the employees' personal safety and health during worktime.

In order to prevent electrical hazards and accidents and to maintain normal working order, the Group has especially established "Electricity Safety Management Regulations" and included in the "Administrative Management System" policy, which requires the Group's administrative management department to be responsible for centralizing purchasing of all electrical equipment and power extension cables. Electrical equipment that has not been purchased by the administrative management department is forbidden to use, and any personnel is strictly forbidden to modify any wires and sockets without permission, touch any equipment in the equipment room and power distribution room. In order to minimise damage and prevent the continual malignant development of the incident and other adverse events, the Group has formulated the "Contingency Plan for Emergencies" in the "Administrative Management System". It specifies the duties and job responsibilities of each person in charge of the emergency response team, as well as emergency measures for fire accidents, emergency medical treatment and criminal case response systems. To avoid impact and loss caused by water and electricity outages, and to ensure the maintenance of normal working order of the Group's office, the Group stipulates "Emergency Plans for Power Outages and Water Outages", which include emergency arrangements for planned power outages and water outages, and also emergency power outages and water outages.

The Group strictly implements the related laws and regulations of the "Labour Law of the People's Republic of China", "Production Safety Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases" and "Fire Control Law of People's Republic of China". In each of the last three years including FY2025, the Group has not recorded any accidents leading to death or serious injuries and has not paid claims or compensation to its employees as a result of these events. During the Reporting Period, the Group recorded 0 work day lost due to work-related injuries (FY2024: 0 work day) and rate of work-related fatalities of 0%, and has not identified any violations of laws and regulations relating to employees' health and safety that would have a significant impact on the Group.

Fire Safety Management

The Group attaches great importance to the fire safety of office employees. For the usage and using method of fire caution equipment, the job duties of various departments, emergency rescue procedures, and preventive measures, the "Fire Safety Management System" was formulated in the "Administrative Management System", which aims to prevent fires and reduce hazards, protect employees' personal and property safety, maintain public safety, and ensure the smooth progress of various tasks. The Group also conducts fire training and emergency drills for employees regularly, reminding employees at all times to be alert to the potential fire risk in order to reduce fire hazards and raise fire awareness among all employees. In order to prevent employees' hidden dangers caused by smoking, the Group has "Smoking Area Safety Management System" which prohibits smoking in other places except smoking areas to avoid fire hazards and fire accidents.

Environmental, Social and Governance Report

Development and Training

Employee Training and Development

The Group attaches great importance to the professional development of its employees, thereby providing extensive trainings and sustainable professional development plans for employees of all level. The on-going training projects of the Group include but not limited to new recruits training, general skill set and professional skills training, internal and external training, system development and maintenance of online training, programme development, internal lecturers cultivation, online and offline reading club, sharing and key talents cultivation programme. In FY2025, the total number of employees trained of the Group were 573 (FY2024: 632). The percentage⁷ of total employees trained was approximately 62.83% (FY2024: approximately 71.25%). The average training hours⁸ of each employee was approximately 15.34 hours (FY2024: approximately 18.74 hours). The decrease in average training hours was mainly due to a relative slowdown in talent training as a result of busier business departments in response to the strategic transformation and restructuring of our business. Details of trainings of relevant employees are as follows:

	Percentage of employees trained ⁹		Average training hours ¹⁰	
	FY2025	FY2024	FY2025	FY2024
By Type of Employees				
Senior management	100.00%	100.00%	18.00	12.39
Middle management	76.57%	86.06%	20.55	19.14
Other employees	57.37%	66.18%	13.35	19.12
By Gender				
Male	61.68%	71.40%	16.11	19.39
Female	64.67%	70.98%	14.17	17.56

Notes:

7. Percentage of total employees trained = Total employees trained during the year / Total number of employees at the end of the year × 100%.
8. Average training hours of each employee = Total training hours during the year / Total number of employees trained.
9. Percentage of employees trained in the category = Number of employees trained in the category / Total number of employees in the category at the end of the year × 100%.
10. Average training hours of employees in the category = Total training hours of employees in the category / Total number of employees trained in the category.

Environmental, Social and Governance Report

The Group's training adheres to "organisational learning" and "spontaneous learning", encourages employees' spontaneous learning and sharing. The Group ensures that all new employees will receive pre-employment training to familiar with and integrate into the corporate culture of the Group as well as to understand the Group's operation, job requirements, work closely with the team, integrate personal careers with corporate development, and promote continuous growth of employees. The Group also has flexible training arrangement for its employees. In daily work, each department can initiate internal training according to the needs of employee and department, submit training schemes, and the human resources department monitors and tracks the entire training process. Internal training includes but not limited to the development of professional knowledge and skills, the establishment of standardized processes and regulations, the use of cutting-edge technological tools, and the enhancement of managerial capabilities. While inviting internal and external lecturers to broaden employees' horizon, the Group also organises outward bound to help enhance employees' cohesion and increase employees' sense of belonging, continuously promoting the corporate spirit in FriendTimes.

The Group's talent training adheres to the principle of "internal training and supplementing external recruitment", we believe that the professional ability of employees is one of the keys to the success of the Group. In addition to the enhancement of professional ability, the Group also invests a lot of resources to enhance the managerial capabilities of project managers through specialized programs such as PMP project management and agile project management, in order to improve their project management skills in leadership and coordinating cross-functional team, managing project planning and promotion, budget and resources, and applying appropriate project method in order to accomplish the project requirements and leading to success.

In addition, in order to accelerate the development of skilled professionals and drive high-quality corporate growth, China's national vocational skills reform, implemented since 2019, encourages enterprises to conduct internal employee vocational skills assessment and certification. Employees who pass the assessment are awarded skill level certificates, which hold the same validity as national vocational qualification certificates. After years of effort, FriendTimes has obtained accreditation for six job categories, including: certification for level 3 computer programmer, call centre operator and AI trainer, certification for level 1 to level 3 technology consultant and customer service manager, and certification for level 1 to level 4 animation producer. The Group conducts one to two internal certification assessments annually. In 2025, the certification for Level 3 customer service manager was conducted. As of 31 December 2025, a total of 875 individuals have received dual qualifications through FriendTimes' skill level certification programme.

In order to ensure every employee receives equal opportunities in training, the Group has established a good personnel training mechanism, promoted the smooth process of the Group's key tasks and the realization of strategic goals. The Group has "Training Management Measures" for training management that requires the human resources department to develop activities according to the current quality of employees in the core businesses and the needs for subsequent development, and organise, supervise, promote and summarize training content, and also require that the talent training projects comply with the four management principles of autonomy, quality, diversification and sharing. Furthermore, the Group also has "Human Resources Management System", the human resources department is required to formulate and coordinate an effective training scheme in accordance with the Group's business development strategy and the personal development needs of employees. The human resources department conducts monthly feedback on the implementation of training, and at the end of each year, re-formulates the next year's employee training scheme to confirm the direction of training in the future.

Environmental, Social and Governance Report

Case Study

The Fifth Phase of the Elite Eagle Scheme Training Camp



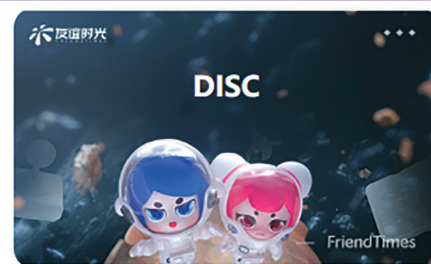
Case Study

“Non-violent Communication” Micro-course



非暴力沟通 共5章节

沟通 非暴力沟通



DISC 共6章节

DISC



用事实说话 共5章节

沟通



OKR目标管理 共5章节

OKR

Environmental, Social and Governance Report

Labour Standards

The Group has complied with all laws and regulations related to the prevention of child labour or forced labour, including but not limited to the “Labour Law of the People’s Republic of China”, “Special Protection for Juvenile Workers” and “Provisions on the Prohibition of Using Child Labour”. In FY2025, the Group was not aware of any material issue related to the prevention of child labour or forced labour.

Prevention of Child Labour and Forced Labour

The Group strictly prohibits the employment of any child labour. The Group’s “Recruitment Policy” requires new employees to provide true and accurate personal information upon employment which would be strictly reviewed by the recruiters, including body check qualification certificate, academic certificates, identity card, household registration. The Group has established a comprehensive recruitment process that requires study of the candidate’s background and a formal reporting process that handles any exceptions. It also conducts regular reviews and inspections to prevent any child labour during operation. In the case of discovering unintentional employment of child labour, the Group will immediately cease the work of the child labour and contact the parent or legal guardian to arrange for the return of the child labour to the original residence as soon as possible and bear all related expenses. To prevent forced labour, the Group stipulated the work hours and public holidays in the employee contract. The human resources management department also checks working hour records regularly to prevent occurrence of forced labour during our operation. If overwork is found, the Group will immediately conduct investigations. Where non-compliant cases are confirmed, the Group will impose disciplinary penalties against the responsible officer involved in such incidents.

Supply Chain Management

The Group has formulated the “Supplier Management System” to optimize and develop supplier resources, established a supplier market access and performance evaluation system, and maintained a stable and reliable supplier team, providing reliable material supply protection for enterprise construction and development. It clearly lists out the requirements for consideration of suppliers’ cooperative performance review, supplier maintenance inventory, and evaluation of new suppliers. At the same time, the Group will focus on evaluating supplier cooperation performance based on the three aspects of supplier product quality, technical support and after-sales service. Suppliers with excellent product quality, reasonable prices, long cooperation periods, good reputation, and good discipline will be directly included in the “Supplier Maintenance Inventory”. The Group carries out regular evaluation on suppliers to ensure a consistent level of quality and to resolve any potential issues. After years of operation, the Group has now formulated a more comprehensive supplier team.

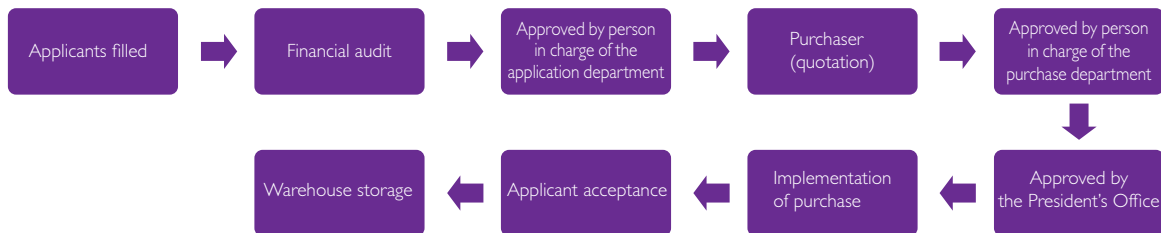
Environmental, Social and Governance Report

Environmental and Social Risk Review for Suppliers

In addition, the Group focuses on the sustainable development of the supply chain and pays great attention to the environmental and social performance of our suppliers. Under the Group's supplier monitoring mechanism, while ensuring compliance in terms of qualifications, operations, products and quality inspection, we also understand the environmental, social and ethical issues related to our suppliers' business and have set minimum standards for relevant issues to examine whether our suppliers have complied with relevant laws and regulations and other required standards in terms of environmental pollution, health and safety, forced labour and child labour, etc.. For major suppliers and higher-risk suppliers, we require such suppliers to have sound environmental and social risk management systems. Furthermore, the Group gives priority to suppliers who source locally and use environmentally friendly products and services in the selection process. Through the above review process and regular inspections of the environmental and social performance of the supplier list, the Group will minimise the potential environmental and social risks in the supply chain.

Fair and Open Procurement

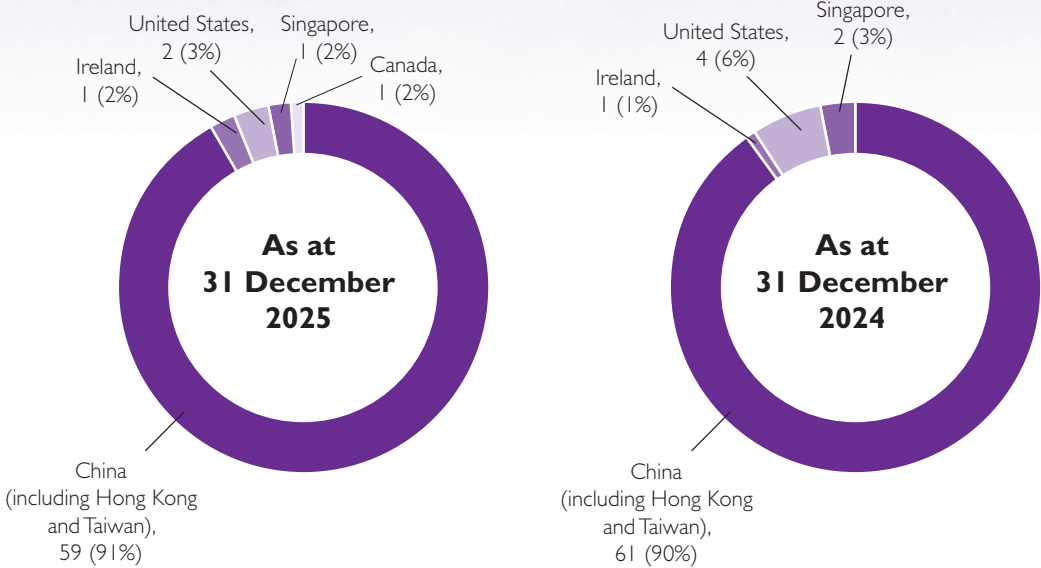
The procurement process of the Group strictly adheres to the "The Bidding Law of the People's Republic of China", "The Government Procurement Law of the People's Republic of China" and other relevant regulations, and is carried out under open, fair and just conditions, and will not treat any suppliers with discrimination or preferential treatment. If an employee or other individual is found to have a relationship of interest with relevant suppliers, the Group will prevent them from participating in the relevant procurement activities. The integrity of suppliers and partners is also one of the factors considered by the Group. The Group will not tolerate any acts of bribery and corruption, and it is strictly forbidden for suppliers and partners to obtain procurement contracts or establish cooperative relationships through any form of transfer of benefits. The Group has set up a designated "Procurement Management System" policy to ensure the quality of the Group's procurement and to review and standardise the procurement process. The specific process is as follows:



To ensure proper management of purchased materials and prevent repeated purchases of assets, the Group's "Administrative Management System" policy, in which the chapter of the "Fixed Asset Management Regulations" specifies the requirements for purchase application requirements, purchase price ratios, and fixed asset acceptance standards. Among them, the applicant must fill in and indicate the required asset details, and the person in charge of the department must review its rationality and necessity. After approval, the purchaser is required to select the best supplier in the form of "shop around", record the procurement process in detail, and regularly review the supplier's cooperation performance. For asset acceptance, purchasers and asset users must jointly accept on site to ensure consistency with procurement requirements.

Environmental, Social and Governance Report

During the Reporting Period, the Group had 64 (FY2024: 68) major suppliers from different countries or regions, all of which have passed the relevant audit and management practices mentioned above. Details of the geographical distribution of these suppliers are as follows:



Environmental, Social and Governance Report

PRODUCT RESPONSIBILITY

In order to continue to attract and retain game users, the Group must continue to fulfil its product responsibility to provide a good gaming experience. The Group is committed to providing the best user experience and is highly focused on the quality of the Group's products and services. In order to accommodate our players' interest and preferences as well as to respond to the everchanging competitive environment of the mobile game industry, the Group evaluates these aspects when launching new games in order to provide the best user experience. The Group also regularly promotes new games and game upgrades to enhance geographical penetration. The Group will continue to upgrade the technology and infrastructure to minimise downtime and maintain the system stability of the Group's games.

The Group actively complies with the laws and regulations such as the "Advertising Law of the People's Republic of China", "Law of the People's Republic of China on the Protection of Consumer Rights and Interests", "Product Quality Law of the People's Republic of China", "Trademark Law of the People's Republic of China", "Patent Law of the People's Republic of China" and "Copyright Law of the People's Republic of China". During FY2025, the Group was not aware of any material issues that violate laws and regulations related to product and service quality. In addition, the Group has not received any major complaints about products and services, and there are no products sold subject to recalls for safety and health reasons during the Reporting Period.

Research and Development

The Group's long-term development depends on the research and development and innovation of mobile games. Therefore, the Group invests a lot of research and development resources to build related capabilities. The Group has an experienced research and development team, which consists of skilled gamer designers, graphic designers, programmers, numerical designers, level designers, sound engineers and test engineer. The research and development team is further divided into four departments: (1) the game development center is responsible for project management of game design and planning, programme development, and game development processes; (2) the art design center is responsible for the art design of game characters, scenes, and special effects; (3) the social platform development center is responsible for developing and maintaining social platform applications "GameFriend"; and (4) the technical support center is responsible for building the basic game structure with the game engine, designing general development tools and special development tools, and providing other technical support for game development. As of 31 December 2025, the Group held a total of 5,008 software copyrights and work copyrights.

The Group remains committed to strengthening its independent research and innovation capabilities. It closely monitors advancements in cutting-edge technologies such as AIGC and accelerates the research and deployment of relevant technologies. The Group continues to explore the industrialisation of AI+ applications in gaming, seeking in-depth integration between cutting-edge technologies in the industry and the Company's business operations. By modularising and systematising processes, it aims to enhance project initiation, content planning, development and testing, publishing and operations, and marketing, ultimately improving efficiency while reducing costs. In addition, several of the Group's games have completed development as native applications for Huawei's HarmonyOS and have officially joined the HarmonyOS ecosystem, expanding cooperation in technology application scenarios.

Environmental, Social and Governance Report

Case Study

FriendTimes Showcased HarmonyOS Ecosystem Innovation with its Mobile Games

During the 2025 Huawei Developer Conference (HDC 2025), FriendTimes' mobile games Culinary Chaos (暴吵萌厨) and Twist of the Fate (浮生憶玲瓏) appeared in the HarmonyOS game zone, showcasing our deep integration with the HarmonyOS system as one of the innovative results. Culinary Chaos (暴吵萌厨) realizes extremely fast team interaction through the "Tap-to-Connect" feature, presenting a rich personalized competition experience. In addition, Twist of the Fate (浮生憶玲瓏) allows players to interact with characters in fragmented time using desktop interactive cards. This appearance not only reflects the technical advantages of the HarmonyOS game ecosystem, but also demonstrates the cooperation results between FriendTimes and Huawei in multi-terminal data flow and performance optimization. In the future, we will continue to deepen cooperation, promote technological innovation, and bring players a more immersive gaming experience.



Case Study

FriendTimes Participated in Game IP International Cooperation Salon

FriendTimes was invited to attend the 2025 Game IP Ecosystem Conference, an annual game IP industry event hosted by the China Audio-video and Digital Publishing Association. The Group participated in the signing and establishment ceremony of the "International Gaming and Animation IP Collaboration Service Center", with an aim to empowering Chinese culture to go overseas through the official platform. During the conference, FriendTimes engaged in targeted meetings with over 20 Chinese and international companies such as Game8 and SNK, actively exploring cross-industry cooperation of "IP+" in the fields of film and television, cultural creation and cultural tourism. Relying on high-quality products that integrate traditional aesthetics such as Fate of the Empress (浮生為卿歌) and Twist of the Fate (浮生憶玲瓏), FriendTimes has successfully realized the international promotion of Chinese culture. This participation not only highlights its comprehensive global industry chain positioning, but also marks a new milestone for the Company in international IP ecosystem collaboration.



Environmental, Social and Governance Report

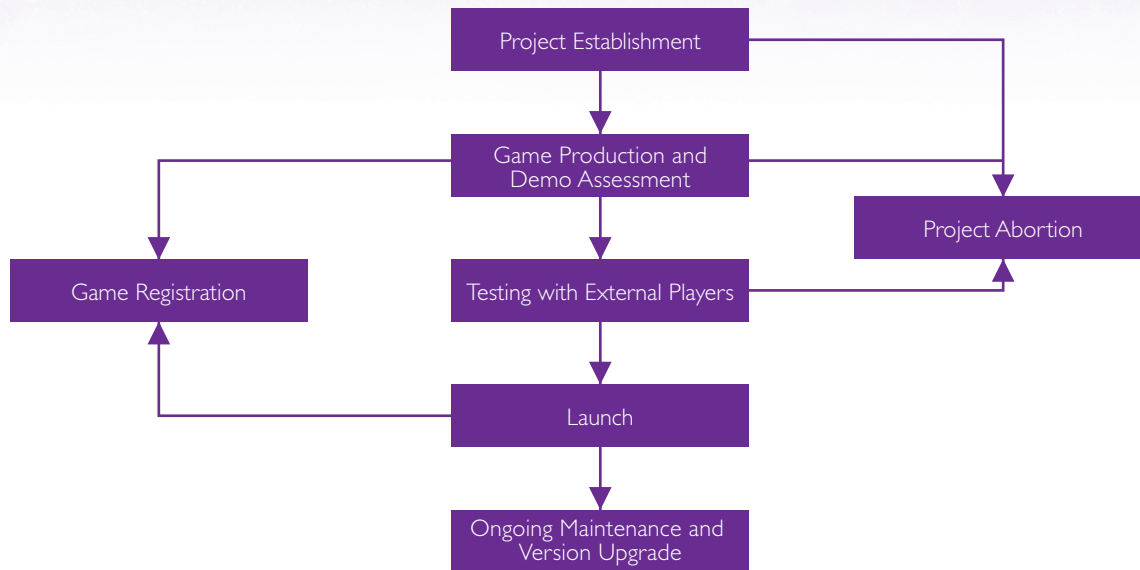
The Group's operating model is data-driven, which supports the Group's own data collection and analysis system from game development, distribution, and operations. The Group will continue to collect and analyse a variety of game and player data, mainly including login frequency, duration, game participation, skill level growth, preferences for using specific game features, and player retention rates. The Group's relevant departments analyse the data according to the needs of each game to plan game upgrade features, promotions and targeted advertising.

The Group encourages employees to actively participate in the decision-making and daily operations of the Group, and is committed to fostering a highly engaged corporate culture. To inspire innovative game concepts and designs, the Group organised the "Game Creative Design Competition" for all employees to solicit attractive and original design proposals. Winning employees were awarded cash prizes or tangible rewards, and projects aligning with the Group's development strategy and demonstrating market potential had a higher chance of advancing to the research and development stage. In addition, the Group has opened the game ideation channel to all of its employees throughout the year, so as to collect their inspirations and creative ideas and contribute to the Group's research and development of games.

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Game Development Process

The Group has established a scalable game development process that allows the Group to streamline collaboration between game development, distribution, marketing, and operations departments, and minimise the development work for games with similar technical functions or features. The game development process is as follows:



Project establishment is the first step of a game project, covering the development of game ideas, concepts and core gameplay, as well as the production of preliminary design documents. The Group usually adopts a top-down development structure, and senior management decides the concept of new game projects based on the latest market intelligence analysis and review and development strategy planning. In addition, quality assurance plays an important role in the game production process, providing quality assurance for game functions and in-game experience. The test engineer team will begin testing when any level or subset of the game programme reaches the playable stage. The Group will hold a series of demonstration and evaluation meetings for the internal test team to try out the game demo version, evaluate whether the core gameplay, basic functions and design can achieve the effect of the original game plan, and provide feedback so that the development team can fine-tune the design, solve technical problems, and fix programme errors. If the product development committee is satisfied with the full product demonstration, the game development process will enter the stage of preparing a specific game version and processing the relevant documents for game registration.

When game development is about to complete, the Group will invite external players to conduct several rounds of game testing. Testing is generally divided into two phases: closed beta (that is to identify and to invite external players through advertising and marketing agents, based on standards) and public beta (that is to upload the Group's games to third-party distribution platforms for public download and demo). After the game has been fully tested with external players, plus the test data has reached the Group's standards, and after the Group's technical review has been approved, the management will then pass a resolution to officially release the game for commercial use. The Group usually launches games on different distribution platforms and distributes advertisements on various advertising platforms to increase game exposure and attract more players.

Environmental, Social and Governance Report

Customer Service

The Group provides customer service for games and social platform applications, and is committed to supporting and meeting the needs of the Group's players. The Group has dedicated customer service specialists who provide all-rounded online customer service in multiple languages. Players can contact our customer service specialists through a variety of channels, including live chat, email, phone and the in-game consultation system. The Group has set up the "Customer Complaint Handling and Procedures of the User Operation Department of GameFriend" to ensure that user complaints can be resolved quickly and effectively through standard procedures and norms, so that users can build confidence in the products and services the Group provides during the complaint handling process, and ultimately improve corporate brand image. After receiving a customer inquiry, the Group's customer service specialists will record the inquiry details on the internal information technology platform. If the inquiry is a common question that the Group's customer service specialists know well, they generally reply to players immediately when they receive the inquiry. Otherwise, they will communicate with the relevant operating department or team to provide players with appropriate solutions or solve system problems. The Group generally requires customer inquiries to be resolved or handled within one to three days. The Group's customer service team holds weekly internal department meetings and monthly customer service team meetings to discuss inquiries from the Group's players and formulate standard action plans for frequently asked questions. The Group also provides our customer service professionals with regular training on game rules, latest promotions, service skills and standard service procedures and terminology.

Software Platform Stability and Network Security Management

The Group will ensure a positive user experience by maintaining the quality of the platform, continue to communicate with users and respond immediately to their feedback, and make the platform more interactive to attract users. The Group also cooperates with third parties to allow users to log in to the Group's platform through third-party platforms, which enhances the platform login experience and further optimizes our applications, allowing users to log in faster and more conveniently. The Group also continues to update the games on a regular basis based on analysis of collected player behaviours and virtual goods consumption patterns.

Software platform stability and network security management are especially important to maintain product quality and a good user experience. After the game launched, the project development team will be responsible for continued game development, optimization and updating in daily operations until the game is eliminated. The Group understands that the release of new games and the rapid introduction of new features under the tight time constraints may affect the player's gaming experience, so the Group generally immediately address programming flaws notified by players to ensure the quality of the games.

Players can also get a better gaming experience by purchasing virtual goods. The Group relies on major third-party payment channels, such as Alipay and WeChat Pay to assist in collecting money for players to purchase virtual goods in the game. The Group introduced other payment methods for virtual goods in a manner consistent with local laws and practices, and protect the Group and players from fraud. In addition, the Group has a game policy to prohibit players to sell or transfer virtual goods. The Group reserves the right to impose sanctions on accounts that we have found to be performing unusual transactions or activities, including suspension, termination, or cancellation of player accounts.

Environmental, Social and Governance Report

Privacy Protection and Data Security

With the support of a proprietary data collection and analysis system, the Group has developed a set of fast and efficient data feedback loop functions that are built into the software development kit as part of the game programme. The data feedback loop function includes three parts, namely data collection, data analysis, and game improvement. To ensure network security, all game data the Group collects is processed, transmitted, and stored by multiple encryption and firewall protection. To avoid any data loss and ensure data control, all data generated by the Group's leased cloud server is backed up in real time on the Group's own physical server and stored in accordance with local laws and regulations. To avoid any internal data leakage, the Group implements strict security measures and implement multi-layer access monitoring based on employee levels and functions to restrict data access. Any changes to the system and database must be specifically authorized by the system administrator and be justified. All access activities, as well as changes to data systems and databases, are automatically retained and subject to routine checks. Our IT team monitors the operational status of our network equipment, servers, operating systems and databases, and responds and handles any issues that may arise in a timely manner.

In addition, the Group has also established the "Employee Confidentiality Agreement" to ensure that, except for the performance of their duties, relevant personnel must not disclose, disseminate, announce, publish, impart, transfer, exchange or otherwise make third parties (including employees of the outsourcer who do not have the right to know the confidential information) disclosed any technical secrets and business secrets without the consent of the Group. The technical secrets include, but are not limited to, product source code, design documents, art design, server permissions, technical solutions, recipes, technological processes, technical indicators, databases, research and development records, technical reports, test reports, experimental data, test results, drawings, samples, technical documents, related correspondence, etc.; business secrets include, but are not limited to, customer lists, marketing plans, market plans, procurement information, pricing policies, financial information, purchase channels, legal affairs information, human resources information, etc.

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The Group's subsidiary, FriendTimes Technology Inc., has obtained the internationally recognised ISO/IEC 27001 information security management system certification, marking a new milestone in the Group's information security management, while demonstrating its alignment with international best practices. As the most authoritative system certification standard that is widely accepted and applied across the globe in the field of information security, the ISO 27001 certification covers not only privacy, confidentiality, and information technology aspects but also many other aspects such as legal, personnel, and materials management, which sets very specific requirements and standards for information security. In addition, FriendTimes Technology Inc. obtained the "Level 3 Information System Security Protection Record Certificate" issued by the Ministry of Public Security of China, which certifies the platform's or software's qualification to protect user information security based on the "Administrative Measures for the Graded Protection of Information Security".



Game Health and Safety

Paying attention to the health of players' games is a social responsibility that mobile game companies need to fulfill, and it is also part of providing profound gaming experience for players. The Group understands that players in different regions have different cultural differences, so operating teams in each region will strictly compile with the laws and regulations on healthy games in the place of operation and in the app store according to the legal requirements of different countries.

As a leading company in the industry, the Group fully understands the penetration and impact of social media on society. The Group strictly complies with the "Provisions on the Administration of Mobile Internet Applicants Information Services", "Provisions on the Administration of Cyber Performance Business Operations" and "Notice on Strengthening the Administration of Internet Live-Streaming Services", and we have established a sound monitoring system to monitor our game products, organise technical and evaluation staff for trial play, and to prevent dissemination of obscenity, violence, illegal and vulgar bad information.

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In order to comply with relevant national regulations and to protect the personal safety of users, the Group requires users to use valid identity cards for real-name registration and use the information of the real-name registration in the anti-addiction system, and do not provide game services in any form (including visitor experience mode) to users who have not registered and logged in with their real names. Accounts under the age of 18 will be included in the online game anti-addiction system to prevent minors from accessing inappropriate games or game functions, and limit their game time.

At the same time, the Group has also implemented the “Parents’ Guardian Project for Minors” to strengthen parents’ monitoring over minors’ participation in online gaming, so as to prevent minors from being addicted to games and create a good environment for their healthy growth. The Group strictly adheres to relevant national policies by implementing real-name authentication, anti-addiction systems, and age-appropriate gaming reminders in all its games. It enforces restrictions on underage spending and promotes parental monitoring initiatives and dedicated appeal channels for minors. In full compliance with the new anti-addiction regulations issued by the National Press and Publication Administration, the Group restricts minors to one hour of online gaming only on Fridays, Saturdays, Sundays, and statutory holidays, from 8:00 p.m. to 9:00 p.m., making every effort to protect minors’ healthy growth.

In addition, the Group has also strengthened the promotion of healthy gaming and anti-addiction information through various channels, such as publishing game user guidelines and displaying warning messages on games and official websites, including reminders for players to resist inappropriate games, pay attention to self-protection, and beware of scams and game addiction that is harmful to their body.

Intellectual Property Rights Protection

To safeguard the efforts of the Group’s development team, the Group actively applies for patents for applicable products and technologies. The Group’s proprietary intellectual property rights, including proprietary domain names, copyrights, trademarks, patents, trade secrets and other intellectual property rights are critical to our business operations. The Group relies on trademark and copyright laws, trade secret protection, restrictions on disclosure, and other agreements that restrict the use of the intellectual property rights of the Group to protect its intellectual property rights. For our proprietary games, the Group registers software in China for copyright protection and takes various measures to protect our source codes, including confidentiality agreements. As at 31 December 2025, the Group has registered 208 domestic trademarks, 42 overseas trademarks, and 82 patents in China, of which 81 are invention patents. The reason for the decrease in the number of overseas trademarks compared to last year is the change in statistical caliber, and the current statistical caliber is more rigorous.

In addition to the intellectual property rights, collected from the Group’s existing games, it will collect creative literature by our in-house novel creation team and special novel writers to further expand the Group’s intellectual property resources. The Group also plans to acquire intellectual property and related assets in popular comics, animations, television series and shows, and movies.

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Responsible Marketing and Promotion

As a leading mobile game developer, publisher and operator, the Group has been launching and distributing the Group's games under the brand "FriendTimes". The Group will use online and offline marketing activities, such as cooperation with Apple App Store and Google Play, to develop distribution platforms, set Facebook as our advertising and marketing platform, invite celebrities to speak for the Group's core games, and publish advertisements on TV channels and public places, participate in more diversified industry events (such as exhibitions and industry conferences) and other ways to increase the Group's game and brand exposure. The Group has established a team dedicated to conceiving advertising ideas and designing advertising content around the basic game and character information provided by the game development team.

Case Study

Culinary Chaos (暴吵萌厨) Links with Classic Animation IP "Pleasant Goat and Big Big Wolf"

As a joyful kitchen party mobile game, Culinary Chaos (暴吵萌厨) remains committed to introducing players to a relaxed and interesting interactive experience. In 2025, Culinary Chaos (暴吵萌厨) joined hands with the classic animation IP "Pleasant Goat and Big Big Wolf" to launch a crossover collaboration event, where players can experience themed levels in the game, make special dishes, and obtain collaboration costumes for characters such as Pleasant Goat and Big Big Wolf. This event integrates national-level animation and party cooking gameplay, which not only brings rich benefits and interesting experiences to players, but also demonstrates the product's exploration efforts in crossover collaboration and content innovation.



The Group has established the "Marketing and Advertising Policy" to regulate product advertising and labelling issues. The Group strictly reviews the products and services it provides, as well as related sales, marketing and advertising strategies and materials, to ensure that it complies with applicable laws and regulations. The Group strictly complies with the "Notice on Strengthening the Supervision of the Promotion and Promotion Activities of Online Games" issued by the Ministry of Culture, to conduct legal marketing and consciously resist illegal acts and vulgar marketing.

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Anti-corruption

The Group has complied with all laws and regulations related to the prevention of bribery, extortion, fraud and money laundering, including but not limited to the “Criminal Law of the People’s Republic of China”, “Company Law of the People’s Republic of China”, “Law of the People’s Republic of China on Bidding and Tendering”, “Anti-Unfair Competition Law of the People’s Republic of China”, and the “Interim Provisions on Prohibition of Commercial Bribery”. In FY2025, the Group has not identified any material violations of laws and regulations related to the prevention of bribery, extortion, fraud and money laundering, and has not filed and concluded corruption lawsuits against the Group or its employees.

Anti-corruption

The Group believes that an incorruptible corporate culture is the key to the Group’s continued success. Therefore, it attaches great importance to the work and building system of anti-corruption and is committed to building an incorruptible, open and transparent corporate culture. The Group requires all employees to abide by the code of business ethics, and promises that there will be no corruption and bribery, nor will they engage in any fraud, extortion and money laundering activities. The Group expects every employee to adhere to the principles of honesty, integrity and core values in all aspects of work. The Group has set up an anti-corruption policy, which clearly specifies the Group’s expectations on matters related to anti-corruption of employees, and hopes that employees will consciously follow the regulations, otherwise they will be severely punished.

The Group also has an “Anti-commercial Bribery Agreement” to ensure the legitimate rights and interests of both parties, in which the Group clearly explains the definition of commercial bribery, and sets out the prohibition of commercial bribery or private fraud, the punishment of commercial bribery and unfair competition, and assistance obligation. The Group has also established a whistle-blowing system to establish and maintain a clean and transparent culture of the Group. The Group also provides employees with a strict and safe whistle-blowing mechanism to report any suspected corruption cases. The Group will investigate the case to determine its authenticity. Once determined, the Group will take necessary disciplinary and legal actions. The Group will also give corresponding rewards to whistle-blowers based on the Group’s system and the specific circumstances of the reported incident.

Our directors and employees will receive anti-corruption training annually to strengthen their awareness of fighting corruption and maintaining business ethos. During the Reporting Period, our directors and employees received the training courses on continuous compliance responsibility of listed issuers and anti-corruption with no less than 1.5 hours, which included but was not limited to updates on the Corporate Governance Code, how directors assume and practice anti-corruption responsibilities, the latest climate disclosure requirements and practices in 2025, disclosure requirements and practices in relation to anti-corruption in the ESG reports, anti-corruption requirements and regulations under Chinese Mainland law, and examples of corruption by public officials of listed companies. Through the relevant training, directors and staff at different levels have gained a clearer understanding of their respective roles and responsibilities in anti-corruption and business ethics, as well as the precautions to be taken for compliance operations.

Environmental, Social and Governance Report

Community Investment

Corporate Social Responsibility

The Group believes that rewards to society through participating in social activities and contributing to society is a form of corporate citizenship. Therefore, the Group is committed to becoming a caring and socially responsible enterprise. It continues to undertake corporate social responsibilities through charitable activities, hoping to help more people and organisations in need of help through the power of enterprise. The Group has set up the “Community Investment Policy”, which aims to understand the needs of the communities in which it operates through community engagement and to ensure that its business activities have taken into account the interests of the community. The Group has always adhered to the philosophy of public welfare, taking public welfare as its corporate responsibility and mission, cooperating with public welfare and charitable organisations from time to time to organise social activities for the purpose of public welfare and charity, hoping to help more people and organisations in need through its corporate strength, and establishing a good public image while fulfilling its social responsibility.

Case Study

“Pomegranate Seed Project” Helps Advance the Education Development in Border Regions

Driven by the joint efforts of multiple professional committees of the China Audio-video and Digital Publishing Association, FriendTimes participated in the “Pomegranate Seed Project” public welfare donation event, delivering our support to Sanhe Primary School in Ergun City, Inner Mongolia, through charitable donations. The Group provided the school with multi-functional printers and YOOE ancient style spirit pet blind boxes, which not only improved teaching conditions, but also integrated traditional cultural elements into our interaction with local students. This event helped support the education development in the border regions and resource sharing. This “Pomegranate Seed Project” public welfare donation event takes “when children speak with one voice, they grow in one heart” as its main purpose, and unites multiple enterprises to build a linguistic bridge of educational connectivity for border regions, ethnic minority areas, and underdeveloped areas, aiming to allow children of all ethnic groups to share high-quality educational resources, improve the overall literacy of young people, and forge a strong sense of community for the Chinese nation. This action reflects FriendTimes’ original intention and practice of continuously fulfilling social responsibilities and promoting educational assistance.



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CONTENT INDEX OF THE ESG REPORTING CODE OF THE STOCK EXCHANGE

Mandatory Disclosure Requirements	Section/Declaration
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Governance Structure	ESG Governance Structure
Reporting Principles	Reporting Principles
Scope of the Report	Scope of the Report

Aspects, General Disclosures 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 air 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 — Emissions Management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste Management
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.	Environmental Target Setting, Emissions — Emissions Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Target Setting, Emissions — Waste Management

Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Section/Declaration
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 Efficiency
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources — Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Target Setting, Use of Resources — Energy Efficiency
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.	Environmental Target Setting, Use of Resources — Water Consumption
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 A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact 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 — Indoor Air Quality Management, Paperless Office

Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Section/Declaration
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 — Talent Management
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment — Talent Management
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment — Recruitment, Promotion and Resignation
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 — Occupational 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 — Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety — Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety — Fire Safety Management

Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training — Employee Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training — Employee Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training — Employee Training and Development
Aspect B4: Labour 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 labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — Prevention of Child Labour and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards — Prevention of Child Labour and Forced Labour

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Aspects, General Disclosures 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 — Fair and Open Procurement
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management — Fair and Open Procurement
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 — Environmental and Social Risk Review for Suppliers
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 — Environmental and Social Risk Review for Suppliers
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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Intellectual Property Rights Protection

Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Game Development Process, Customer Service, Software Platform Stability and Network Security Management
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Software Platform Stability and Network Security Management, Privacy Protection and Data Security
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 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, how they are implemented and monitored.	Anti-corruption — Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption — Anti-corruption
Aspect 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 — Corporate Social Responsibility
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment — Corporate Social Responsibility
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment — Corporate Social Responsibility

Environmental, Social and Governance Report

Part D: Climate-related Disclosures Reference Table

Climate-related Disclosures	Corresponding Section
D. Governance	
(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	INTRODUCTION AND ESG STRATEGIES; Climate Change
(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	INTRODUCTION AND ESG STRATEGIES; Climate Change
(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	INTRODUCTION AND ESG STRATEGIES; Climate Change
(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	INTRODUCTION AND ESG STRATEGIES; Climate Change
(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and	INTRODUCTION AND ESG STRATEGIES; Climate Change
(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	INTRODUCTION AND ESG STRATEGIES; Climate Change
(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	INTRODUCTION AND ESG STRATEGIES; Climate Change
(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	INTRODUCTION AND ESG STRATEGIES; Climate Change

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Climate-related Disclosures	Corresponding Section
Strategy	
Climate-related risks and opportunities	
<p>An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p>	Climate Change
<p>(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;</p>	Climate Change
<p>(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;</p>	Climate Change
<p>(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons — short, medium or long term — the effects of each climate-related risk and opportunity could reasonably be expected to occur; and</p>	Climate Change
<p>(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.</p>	Climate Change
Business model and value chain	
<p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <p>(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and</p>	Climate Change
<p>(b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).</p>	Climate Change

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Climate-related Disclosures	Corresponding Section
Strategy and decision-making	
An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	Climate Change
(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	
(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;	Climate Change
(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);	Climate Change
(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan;	Climate Change
(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	Climate Change
(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Climate Change
An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Climate Change

Environmental, Social and Governance Report

Climate-related Disclosures	Corresponding Section
Financial position, financial performance and cash flows	
Current financial effect	
<p>An issuer shall disclose qualitative and quantitative information about:</p> <ul style="list-style-type: none"> (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. 	<p>Climate Change</p> <p><i>Given that the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i></p>
Anticipated financial effect	
<ul style="list-style-type: none"> (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: <ul style="list-style-type: none"> (i) its investment and disposal plans; and 	<p>Climate Change</p> <p><i>Given that the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i></p>
<ul style="list-style-type: none"> (i) its investment and disposal plans; and 	<p>Climate Change</p> <p><i>Given that the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i></p>
<ul style="list-style-type: none"> (ii) its planned sources of funding to implement its strategy; and 	<p>Climate Change</p> <p><i>Given that the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i></p>

Environmental, Social and Governance Report

Climate-related Disclosures	Corresponding Section
<p>(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</p>	<p>Climate Change</p> <p><i>Given that the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i></p>
<p>Climate resilience</p>	
<p>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <p>(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:</p> <ul style="list-style-type: none"> (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; 	<p>Climate Change</p>

Environmental, Social and Governance Report

Climate-related Disclosures	Corresponding Section
<p>(b) how and when the climate-related scenario analysis was carried out, including:</p> <p>(i) information about the inputs used, including:</p> <ol style="list-style-type: none"> (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); 	Climate Change
<p>(ii) the key assumptions the issuer made in the analysis; and</p>	Climate Change
<p>(iii) the reporting period in which the climate-related scenario analysis was carried out.</p>	Climate Change

Environmental, Social and Governance Report

Climate-related Disclosures	Corresponding Section
Risk Management	
<p>An issuer shall disclose information about:</p> <p>(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:</p> <ul style="list-style-type: none"> (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; 	Climate Change
<p>(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p>	Climate Change
<p>(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.</p>	Climate Change

Environmental, Social and Governance Report

Climate-related Disclosures	Corresponding Section
Metrics and Targets	
Greenhouse gas emissions	
<p>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as:</p> <ul style="list-style-type: none"> (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; (c) Scope 3 greenhouse gas emissions. 	Climate Change
<p>An issuer shall:</p> <ul style="list-style-type: none"> (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; 	Climate Change
<ul style="list-style-type: none"> (b) disclose the approach it uses to measure its greenhouse gas emissions including: <ul style="list-style-type: none"> (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; 	Climate Change
<ul style="list-style-type: none"> (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and 	Climate Change
<ul style="list-style-type: none"> (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). 	Climate Change

Environmental, Social and Governance Report

Climate-related Disclosures	Corresponding Section
Climate-related transition risks	
<p>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.</p>	<p>Climate Change</p> <p><i>Our current research only covers designated assets and businesses, and we will explore the feasibility of expanding the scope of research in the future.</i></p>
Climate-related physical risks	
<p>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</p>	<p>Climate Change</p> <p><i>Our current research only covers designated assets and businesses, and we will explore the feasibility of expanding the scope of research in the future.</i></p>
Climate-related opportunities	
<p>An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.</p>	<p>Climate Change</p> <p><i>Our current research only covers designated assets and businesses, and we will explore the feasibility of expanding the scope of research in the future.</i></p>
Capital deployment	
<p>An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.</p>	<p>Climate Change</p> <p><i>Given that the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i></p>

Environmental, Social and Governance Report

Climate-related Disclosures	Corresponding Section
Internal carbon prices	
<p>An issuer shall disclose:</p> <p>(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and</p> <p>(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions</p> <p>or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.</p>	<p><i>We do not apply a carbon pricing in decision-making.</i></p>
Remuneration	
<p>An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).</p>	<p>We do not currently factor climate-related considerations into remuneration policy.</p>
Industry-based metrics	
<p>An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.</p>	<p>Climate Change</p>
Climate-related targets	
<p>An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <p>(a) the metric used to set the target;</p>	<p>Environmental Target Setting; Emissions; Use of Resources; Climate Change</p>
<p>(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);</p>	<p>Environmental Target Setting; Emissions; Use of Resources; Climate Change</p>
<p>(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);</p>	<p>Environmental Target Setting; Emissions; Use of Resources; Climate Change</p>

Environmental, Social and Governance Report

Climate-related Disclosures	Corresponding Section
(d) the period over which the target applies;	Environmental Target Setting; Emissions; Use of Resources; Climate Change
(e) the base period from which progress is measured;	Environmental Target Setting; Emissions; Use of Resources; Climate Change
(f) milestones or interim targets (if any);	Environmental Target Setting; Emissions; Use of Resources; Climate Change
(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and	Environmental Target Setting; Emissions; Use of Resources; Climate Change
(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Environmental Target Setting; Emissions; Use of Resources; Climate Change
An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: <ul style="list-style-type: none"> (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions. 	Environmental Target Setting; Emissions; Use of Resources; Climate Change
An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Environmental Target Setting; Emissions; Use of Resources; Climate Change
For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: <ul style="list-style-type: none"> (a) which greenhouse gases are covered by the target; 	Environmental Target Setting; Emissions; Use of Resources; Climate Change

Environmental, Social and Governance Report

Climate-related Disclosures	Corresponding Section
(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	Environmental Target Setting; Emissions; Use of Resources; Climate Change
(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	Environmental Target Setting; Emissions; Use of Resources; Climate Change
(d) whether the target was derived using a sectoral decarbonisation approach; and	<i>Our established targets have not been derived using a sectoral decarbonisation approach.</i>
(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). 	<i>We do not have plans related to the use of carbon credits in our operations.</i>
Applicability of cross-industry metrics and industry-based metrics	
In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	<i>In preparing disclosures based on industry-based metrics, as direct quantitative data cannot be reasonably obtained, the Group has referred to potential industry benchmarks and internal estimates, which is in line with the Reasonable Information Relief. The Group will enhance the data collection process to improve the accuracy of future data.</i>

Independent Auditor's Report



Independent auditor's report to the shareholders of FriendTimes Inc.

(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of FriendTimes Inc. ("the Company") and its subsidiaries ("the Group") set out on pages 140 to 212, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising 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 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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 ("HKSA") as 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"), as applicable to audits of financial statements of public interest entities. We have also 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.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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.

Revenue recognition

Refer to note 3 to the consolidated financial statements and the accounting policies in note 1(v).

The Key Audit Matter

How the matter was addressed in our audit

The Group's revenue from self-developed games published by the Group amounted to RMB1,218 million, representing 98% of the Group's total revenue for the year ended 31 December 2025. Such revenue was mainly derived from the sales of in-game virtual items to players who generally pay the gross sales proceeds through distributors such as Apple App Store and/or paying channels.

Upon the sales of virtual items, the Group typically has an implied obligation to provide the enhanced game experience service which enable the virtual items to be consumed and displayed in the respective games. As a result, the proceeds from sales of virtual items are initially recognised as contract liabilities in the consolidated statement of financial position and are then recognised over the related service period estimated to be the average expected playing period of players ("Player Relationship Period"). The Group estimates the Player Relationship Period and re-assesses such periods quarterly.

Our audit procedures to assess the recognition of revenue included the following:

- assessing the design, implementation and operating effectiveness of key internal controls over the completeness, existence and accuracy of revenue recognition with our internal information technology risk management specialists involved to assess the relevant general and automated information technology controls;
- inspecting, on a sample basis, contracts with distributors and payment channels to understand the terms of arrangement entered with respective parties in respect of the services rendered by the Group;
- assessing the methodology, judgements and estimations made in the estimated Player Relationship Period for each game by comparing it with historical data and industry practice;

Independent Auditor's Report

KEY AUDIT MATTERS (continued)

Revenue recognition

Refer to note 3 to the consolidated financial statements and the accounting policies in note 1(v).

The Key Audit Matter

How the matter was addressed in our audit

We identified revenue recognition as a key audit matter because i) revenue is one of the key performance indicators of the Group and there is an inherent risk of manipulation of the timing and amount of revenue recognised by management to meet specific targets or expectations and ii) there is significant judgements involved in the assessment of Player Relationship Period which has to be determined based on combination of factors including the players' behaviour, log-in records and churn rates.

- testing, with the involvement of our information technology risk management specialist, the completeness and accuracy of key inputs such as users' log-in data for the calculation of Player Relationship Period;
- comparing, on a sample basis, the key input in the revenue calculation sheet such as gross proceeds from sales of virtual items, month of gross proceeds generated and Player Relationship Period to contracts with distributors, monthly statements from distributors or payment channels, and system-generated Player Relationship Period report; and
- reconciling the annual gross proceeds in the monthly statements from distributors by game to the annual gross player payment records recorded in the Group's database, the completeness and accuracy of which has been tested by our internal information technology risk management specialists.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than 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 as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

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.

Independent Auditor's Report

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as 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.

The directors are assisted by the Audit Committee in discharging their responsibilities 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. This report is made solely to you, as a body, 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 HKSA's 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 HKSA's, we exercise professional judgement 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.

Independent Auditor's Report

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

- 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 consolidated 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.

We communicate with the Audit Committee 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 the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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 the Audit Committee, 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 Fung Hong Ning (practising certificate number: P08284).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

24 March 2026

Consolidated Statement of Profit or Loss

for the year ended 31 December 2025 (Expressed in Renminbi ("RMB"))

	Note	Years ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	3	1,248,103	1,162,786
Cost of sales		(336,789)	(349,264)
Gross profit		911,314	813,522
Other net income	4	33,162	48,843
Sales and marketing expenses		(544,474)	(556,994)
Research and development expenses		(281,206)	(292,731)
General and administrative expenses		(40,038)	(41,787)
Profit/(loss) from operations		78,758	(29,147)
Finance costs	5(a)	(2,047)	(3,935)
Changes in fair value of financial assets measured at fair value through profit or loss ("FVPL")	5(c)	19,568	(2,752)
Profit/(loss) before taxation	5	96,279	(35,834)
Income tax	6	(3,114)	(13,022)
Profit/(loss) for the year		93,165	(48,856)
Attributable to:			
Equity shareholders of the Company		93,165	(48,856)
Profit/(loss) for the year		93,165	(48,856)
Earnings/(loss) per share			
Basic and diluted (RMB)	9	0.04	(0.02)

The accompanying notes form parts of the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2025 (Expressed in RMB)

	Years ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit/(loss) for the year	93,165	(48,856)
Other comprehensive income for the year		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company	(1,684)	861
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Chinese Mainland	141	1,409
Other comprehensive income for the year	(1,543)	2,270
Total comprehensive income for the period	91,622	(46,586)

The accompanying notes form parts of the financial statements.

Consolidated Statement of Financial Position

as at 31 December 2025 (Expressed in RMB)

		As at 31 December	
	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	10	202,718	220,499
Intangible assets	11	2,196	3,240
Right-of-use assets	12	7,469	7,063
Financial assets measured at FVPL	13	106,847	95,659
Time deposits	15	185,347	184,761
Deferred tax assets	23(b)	7,270	5,412
Other receivables	17	7,187	7,591
		519,034	524,225
Current assets			
Contract costs	16	3,555	1,987
Financial assets measured at FVPL	13	356,510	204,241
Trade and other receivables	17	61,226	84,537
Pledged bank deposits	18	7,979	1,903
Restricted cash	24(c)	2,626	3,464
Time deposits	15	330,652	247,294
Cash and cash equivalents	19	153,015	334,825
		915,563	878,251
Current liabilities			
Interest-bearing borrowings	20	70,340	149,420
Trade and other payables	21	98,376	86,038
Contract liabilities	22	20,205	10,543
Current taxation	23(a)	1,400	1,430
Lease liabilities		685	–
		191,006	247,431
Net current assets		724,557	630,820
Total assets less current liabilities		1,243,591	1,155,045

Consolidated Statement of Financial Position

as at 31 December 2025 (Expressed in RMB)

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Non-current liability			
Contract liabilities	22	3,593	4,969
NET ASSETS		1,239,998	1,150,076
CAPITAL AND RESERVES	24		
Share capital		154	154
Reserves		1,239,844	1,149,922
TOTAL EQUITY		1,239,998	1,150,076

Approved and authorised for issue by the Board of Directors on 24 March 2026.

Jiang Xiaohuang
Executive Director

Sun Bo
Executive Director

The accompanying notes form parts of the financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2025 (Expressed in RMB)

	Share capital RMB'000 Note 24(c)	Share premium RMB'000 Note 24(d)	Share Award Scheme RMB'000 Note 24(c)(ii)	Capital reserve RMB'000 Note 24(e)(i)	PRC statutory reserve RMB'000 Note 24(e)(ii)	Exchange reserve RMB'000 Note 24(e)(iii)	Fair value reserve (non-recycling) RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2024	154	19,637	(48,519)	214,118	25,830	(2,087)	(5,900)	1,000,329	1,203,562
Changes in equity for 2024									
Loss for the year	-	-	-	-	-	-	-	(48,856)	(48,856)
Other comprehensive income	-	-	-	-	-	2,270	-	-	2,270
Total comprehensive income	-	-	-	-	-	2,270	-	(48,856)	(46,586)
Shares held for Share Award Scheme (Note 24(c)(ii))	-	-	(12,914)	-	-	-	-	-	(12,914)
Equity settled share-based payments (Note 24(f))	-	-	-	6,014	-	-	-	-	6,014
Balance at 31 December 2024	154	19,637	(61,433)	220,132	25,830	183	(5,900)	951,473	1,150,076

Consolidated Statement of Changes in Equity

for the year ended 31 December 2025 (Expressed in RMB)

	Share capital RMB'000 Note 24(c)	Share premium RMB'000 Note 24(d)	Share Award Scheme RMB'000 Note 24(c)(ii)	Capital reserve RMB'000 Note 24(e)(i)	PRC statutory reserve RMB'000 Note 24(e)(ii)	Exchange reserve RMB'000 Note 24(e)(iii)	Fair value reserve (non-recycling) RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2025	154	19,637	(61,433)	220,132	25,830	183	(5,900)	951,473	1,150,076
Changes in equity for 2025									
Profit for the year	-	-	-	-	-	-	-	93,165	93,165
Other comprehensive income	-	-	-	-	-	(1,543)	-	-	(1,543)
Total comprehensive income	-	-	-	-	-	(1,543)	-	93,165	91,622
Shares held for Share Award Scheme (Note 24(c)(i))	-	-	(5,277)	-	-	-	-	-	(5,277)
Equity settled share-based payments (Note 24(f))	-	-	-	3,577	-	-	-	-	3,577
Balance at 31 December 2025	154	19,637	(66,710)	223,709	25,830	(1,360)	(5,900)	1,044,638	1,239,998

The accompanying notes form parts of the financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2025 (Expressed in RMB)

	Note	Years ended 31 December	
		2025 RMB'000	2024 RMB'000
Operating activities:			
Cash generated from/(used in) operations	19(b)	117,176	(48,217)
Income tax refunded/(paid)	23(a)	19	(4,616)
Net cash generated from/(used in) operating activities		117,195	(52,833)
Investing activities:			
Payment for purchase of property, plant and equipment and intangible assets		(2,280)	(3,615)
Proceeds from disposal of property, plant and equipment		146	344
Payment for investments measured at FVPL		(1,635,191)	(1,264,267)
Proceeds from investments measured at FVPL		1,503,962	1,443,609
Payment for purchase of time deposits with maturity over 3 months		(373,086)	(402,790)
Proceeds from maturity of time deposits with maturity over 3 months		292,355	201,403
Proceeds from disposal of interests in an associate		–	5,000
Interest received		11,174	26,176
Net cash (used in)/generated from investing activities		(202,920)	5,860
Financing activities:			
Capital element of lease rentals paid	19(c)	(685)	(465)
Interest element of lease rentals paid	19(c)	(10)	(22)
Proceeds from interest-bearing borrowings	19(c)	70,862	147,783
Repayment of interest-bearing borrowings	19(c)	(151,979)	(149,695)
Payment for the repurchase of shares held for Share Award Scheme	19(c)	(5,277)	(12,914)
Pledged deposits paid for loans arising from discounted bank acceptance bills		(6,000)	–
Pledged deposits paid for securities financing loans		(162)	–
Net cash used in financing activities		(93,251)	(15,313)
Net decrease in cash and cash equivalents		(178,976)	(62,286)
Cash and cash equivalents at the beginning of the year	19(a)	334,825	396,216
Effect of foreign exchange rate changes		(2,834)	895
Cash and cash equivalents at the end of the year	19(a)	153,015	334,825

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES

(a) General Information

FriendTimes Inc. (“the Company”) was incorporated in the Cayman Islands on 16 November 2018 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 October 2019 (the “Listing”). The Company and its subsidiaries (together, “the Group”) are a mobile game developer, publisher and operator in ancient Chinese style female-oriented games in the PRC and overseas market.

(b) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(d) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(c) Basis of presentation and preparation of the financial statements

On 20 February 2019, Suzhou Eagle Network Technology Co., Ltd. (“Suzhou Eagle”), an indirect wholly-owned subsidiary of the Company entered into contractual arrangement (the “Contractual Arrangements”) with FriendTimes Technology Inc. (“FriendTimes Technology”) and its respective shareholders. The Contractual Arrangements, taken as a whole, enable Suzhou Eagle to have effective control over the operating and financial policies of the operating entities controlled by FriendTimes Technology Inc.. The directors of the Group are of the view that, notwithstanding the lack of equity ownership, the Structured Contracts effectively provide Suzhou Eagle the power to govern and control these entities so as to obtain benefits from their business activities. Accordingly, these operating entities are included in the Group’s consolidated financial information as controlled subsidiaries.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(c) Basis of presentation and preparation of the financial statements (continued)

The consolidated financial statements for the year ended 31 December 2025 comprise the Group and the Group's interests in associates and a joint venture.

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

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

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

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

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(d) Changes in accounting policies

The Group has applied amendments to HKAS 21, The effects of changes in foreign exchange rates — Lack of exchangeability issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(e) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(l)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(f) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(f) Associates and joint ventures (continued)

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 1(l)), unless classified as held for sale (or included in a disposal group classified as held for sale).

(g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 25(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 1(v)(iv)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(g) Other investments in securities (continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note I(v)(iii)).

(h) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

(i) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and any accumulated impairment losses (see note I(l)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment (continued)

The estimated useful lives for the current and comparative periods are as follows:

— Buildings held for own use	20 years
— Office and other equipment	3–5 years
— Motor vehicles	4 years
— Leasehold improvement	Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(j) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation (where the estimated useful life is finite) and any accumulated impairment losses (see note I(l)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

— Software	2–10 years
— IP license	2–10 years
— Game license	3–5 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(k) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(k) Leased assets (continued)

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 1(l)(ii)). Depreciation is calculated using the straight-line method over the unexpired term of lease.

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(I) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits and trade and other receivables);

Other financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(I) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(I) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(I) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets (continued)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes I(I)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(m) Contract costs

Contract costs are mainly related to contract acquisition costs, which primarily consists of unamortised distribution cost charged by the distribution platforms. Contract costs are amortised over average playing period of Paying Players ("Player Relationship Period") consistent with the recognition pattern of the related revenue and recorded as part of "cost of sales" in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(n) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(v)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 1(o)).

(o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 1(l)(i)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see note 1(l)(i)).

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(r) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(x).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(s) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The fair values of the selected current employee services received in exchange for the grant of the restricted share unit ("RSU") is recognised as an expense with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the market prices. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the restricted share, the total estimated fair value of the restricted share is spread over the vesting period, taking into account the probability that the restricted share will vest.

During the vesting period, the number of restricted share that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of restricted share that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's share. The equity amount is recognised in the capital reserve until either the restricted share is exercised or released (when it is included in the amount recognised in share capital for the share issued) or the restricted share expires or is forfeited or cancelled (when it is released directly to retained earnings) after the end of vesting period.

Share-based payment transactions in which the Company grants share to its subsidiaries' employees are accounted for as an increase in value of investment in subsidiaries in the Company's statement of financial position which is eliminated on consolidation.

As disclosed in note 24(f) to the financial statements, the Group has set up the Share Award Scheme Trust for the share award scheme.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(t) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(u) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(v) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled. Revenue excludes value added tax and is after deduction of any chargebacks.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from self-developed game

The Group is a mobile online game developer and publisher. The Group's mobile games are operated under a free-to-play model whereby game players can choose to enhance their game experience by purchasing the Group's game virtual items ("Paying Player"). Revenue is recognised when control over the service is transferred to the customers.

Revenue from self-developed games published by the Group

Revenue from self-developed games published by the Group are derived principally from various arrangements, including games published through distribution platforms under various game distribution arrangements and through the Group's own platform. Where distribution platforms are involved, proceeds earned from selling virtual items, net of the payment channel fees, are collected by the distribution platforms and shared between our Group and them based on a pre-determined rate.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(v) Revenue and other income (continued)

(i) Revenue from self-developed game (continued)

Revenue from self-developed games published by the Group (continued)

As the Group takes the primary responsibilities of game development and game publishing, including providing game product, technical support and upgrades, hosting and maintenance of game servers, selecting the distribution platforms, promotion activities, customer service and other daily game operation, as well as the right to determine the pricing of virtual items, it considers itself as a principal in such arrangements. Accordingly, the Group records its revenues on a gross basis, which is the amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring promised service to a customer. The relevant service fees charged by distribution platforms and payment channels are recorded in cost of sales.

Upon the sales of virtual items, the Group typically has an implied obligation to provide the enhanced game experience service which enable the virtual items to be consumed and displayed in the respective games. As a result, the proceeds received from sales of virtual items are initially recognised as contract liabilities on the consolidated statement of financial position and are then recognised over the related service period estimated to be the Player Relationship Period. The Group estimates the Player Relationship Period and re-assesses such periods quarterly. If there is insufficient data to determine the Player Relationship Period, such as in the case of a newly launched game, it estimates the Player Relationship Period based on other similar types of games developed by the Group until the new game establishes its own patterns and history. The Group also considers the games profile, target audience, and its appeal to players of different demographics groups in estimating the Player Relationship Period.

Revenue from self-developed games through intellectual property license arrangement

The Group licenses its self-developed online games to the publishers and the publishers pay license fees for the exclusive right to operate the Group's games in specified geographic areas. The license fees normally comprise of a fixed lump sum received upfront and sales-based royalty calculated based on a predetermined rate on the cash paid by game users and collected by the publishers related to the licensed games.

The Group are responsible for providing game content, and when-and-if-available technical support and upgrades to the publishers during the contract terms for which such promises are not distinct from the license. Therefore, the Group identifies a single performance obligation which is provision of ongoing access to the Group's intellectual property related to the online game development during the license period. The upfront received lump sum license fees are initially recorded as contract liabilities in the consolidated statement of financial positions and then recognised as revenue ratably over the service period. The revenue for the sales-based royalty is recognised when cash paid by game users is collected by the publishers related to the licensed games.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(v) Revenue and other income (continued)

(ii) Revenue from third-party developed games and service provision

The Group also provides publishing services to third party game developers as well as game developing and other services to third parties. The revenue is recognised when service is rendered and control over the service is transferred to the customers.

(iii) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(iv) Interest income

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(v) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(w) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(x) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(y) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

I MATERIAL ACCOUNTING POLICIES (continued)

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(ii) Principal versus agent considerations-revenue from publishing games

In determining whether the Group is acting as a principal or as an agent in publishing games requires judgments and considerations of all relevant facts and circumstances. The Group is a principal in a transaction if the Group obtains control of services provided before they are transferred to customers. If the control is unclear, when the Group is primarily obligated in a transaction, and is subject to the inventory risk, has latitude in establishing prices, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from services provided.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(a) Critical accounting judgements in applying the Group's accounting policies (continued)

(iii) Contractual arrangement

As disclosed in note 1(c), the Group conducts its business through FriendTimes Technology established in the PRC and its subsidiaries. Due to the regulatory restrictions on the foreign ownership of the Publishing Business in the PRC, the Group does not have any equity interest in FriendTimes Technology. The Directors assessed whether or not the Group has control over FriendTimes Technology and its subsidiaries by assessing whether it has the rights to variable returns from its involvement with FriendTimes Technology and its subsidiaries and has the ability to affect those returns through its power over FriendTimes Technology and its subsidiaries. After assessment, the Directors concluded that the Group has control over FriendTimes Technology and its subsidiaries as a result of the Contractual Arrangements and accordingly the financial position and the operating results of FriendTimes Technology and its subsidiaries are included in the Group's consolidated financial information throughout the Relevant Period or since the respective dates of incorporation/establishment, whichever is the shorter period. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over FriendTimes Technology and its subsidiaries and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of FriendTimes Technology and its subsidiaries. The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements with FriendTimes Technology and its shareholders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

(b) Sources of estimation uncertainty

Key sources of estimation uncertainty are as follows:

(i) Estimation of Player Relationship Period

The Group recognises revenue from the sales of virtual items ratably over the estimated average user life of the Paying Gamers for the applicable games. Future paying gamer usage patterns and behavior may differ from the historical usage patterns and therefore the estimated average user life of the Paying Gamers may change in the future. The Group will continue to monitor the average user life of the Paying Gamers, which may differ from the historical period, and any change in the estimate may result in the revenue being recognised on a different basis to that in prior periods.

(ii) Fair value measurement of financial assets measured at FVPL

The fair value assessment of financial assets measured at FVPL that are measured at level 3 fair value hierarchy requires significant estimates, which include estimating the future cash flows, determining appropriate discount rates and other assumptions. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. The Group monitors its investments for their fair value assessment by considering factors including, but not limited to, current economic and market conditions, recent fund raising transactions undertaken by the investees, the operating performance of the investees including current earnings trends and other company-specific information.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING

The Group is principally engaged in provision of mobile game development and publishing services.

(i) Disaggregation of revenue

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

	Years ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by business lines		
— Revenue from self-developed games published by the Group	1,218,300	1,137,849
— Revenue from self-developed games published through intellectual property license arrangement and others	29,803	24,937
	1,248,103	1,162,786

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Years ended 31 December	
	2025 RMB'000	2024 RMB'000
Over-time	1,248,099	1,162,781
Point-in-time	4	5
	1,248,103	1,162,786

The Group's customer base is diversified and includes nil customer with whom transactions have exceeded 10% of the Group's revenues for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (continued)

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2025, the aggregated amount of the transaction price allocated to the unsatisfied performance obligations under the Group's existing contract is RMB23,798,000 (2024: RMB15,512,000), among which RMB20,205,000 (2024: RMB10,543,000) is expected to be recognised within one year. This amount represents revenue expected to be recognised in the future from unamortised mobile game revenue and unamortised licensing fees. The Group will recognise as the control of services is transferred to the customer, which is expected to occur over the next 36 months.

(iii) Geographic information

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

	Years ended 31 December	
	2025 RMB'000	2024 RMB'000
Chinese Mainland	1,007,886	898,141
Overseas	240,217	264,645
	1,248,103	1,162,786

(iv) Segment reporting

For the purpose of resources allocation and performance assessment, the Group's management focuses on the operating results of the Group as a whole. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

4 OTHER NET INCOME

	Note	Years ended 31 December	
		2025 RMB'000	2024 RMB'000
Government grants	(i)	8,502	11,011
Interest income from bank deposits		17,733	23,219
Income from FVTPL		12,089	7,264
Net exchange (loss)/gain		(6,135)	2,904
Gain on disposal of interests in an associate		–	5,000
Others		973	(555)
		33,162	48,843

- (i) In 2025, the Group received unconditional government subsidies mainly as recognition of their achievement in research and development, innovation and spreading Chinese culture.

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Years ended 31 December	
	2025 RMB'000	2024 RMB'000
Interest on interest-bearing borrowings	2,037	3,913
Interest on lease liabilities	10	22
	2,047	3,935

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

5 PROFIT BEFORE TAXATION (continued)

(b) Staff costs

	Note	Years ended 31 December	
		2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits		255,400	262,462
Equity settled share-based payments	24(f)	3,577	6,014
Contributions to defined contribution plans	(i)	47,972	45,586
		306,949	314,062

- (i) Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group's contributions made to the defined contribution retirement scheme are non-refundable and cannot be used to reduce the future or existing level of contribution of the Group should any forfeiture be resulted from the schemes.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

5 PROFIT BEFORE TAXATION (continued)

(c) Changes in fair value of financial assets measured at FVPL

	Years ended 31 December	
	2025 RMB'000	2024 RMB'000
Change in fair value of investment in Limited Liability Partnerships (“LLPs”)	12,567	(6,991)
Change in fair value of investment in wealth management products	4,336	3,467
Change in fair value of listed equity securities	2,665	772
	19,568	(2,752)

(d) Other items

	Note	Years ended 31 December	
		2025 RMB'000	2024 RMB'000
Depreciation of property, plant and equipment		18,443	22,032
Impairment losses recognised in trade and other receivables		752	1,360
Research and development expenses	(i)	281,206	292,731
Auditors' remuneration		2,030	2,030

Note:

- (i) During the year ended 31 December 2025, research and development expenses include staff costs and depreciation expenses of RMB239,245,849 (2024: RMB252,911,392), which amounts are also included in the respective total amounts disclosed separately above.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Note	Years ended 31 December	
		2025 RMB'000	2024 RMB'000
Current tax:			
Under-provision in prior years	23(a)	4,972	9,555
Deferred tax:			
Origination and reversal of temporary differences	23(b)	(1,858)	3,467
		3,114	13,022

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

	Note	Years ended 31 December	
		2025 RMB'000	2024 RMB'000
Profit/(loss) before taxation		96,279	(35,834)
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned	(i)	24,694	(10,457)
Tax effect of preferential tax rate	(ii)	(9,484)	3,894
Super-deduction of research and development expense	(iii)	(32,402)	(34,878)
Tax effect of non-deductible expenses		1,432	1,248
Tax effect of tax losses not recognised		11,320	45,744
Tax effect of temporary differences not recognised, net of utilisation of temporary differences not recognised in prior years		2,634	(2,086)
Under-provision in prior years		4,972	9,555
Others		(52)	2
Actual income tax		3,114	13,022

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

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

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

The Company's subsidiary incorporated in Hong Kong is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024. Payments of dividends by Hong Kong companies are not subject to any withholding tax.

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

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

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

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

According to tax regulation issued by the Inland Revenue Department ("IRD"), only profits which have a source in Hong Kong are taxable, while profits sourced offshore are not subject to Hong Kong Profits Tax. The income of the subsidiary of the Company, Wish Interactive Technology Limited ("Wish Interactive") is treated as offshore sourced and non-taxable.

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

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2025

	Year ended 31 December 2025					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Equity-settled shared-based payments RMB'000	Total RMB'000
Executive directors						
Jiang Xiaohuang	-	1,705	828	47	-	2,580
Xu Lin	-	1,061	387	47	-	1,495
Sun Bo	-	1,012	604	43	7	1,666
Independent non-executive directors						
Zhang Jinsong	146	-	-	-	-	146
Tang Haiyan	146	-	-	-	-	146
Zhu Wei	146	-	-	-	-	146
	438	3,778	1,819	137	7	6,179

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

7 DIRECTORS' EMOLUMENTS (continued)

Year ended 31 December 2024

	Year ended 31 December 2024					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Equity-settled shared-based payments RMB'000	Total RMB'000
Executive directors						
Jiang Xiaohuang	–	1,376	226	40	–	1,642
Xu Lin	–	1,053	246	40	–	1,339
Sun Bo	–	959	258	40	82	1,339
Independent non-executive directors						
Zhang Jinsong	148	–	–	–	–	148
Tang Haiyan	148	–	–	–	–	148
Zhu Wei	148	–	–	–	–	148
	444	3,388	730	120	82	4,764

During the year, no emoluments were paid by the Group to the director as an inducement to join or upon joining the Group or as compensation for loss of office. No director of the Group waived or agreed to waive any emoluments during the year.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2024: three) are directors whose emolument are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2024: two) individuals are as follows:

	Years ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries, allowance and benefits in kind	3,891	1,939
Discretionary bonuses	3,057	637
Retirement scheme contributions	179	77
Equity-settled shared-based payments	1,036	414
	8,163	3,067

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Years ended 31 December	
	2025 Number of individuals	2024 Number of individuals
HK\$1,000,001–HK\$1,500,000	–	1
HK\$1,500,001–HK\$2,000,000	2	1
HK\$2,000,001–HK\$2,500,000	1	–
HK\$3,000,001–HK\$3,500,000	1	–
	4	2

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(Expressed in RMB unless otherwise indicated)

9 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB93,165,000 (2024: loss attributable to ordinary equity shareholders of the Company of RMB48,856,000) and the weighted average of 2,099,561,000 ordinary shares (2024: 2,110,989,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares in issue

	Years ended 31 December	
	2025 '000	2024 '000
Ordinary shares at 1 January	2,180,850	2,180,850
Effect of shares held for Share Award Scheme	(81,289)	(69,861)
Weighted average number of ordinary shares at 31 December	2,099,561	2,110,989

	Years ended 31 December	
	2025	2024
Profit/(loss) attributable to the equity shareholders of the Company (RMB'000)	93,165	(48,856)
Weighted average number of ordinary shares in issue ('000)	2,099,561	2,110,989
Basic earnings/(loss) per share (RMB)	0.04	(0.02)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the years ended 31 December 2025 and 2024 is the same as the basic earnings/(loss) per share as there were no potentially dilutive ordinary shares issued.

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(Expressed in RMB unless otherwise indicated)

10 PROPERTY, PLANT AND EQUIPMENT

	Office and other equipment RMB'000	Motor vehicles RMB'000	Buildings held for own use RMB'000	Total RMB'000
Cost:				
At 1 January 2024	81,502	11,605	235,503	328,610
Additions	323	–	–	323
Disposals	(576)	(4,620)	–	(5,196)
At 31 December 2024	81,249	6,985	235,503	323,737
Additions	670	–	–	670
Disposals	(164)	–	–	(164)
At 31 December 2025	81,755	6,985	235,503	324,243
Accumulated depreciation:				
At 1 January 2024	(49,120)	(9,294)	(27,728)	(86,142)
Charge for the year	(10,085)	(1,319)	(10,628)	(22,032)
Written back on disposals	547	4,389	–	4,936
At 31 December 2024	(58,658)	(6,224)	(38,356)	(103,238)
Charge for the year	(7,435)	(380)	(10,628)	(18,443)
Written back on disposals	156	–	–	156
At 31 December 2025	(65,937)	(6,604)	(48,984)	(121,525)
Net book value:				
At 31 December 2025	15,818	381	186,519	202,718
At 31 December 2024	22,591	761	197,147	220,499

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

II INTANGIBLE ASSETS

	Software RMB'000	IP license RMB'000	Total RMB'000
Cost:			
At 1 January 2024	5,565	4,754	10,319
Additions	3,292	–	3,292
Disposal	(679)	–	(679)
At 31 December 2024	8,178	4,754	12,932
Additions	1,159	189	1,348
Disposal	(16)	(472)	(488)
At 31 December 2025	9,321	4,471	13,792
Accumulated amortization:			
At 1 January 2024	(4,585)	(3,683)	(8,268)
Charge for the year	(1,914)	(189)	(2,103)
Written back on disposals	679	–	679
At 31 December 2024	(5,820)	(3,872)	(9,692)
Charge for the year	(2,187)	(205)	(2,392)
Written back on disposals	16	472	488
At 31 December 2025	(7,991)	(3,605)	(11,596)
Net book value:			
At 31 December 2025	1,330	866	2,196
At 31 December 2024	2,358	882	3,240

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

12 RIGHT-OF-USE ASSETS

	Property RMB'000	Land use rights RMB'000	Total RMB'000
Cost:			
At 1 January 2024	20,808	7,777	28,585
Disposals	(18,481)	–	(18,481)
At 31 December 2024	2,327	7,777	10,104
Additions	1,370	–	1,370
Disposals	(2,327)	–	(2,327)
At 31 December 2025	1,370	7,777	9,147
Accumulated depreciation:			
At 1 January 2024	(19,411)	(1,025)	(20,436)
Charge for the year	(930)	(156)	(1,086)
Written back on disposals	18,481	–	18,481
At 31 December 2024	(1,860)	(1,181)	(3,041)
Charge for the year	(808)	(156)	(964)
Written back on disposals	2,327	–	2,327
At 31 December 2025	(341)	(1,337)	(1,678)
Net book value:			
At 31 December 2025	1,029	6,440	7,469
At 31 December 2024	467	6,596	7,063

The Group leased the above property in the PRC for office use. The Group is entitled to land use right for 50 years.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

13 FINANCIAL ASSETS MEASURED AT FVPL

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Investment in LLPs	(i)	101,847	90,659
Investment in wealth management products	(ii)	280,768	169,757
Investment in listed equity securities	(iii)	75,742	34,484
Investment in unlisted equity securities	(iv)	5,000	5,000
		463,357	299,900
Financial assets measured at FVPL included in the consolidated financial statement:			
Current		356,510	204,241
Non-current		106,847	95,659

- (i) The investment in LLPs as at 31 December 2025 represent the Group's 10.78%, 6.55%, 5.99%, 0.83%, 9.60%, 22.90% and 9.60% shares in seven venture capital partnerships as a limited partner. The underlying assets in which these LLPs invested are mainly growth-oriented high-tech enterprises.
- (ii) The wealth management products as at 31 December 2025 are issued by creditworthy PRC commercial banks and PRC securities companies with variable interest rate. The underlying assets of the wealth management products primarily consist of the low-risk financial asset portfolio, such as interbank deposits, money market instruments and fixed-income products.
- (iii) Listed equity securities as at 31 December 2025 represent the fair value of equity shares listed on an active stock market. The directors of the Company consider that the closing price of the securities is the fair value of the investment. At 31 December 2025, the listed equity securities with the fair value amount of RMB29,629,000 (2024: Nil) and the pledged deposits with the amount of RMB162,000 are pledged for the securities financing loans.
- (iv) The Group invested a PRC-domiciled entity at a cash consideration of RMB5,000,000 in April 2024. As at 31 December 2025, the Group held a 4.17% share in the investee.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

14 INVESTMENT IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place and date of incorporation / establishment	Nature of legal entity	Issued and fully paid up capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Friend World Holdings Limited	The British Virgin Islands 26 November 2018	limited liability company	USD50,000/ USD50,000	100%	–	Investment holding
Friend Century Limited	Hong Kong 7 December 2018	limited liability company	HKD10,000/ HKD10,000	–	100%	Investment holding
Suzhou Eagle Network Technology Co., Ltd.* 蘇州億歌網絡科技有限公司	The PRC 24 January 2019	wholly foreign-owned enterprise	USD15,000,000/ USD15,000,000	–	100%	Investment holding and game development
FriendTimes Technology Inc.* 友誼時光科技股份有限公司 (Note (a))	The PRC 11 May 2010	limited liability company	RMB51,660,000/ RMB51,660,000	–	100%	Mobile game development
Suzhou Purple Blaze Network Technology Co., Ltd.* 蘇州紫焰網絡科技有限公司 (Note (a))	The PRC 23 March 2017	limited liability company	RMB6,000,000/ RMB6,000,000	–	100%	Mobile game development, publishing and operation
Suzhou Cheeryoo Network Technology Co., Ltd.* 蘇州沁游網絡科技有限公司 (Note (a))	The PRC 11 January 2018	limited liability company	RMB10,000,000/ RMB10,000,000	–	100%	Mobile game development, publishing and operation
FriendTimes (Chengdu) Network Technology Co., Ltd.* 友誼時光(成都)網絡科技有限公司	The PRC 9 June 2021	limited liability company	RMB6,000,000/ RMB10,000,000	–	100%	Mobile game art designing
Wish Interactive Technology Limited	Hong Kong 19 May 2015	limited liability company	HKD15,000,000/ HKD15,000,000	–	100%	Mobile game publishing and operation
Friend Times Korea Co., Ltd.	South Korea 22 December 2015	limited liability company	US\$500,000/ US\$500,000	–	100%	Mobile game publishing and operation
Suzhou StarDynamic Network Technology Co., Ltd.* 蘇州星辰動力網絡科技有限公司 (Note (a))	The PRC 8 August 2024	limited liability company	RMB500,000/ RMB5,000,000	–	100%	Mobile game publishing and operation
Jiangsu Wu Ling Long Culture Development Co., Ltd.* 江蘇吳玲瓏文化發展有限公司 (Note (b))	The PRC 13 May 2020	limited liability company	RMB10,000,000/ RMB10,000,000	–	100%	Investment in and production and distribution of film and TV copyrights
Shanghai Purple Wing Network Technology Co., Ltd.* 上海紫翊網絡科技有限公司 (Note (c))	The PRC 5 February 2018	limited liability company	RMB5,000,000/ RMB5,000,000	–	100%	Mobile game development

* The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

(a) These are operating entities ultimately controlled by the Controlling Shareholder through Contractual Arrangements.

(b) In July 2025, the subsidiary Jiangsu Wu Ling Long Culture Development Co., Ltd. was de-registered.

(c) In December 2025, the subsidiary Shanghai Purple Wing Network Technology Co., Ltd. was de-registered.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

15 TIME DEPOSITS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Time deposits with maturity within one year	330,652	247,294
Time deposits with maturity over one year	185,347	184,761
Time deposits in the consolidated statement of financial position	515,999	432,055

Time deposits are fixed deposits with initial maturity over 3 months at acquisition.

Time deposits as at 31 December 2025 are issued by creditworthy PRC commercial banks and foreign-owned commercial banks with fixed interest rate and will mature within 29 months.

16 CONTRACT COSTS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Balance at 1 January	1,987	3,761
Addition	274,340	295,589
Charged to profit or loss	(272,772)	(297,363)
Balance as at 31 December	3,555	1,987

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

17 TRADE AND OTHER RECEIVABLES

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Trade receivables		54,842	66,311
Less: loss allowance		(764)	(12)
Trade receivables, net	(a)	54,078	66,299
Prepayments		2,049	2,109
VAT deductible		821	7,285
Income tax recoverable		2,080	7,071
Other receivables		9,385	9,364
		68,413	92,128
Current		61,226	84,537
Non-current		7,187	7,591
		68,413	92,128

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

(a) Ageing analysis

As at the end of each of the years ended 31 December 2025 and 2024, the ageing analysis of trade receivables, based on the invoice date and net of allowance, is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 3 months	54,031	66,235
After 3 months but within 2 years	811	76
Less: loss allowance	(764)	(12)
Trade receivables, net	54,078	66,299

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 25(a).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

18 PLEDGED BANK DEPOSITS

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Loans arising from bank acceptance bills	20(b)(i)	6,000	–
Deposits pledged for securities financing loans	20(b)(i)	162	–
Deposits pledged for credit cards		1,817	1,903
Total		7,979	1,903

19 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cash at banks	145,755	302,519
Cash at other financial institutions	7,260	32,306
Cash and cash equivalents in the consolidated statement of financial position	153,015	334,825

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

19 CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of profit/(loss) before taxation to cash generated from operations:

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Profit/(loss) before taxation		96,279	(35,834)
Adjustments for:			
Depreciation of property, plant and equipment	5(d)	18,443	22,032
Amortisation of intangible assets		2,392	2,103
Depreciation of right-of-use assets		964	1,086
Equity settled share-based payments	5(b)	3,577	6,014
Interest income from bank deposits	4	(17,733)	(23,219)
Income from FVPL	4	(12,089)	(7,264)
Dividend income from investment in LLPs		(910)	(239)
Finance costs	5(a)	2,047	3,935
Gain on disposal of interests in an associate	4	–	(5,000)
Changes in fair value of financial assets measured at FVPL	5(c)	(19,568)	2,752
Other net gains		(138)	(84)
Foreign exchange losses/(income)		6,594	(895)
Operating profit/(loss) before changes in working capital		79,858	(34,613)
(Increase)/decrease in contract costs		(1,568)	1,774
Decrease/(increase) in trade and other receivables		17,106	(6,199)
Decrease/(increase) in pledged bank deposits		86	(52)
Decrease in restricted cash		838	2,058
Increase/(decrease) in trade and other payables		12,570	(4,268)
Increase/(decrease) in contract liabilities		8,286	(6,917)
Cash generated from/(used in) operations		117,176	(48,217)

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

19 CASH AND CASH EQUIVALENTS (continued)

(c) Reconciliation of liabilities arising from financing activities

	Lease liabilities RMB'000	Interest-bearing borrowings RMB'000 (Note 20)	Total RMB'000
At 1 January 2025	–	149,420	149,420
Changes from financing cash flows:			
Proceeds from interest-bearing borrowings	–	70,862	70,862
Repayment of interest-bearing borrowings	–	(151,979)	(151,979)
Payment of principal portion of lease liabilities	(685)	–	(685)
Interest paid	(10)	–	(10)
Total changes from financing cash flows	(695)	(81,117)	(81,812)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	1,370	–	1,370
Interest expenses (Note 5(a))	10	2,037	2,047
At 31 December 2025	685	70,340	71,025

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

19 CASH AND CASH EQUIVALENTS (continued)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Lease liabilities RMB'000	Interest- bearing borrowings RMB'000 (Note 20)	Total RMB'000
At 1 January 2024	465	147,419	147,884
Changes from financing cash flows:			
Proceeds from interest-bearing borrowings	–	147,783	147,783
Repayment of interest-bearing borrowings	–	(149,695)	(149,695)
Payment of principal portion of lease liabilities	(465)	–	(465)
Interest paid	(22)	–	(22)
Total changes from financing cash flows	(487)	(1,912)	(2,399)
Other changes:			
Interest expenses (Note 5(a))	22	3,913	3,935
At 31 December 2024	–	149,420	149,420

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

20 INTEREST-BEARING BORROWINGS

(a) Loans and borrowings comprise:

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Securities financing loans	(i)	11,075	–
Other borrowings	(ii)	59,265	149,420
		70,340	149,420

(i) As at 31 December 2025, the securities financing loans of RMB11,075,000 were secured by restricted listed equity securities and pledged bank deposits. The loans bore an interest rate of 4.00% per annum and will be repaid through the sale of the related securities.

(ii) As at 31 December 2025, the other borrowings of RMB39,321,000 arose from discounted letters of credit, which bore an interest rate ranging from 1.45% to 1.46% per annum and will mature before April 2026. The remaining other borrowings of RMB19,944,000 arose from discounted bank acceptance bills, which bore an interest rate of 0.75% per annum and will mature in May 2026.

(b) As of the end of each reporting period, loans and borrowings were secured as follows:

	2025 RMB'000	2024 RMB'000
Secured securities financing loans (i)	11,075	–
Secured other borrowings (i)	19,944	58,709
Unsecured other borrowings	39,321	90,711
	70,340	149,420

(i) Loans and borrowings of the Group were secured by the following assets of the Group:

	2025 RMB'000	2024 RMB'000
Listed equity securities	29,629	–
Pledged bank deposits	6,162	–
Time deposits	–	60,000
Total	35,791	60,000

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

21 TRADE AND OTHER PAYABLES

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Trade payables	(a)	41,152	38,102
Accrued payroll		51,673	42,602
Other payables and accruals		5,551	5,334
Trade and other payables		98,376	86,038

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

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

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 3 months	40,737	37,300
Over 3 months but within 6 months	16	791
Over 6 months but within 12 months	399	3
Over 1 year	–	8
	41,152	38,102

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(Expressed in RMB unless otherwise indicated)

22 CONTRACT LIABILITIES

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Non-current			
Deferred licensing income amortised over one year	(a)	3,593	4,969
Current			
Deferred game revenue published by the Group	(b)	16,450	7,425
Deferred licensing income amortised within one year	(a)	3,755	3,118
		20,205	10,543
Total		23,798	15,512

- (a) Deferred licensing income primarily comprised the unamortised licensing fees received from third-party publishing partners, where there is still an implied obligation to be provided by the Group over time.
- (b) Deferred game revenue published by the Group primarily consists of the unamortised revenue from sales of virtual items for mobile games, where there is still an implied obligation to be provided by the Group over time.

As at 31 December 2025, the amounts of contract liabilities recognised as revenue included at the beginning of the year were RMB10,618,000 (2024: RMB16,136,000).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Balance at 1 January		(5,641)	(10,602)
Under-provision in prior years	6(a)	4,972	9,555
Currency translation differences		(30)	22
Refund/(payment) during the year		19	(4,616)
Balance at 31 December		(680)	(5,641)
Reconciliation to the consolidated statement of financial position:			
Income tax payable		1,400	1,430
Income tax recoverable	17	(2,080)	(7,071)
Balance at 31 December		(680)	(5,641)

(b) Deferred tax assets recognised:

- (i) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Change in fair value of financial assets measured at FVPL RMB'000	Cumulative tax losses RMB'000	Impairment losses of an associate and joint venture RMB'000	Total RMB'000
Balance at 1 January 2024	(1)	8,136	744	8,879
Credited/(charged) to profit or loss (Note 6(a))	3,060	(5,783)	(744)	(3,467)
Balance at 31 December 2024	3,059	2,353	–	5,412
(Charged)/credited to profit or loss (Note 6(a))	(7,971)	9,829	–	1,858
Balance at 31 December 2025	(4,912)	12,182	–	7,270

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets recognised: (continued)

(ii) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB1,121,001,000 (2024: RMB1,068,714,000) and in respect of deductible temporary differences of RMB336,164,000 (2024: RMB311,742,000) as at 31 December 2025, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction before they expire.

(iii) Deferred tax liabilities not recognised

The new CIT Law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings of PRC enterprises. The Group has not recognised deferred tax liabilities as at 31 December 2025 in respect of undistributed earnings of RMB1,180,000,000 (2024: RMB1,227,000,000) as the Company controls the dividend policy of the subsidiaries and it has been determined that these profits will not be distributed in the foreseeable future.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

24 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company

Note	Share capital RMB'000	Share premium RMB'000	Share Award Scheme RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2024	154	74,594	(48,519)	(10,506)	89,454	105,177
Changes in equity for 2024:						
Profit for the year	-	-	-	-	36,879	36,879
Other comprehensive income	-	-	-	861	-	861
Total comprehensive income	-	-	-	861	36,879	37,740
Effect of shares held for						
Share Award Scheme	-	-	(12,914)	-	-	(12,914)
Equity settled share-based payments	24(f)	6,014	-	-	-	6,014
Balance at 31 December 2024 and 1 January 2025	154	80,608	(61,433)	(9,645)	126,333	136,017
Changes in equity for 2025:						
Profit for the year	-	-	-	-	317	317
Other comprehensive income	-	-	-	(1,684)	-	(1,684)
Total comprehensive income	-	-	-	(1,684)	317	(1,367)
Effect of shares held for						
Share Award Scheme	-	-	(5,277)	-	-	(5,277)
Equity settled share-based payments	24(f)	3,577	-	-	-	3,577
Balance at 31 December 2025	154	84,185	(66,710)	(11,329)	126,650	132,950

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

24 CAPITAL AND RESERVES (continued)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2025 RMB'000	2024 RMB'000
Dividend proposed after the end of the year ended 31 December 2025 of HK\$0.02 per ordinary share (2024: Nil)	39,396	–

The dividend proposed after the balance sheet date has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year.

The Board of directors did not recommend a payment of a dividend during the year that were attributable to the previous financial year (year ended 31 December 2024: Nil).

(c) Share capital

(i) Authorised share capital

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 16 November 2018 with an authorised share capital of US\$50,000, divided into 5,000,000,000 Shares with a par value of US\$0.00001 each. The then shareholders subscribed for 2,180,850,000 shares in aggregate at US\$0.00001 per share.

(ii) Issued share capital

	Par Value US\$	No. of shares '000	US\$ '000
As at 1 January 2024, 31 December 2024 and 2025	0.00001	2,180,850	20
RMB equivalent ('000)			154

The holders of ordinary shares are entitled to receive dividends as declared from time to time. Except for shares held by an independent professional trustee (the "Trustee") for share award scheme which do not contain voting rights, ordinary shares holders are entitled to one vote per share at meetings of the Company.

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(Expressed in RMB unless otherwise indicated)

24 CAPITAL AND RESERVES (continued)

(c) Share capital (continued)

(iii) Shares held for Share Award Scheme

	2025	2024	2025	2025	2024	2024
	Shares	Shares	Shares	Shares	Shares	Shares
	'000	'000	HK\$'000	RMB'000	HK\$'000	RMB'000
Shares held for Share Award Scheme	90,038	79,250	72,934	66,710	67,144	61,433

These shares of the Company were acquired and held by the Trustee for the purpose of granting shares under the Share Award Scheme (note 24(f)) adopted by the Company. Total amount of HK\$73,999,920 (2024: HK\$70,999,960) was paid to the Trustee, with a balance of unutilised cash of HK\$946,689 as restricted cash as at 31 December 2025 (2024: HK\$3,740,756).

	Number of shares	Amount HK\$'000	Amount RMB'000
As at 1 January 2024	60,200,000	52,989	48,519
Shares acquired for Share Award Scheme during the year	19,050,000	14,155	12,914
As at 31 December 2024 and 1 January 2025	79,250,000	67,144	61,433
Shares acquired for Share Award Scheme during the year	10,788,000	5,790	5,277
As at 31 December 2025	90,038,000	72,934	66,710

(d) Share premium

Under the Companies Law of the Cayman Islands, the share premium of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

24 CAPITAL AND RESERVES (continued)

(e) Reserves

(i) Capital reserve

Capital reserve as at 31 December 2025 primarily represented:

- the difference between the par value of ordinary shares issued by FriendTimes Technology, the then holding company of the Group before completion of the Group reorganization, and the consideration received;
- the share-based payments reserve being the difference between the fair value of the equity interests in a Group transferred to an employee of the Group and the cash consideration made by this employee that has been recognised;
- the aggregate amount of the paid-in capital of the companies comprising the Group transferred into the capital reserve upon the completion of the reorganisation on 20 February 2019.

(ii) PRC statutory reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC.

For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the companies outside the Chinese Mainland with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 1(w).

(iv) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 1(g)).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

24 CAPITAL AND RESERVES (continued)

(f) Equity settled share-based transactions

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

As at 31 December 2025 and 2024

The terms and conditions of the grants are as follows:

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

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

24 CAPITAL AND RESERVES (continued)

(f) Equity settled share-based transactions (continued)

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

	Number of RSUs	Weighted average grant date fair value per RSU HKD
Outstanding as of 1 January 2024	16,616,400	1.75
Granted during the year	20,457,000	0.55
Forfeited during the year	(7,040,000)	1.62
Vested during the year	(14,054,600)	0.90
Outstanding as of 31 December 2024	15,978,800	1.02
Granted during the year		
Forfeited during the year	(2,290,000)	1.18
Vested during the year	(5,528,800)	1.63
Outstanding as of 31 December 2025	8,160,000	0.56

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a debt-to-asset ratio. This ratio is calculated as total liabilities divided by total assets.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

24 CAPITAL AND RESERVES (continued)

(g) Capital management (continued)

The debt-to-asset ratios at 31 December 2025 and 2024 were as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Total liabilities	194,599	252,400
Total assets	1,434,597	1,402,476
Debt-to-asset ratios	13.6%	18.0%

Neither the Company nor its subsidiaries are subject to internally or externally imposed capital requirements.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and pledged bank deposits is limited because the counterparties are reputable banks and financial institutions with high credit rating, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor (mainly distribution platform and publishers) rather than the industry or country in which the debtors operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual debtors. As at 31 December 2025, 38% (2024: 43%) of the total trade receivables was due from the Group's largest debtor and 73% (2024: 73%) of the total trade receivables was due from the Group's five largest debtors.

Trade receivables at the end of each reporting period are mainly due from the distribution platforms and publishers in cooperation with the Group. If the strategic relationship with them is terminated or scaled-back; or if the distribution platforms and publishers alter the co-operative arrangements; or if they experience financial difficulties in paying the Group, the Group's receivables might be adversely affected in terms of recoverability. To manage this risk, the Group maintains frequent communications with the distribution platforms and publishers to ensure the effective credit control. In view of the history of cooperation with the distribution platforms and publishers and the sound collection history of receivables due from them, the directors of the Company believe that the credit risk inherent in the Group's outstanding trade receivable balances due from the distribution platforms and publishers is low.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(a) Credit risk (continued)

Trade receivables (continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at 31 December 2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current	–	52,145	–
Overdue within 3 months	0.4%	1,886	8
Overdue after 3 months but within 1 year	5.2%	58	3
Overdue after 1 year	100.0%	753	753
	1.4%	54,842	764

	As at 31 December 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current	–	64,044	–
Overdue within 3 months	0.5%	2,191	11
Overdue after 3 months but within 1 year	1.3%	76	1
	0.0%	66,311	12

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(a) Credit risk (continued)

Trade receivables (continued)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Balance at the beginning of the year	12	4
Impairment losses recognised	752	8
Balance at the end of the year	764	12

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses, participation in supplier finance arrangements with banks and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, and to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the date the Group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), the earliest date the Group can be required to pay.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(b) Liquidity risk (continued)

	As at 31 December 2025				Carrying amount RMB'000
	Contractual undiscounted cash outflow				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000	Total RMB'000	
Interest-bearing borrowings	70,556	–	–	70,556	70,340
Lease liabilities	695	–	–	695	685
Trade and other payables	98,376	–	–	98,376	98,376
Total	169,627	–	–	169,627	169,401

	As at 31 December 2024				Carrying amount RMB'000
	Contractual undiscounted cash outflow				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000	Total RMB'000	
Interest-bearing borrowings	150,863	–	–	150,863	149,420
Trade and other payables	86,038	–	–	86,038	86,038
Total	236,901	–	–	236,901	235,458

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(c) Interest rate risk

The Group's interest-bearing financial instruments at variable rates are the cash at bank, other financial instrument and bank loans as at the end of the reporting period. The cash flow interest risk arising from the change of market interest rate on these balances is not considered significant. Overall speaking, the Group's exposure to interest rate risk is not significant.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, pledged bank deposits and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD dollars and Hong Kong dollars. The Group manages this risk as follows:

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Difference from translation of financial statements of the Group's subsidiaries with functional currency other than RMB into the Group's presentation currency is excluded.

	Exposure to foreign currencies (expressed in RMB)	
	As at 31 December 2025	
	United States Dollars RMB'000	Hong Kong Dollars RMB'000
Cash and cash equivalents	59,488	1,384
Time deposit	–	84,271
Pledged bank deposits	–	903
Trade and other receivables	2,219	3,699
Overall exposure	61,707	90,257

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(d) Currency risk (continued)

(i) Exposure to currency risk (continued)

	Exposure to foreign currencies (expressed in RMB)	
	As at 31 December 2024	
	United States Dollars RMB'000	Hong Kong Dollars RMB'000
Cash and cash equivalents	988	5,299
Time deposit	21,923	50,179
Pledged bank deposits	–	945
Trade and other receivables	2,899	4,775
Overall exposure	25,810	61,198

(ii) Sensitivity analysis

A 5% strengthening of RMB against the following currency as at the end of each reporting period would (decrease)/increase profit/(loss) after taxation by the amounts shown below. This analysis assumes that all other variables, including interest rates, remain constant.

	As at 31 December	
	2025 RMB'000	2024 RMB'000
United States Dollars	(3,004)	(1,289)
Hong Kong Dollars	(4,513)	(3,060)

A 5% weakening of the RMB against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(e) Equity price risk

The Group is exposed to equity price changes arising from investment in equity securities listed in Chinese Mainland and Hong Kong.

As at 31 December 2025 and 2024, it is estimated that an increase/(decrease) of 5% in equity price, with all other variables held constant, would have increase/(decrease) the Group's profit after tax or (decrease)/increase the Group's loss after tax and increase/(decrease) the Group's equity as follows:

	At 31 December 2025			At 31 December 2024		
		Effect on profit after tax RMB'000	Effect on equity RMB'000		Effect on loss after tax RMB'000	Effect on equity RMB'000
Changes in equity price:						
Increase	5%	5,416	5,416	5%	(2,100)	2,100
Decrease	-5%	(5,416)	(5,416)	-5%	2,100	(2,100)

The sensitivity analysis indicates the instantaneous change in the Group's profit/loss after tax and the Group's equity that would arise assuming the changes in the equity price at the end of the each reporting periods.

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(f) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

The Group has a team headed by the finance manager performing valuations for the financial instruments, including investment in wealth management product which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the directors is held once a year, to coincide with the reporting dates.

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Level 1 Assets		
Listed equity securities	75,742	34,484
Investment in LLPs	1,182	–
Level 2 Assets		
Unlisted equity securities	5,000	5,000
Investment in LLPs	100,665	90,659
Level 3 Assets		
Investment in wealth management products	280,768	169,757
	463,357	299,900

During the years ended 31 December 2025 and 2024, there were transfers between Level 1 and Level 2, and no transfers into or out of Level 3. The transfers between Level 1 and Level 2 were due to some invested LLPs have listed at 31 December 2025. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(f) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of Level 2 assets is generally obtained through the use of valuation methodologies with observable market inputs or by reference to the latest round of financing, i.e. the prior transaction price or the third-party pricing information. As the investees are in normal operation without any significant business milestone events during the period, the fair value of the unlisted equity investments and LLPs are determined with reference to the latest round of financing price, adjusted by unobservable inputs based on information such as its latest available financial information, where applicable as at 31 December 2025.

Information about Level 3 fair value measurements

The fair value of the investment in wealth management products issued by banks as at 31 December 2025 is determined using the forecast future cashflow discounted by risk-adjusted discount rate. The valuation requires the directors to make estimates about the expected future cash flows. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit and loss, are reasonable, and that they were the most appropriate values as at the reporting period end. As at 31 December 2025, the expected investment income range from RMB737,000 to RMB1,051,000, and the risk adjusted discount rate ranged from 0.45% to 3.90%. The fair value measurement is positively correlated to the expected investment income and negatively correlated to the risk adjusted discount rate.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2025 RMB'000	2024 RMB'000
<i>Investment in wealth management products</i>		
At 1 January	169,757	356,133
Payment for purchases	1,494,259	1,134,842
Realised gain from investment recognised in "other net income"		
in the consolidated statement of profit or loss	1,052	1,061
Changes in fair value of financial assets measured at FVPL	4,336	3,467
Currency translation differences	(8)	18
Proceeds upon maturity	(1,388,628)	(1,325,764)
At 31 December	280,768	169,757

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(f) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements (continued)

Any gain or loss arising from the remeasurement of the Group's equity investments in unlisted entities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2025 and 2024 due to short-term maturity of these instruments.

26 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following material related party transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	Years ended 31 December	
	2025 RMB'000	2024 RMB'000
Short-term employee benefits	6,705	4,991
Post-employee benefits	184	158
Equity-settled share-based payments	111	177
	7,000	5,326

Total remuneration is included in "staff costs" (see note 5(b)).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Non-current asset		
Investment in a subsidiary	64,903	61,334
	64,903	61,334
Current assets		
Amounts from subsidiaries	13	2,362
Other receivables	273	280
Restricted cash	855	3,464
Time deposits	65,021	10,894
Cash and cash equivalents	1,885	57,683
	68,047	74,683
Net current assets	68,047	74,683
NET ASSETS	132,950	136,017
CAPITAL AND RESERVES		
Share capital	154	154
Reserves	132,796	135,863
TOTAL EQUITY	132,950	136,017

28 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 31 December 2025 which would materially affect the Group's operating and financial performance.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures</i> — <i>Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures</i> — <i>Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.