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## **CMGE Technology Group Limited**

**中手游科技集团有限公司**

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

**(Stock Code: 0302)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025**

The board (the “**Board**”) of directors (the “**Directors**”) of CMGE Technology Group Limited (the “**Company**”, together with its subsidiaries and consolidated operating entities in the People’s Republic of China (the “**PRC**”), the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2025 (the “**Reporting Period**”).

#### **2025 FINANCIAL HIGHLIGHTS**

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB’000</b>	<b>RMB’000</b>
<b>Revenue</b>	<b>1,389,985</b>	1,930,091
<b>Gross profit</b>	<b>456,876</b>	603,058
Loss for the year	<b>(1,477,133)</b>	(2,110,819)
<b>Adjusted net loss</b> <sup>(1)</sup>	<b>(1,471,341)</b>	(2,077,723)
Basic and diluted loss per Share (RMB)	<b>(49.12) cents</b>	(74.56) cents
<b>Adjusted basic and diluted loss per Share (RMB)</b> <sup>(1)</sup>	<b>(49.12) cents</b>	(73.59) cents

*Note:*

1. “Adjusted net loss” is not defined under the Hong Kong Financial Reporting Standards (“**HKFRS**”). It is defined by the Group as net loss attributable to owners of the parent excluding equity-settled share-based expense which is non-operating in nature. The adjusted net loss more closely reflects the Group’s operating results, after excluding the above-mentioned non-operating item. “Adjusted basic and diluted loss per Share” is the Group’s adjusted net loss divided by the weighted average number of Shares and potentially dilutive weighted average number of Shares, respectively, in issue during the year.

## CHAIRMAN’S STATEMENT

### Dear Shareholders,

The year 2025 was a year of tremendous challenges for the Group. After more than three years of self-development, the Group’s large-scale cross-platform game *Legend of Sword and Fairy: World* (仙劍世界) was launched in February 2025, its revenue performance fell short of expectations, resulting considerable loss on the Group’s production and operations during the Reporting Period. In response to these operational challenges, the Group actively adopted countermeasures, continued to launch quality games in the Mainland China market, vigorously expanded its overseas game publishing business, strengthened the long-term operations of existing games, and advanced the operation of the *Legend of Sword and Fairy* (仙劍奇俠傳) intellectual property (“IP”) in an orderly manner, ensuring the stable development of the Group’s gaming business. Leveraging the Group’s advantages and accumulated experience in game publishing and development, together with its proprietary IP resources, the diligent efforts of all employees as well as the strong support and encouragement from shareholders, although the Group recorded an operating loss for the year of 2025, the loss was narrowed compared to the same period last year, the operating results have improved significantly since the second half of the year. For the year ended 31 December 2025, the Group recorded total revenue of RMB1,390.0 million. Among this, revenue from overseas business amounted to RMB358.2 million, representing a year-on-year increase of 31.6%, with overseas business accounting for 25.8% of the Group’s total revenue.

During the Reporting Period, the Group launched overseas versions of various games in overseas regions, such as *Dynasty Warriors: Hegemony* (真•三國無雙霸) in Japan; *Soul Land: Space and Time Reversal* (斗羅大陸：逆轉時空) in Hong Kong, Macau and Taiwan; *Fights Break Firmament: Wushuang* (斗破蒼穹：無雙) and *Tauren-T GO* (牛頭人GO) in Hong Kong, Macau, Taiwan, Singapore and Malaysia; and *Soul Land: Shrek Academy* (斗羅大陸：史萊克學院) in Vietnam, which provided ample support for the growth of the Group’s overseas business.

*Chunqiu Mystery* (春秋玄奇), launched in the Mainland China market in 2025, ranked 10th in the Best Selling List of WeGame at its highest. Its payment retention rate significantly outperformed that of the same types of products, with its cumulative gross billing exceeding RMB100 million within three months of its launch, the revenue performance surpassed expectations. During the Reporting Period, newly launched IP quality games in the Mainland China market including *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) and *Naruto: Konoha Masters* (火影忍者：木葉高手), received positive feedback from their core target user groups, bringing new revenue contributions to the Group.

The Group has formulated long-term operation plans for its existing game products. Through refined operations and continuous content iterations, these games have contributed stable operating revenue to the Group. A number of games, such as *One Piece: The Road of the Strong* (航海王強者之路), *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), *One Piece: The Voyage* (航海王熱血航線), *The National Gunlord – The Frontier* (全民槍神：邊境王者), *Battle of Ling Xiao* (凌霄戰紀), *Happy Mahjong* (歡樂真人麻將) and *Dynasty Warriors: Hegemony* (真•三國無雙霸) have entered the long-term operation phase. The longest one of these games has been in operation for over 10 years. The number of online players of these long-running games remains steady and consistently generate steady revenue and profits.

The revenue of the self-developed game *Legend of Sword and Fairy: World* (仙劍世界) during the Reporting Period fell short of expectations. The Group promptly carried out personnel optimisation and adjustments for the research and development team and the publishing team of *Legend of Sword and Fairy: World* (仙劍世界), resulting in a significant reduction in research and development costs. Although the Group devoted huge research and development costs and marketing expenses for *Legend of Sword and Fairy: World* (仙劍世界), and the redundancy expenses arose from workforce optimisation have adversely affected the Group’s performance, these one-off expenses will not exert a persistent negative impact on the Group’s financial position in future years. In the area of self-developed games, the Group will focus on legendary games featuring low investment cost and rapid iteration, and will continue to launch new games within this genre. The new legendary game *Dark Night Legend* (暗夜傳奇) is scheduled to be officially launched in 2026.

2025 is the 30th anniversary of *Legend of Sword and Fairy* (仙劍奇俠傳) IP. The Group strives to build a “Legend of Sword and Fairy (仙劍) IP universe”. The animated series of *Legend of Sword and Fairy 3* (仙劍奇俠傳三) was broadcast on Tencent Video in 2025, and before the broadcast, the anime had already surpassed 1 million pre-launch reservations on the platform. During its initial release phase, its peak in-platform popularity reached 18,103, and subsequently remained stable and ranked among the top of the platform’s popularity charts, garnering widespread attention and recognition from audiences. Meanwhile, *Legend of Sword and Fairy 4: Remake* (仙劍奇俠傳四重製版) released a brand-new gameplay trailer titled “*The Way of Heaven Is Ever-Shifting* (天道無常)”. Within 24 hours of its release on the Bilibili platform, the trailer exceeded 2.4 million views, and within 48 hours further increased to 3 million views. It quickly rose to the top of the platform’s trending charts, triggering extensive discussion among players and across the industry, and once again showcasing the long-term vitality and strong market appeal of the *Legend of Sword and Fairy* (仙劍奇俠傳) IP. The two existing mobile games under the *Legend of Sword and Fairy* (仙劍) IP, *Legend of Sword and Fairy: The New Beginning* (仙劍奇俠傳：新的開始) and *Legend of Sword and Fairy: Wen*

*Qing* (新仙劍奇俠傳之揮劍問情), continued to provide lasting content and service support to core user groups through sustained content iteration, launching long-term operation activities, and active community engagement. The Group, in collaboration with Kingnet (愷英網絡), after renewing the IP licensing agreement for *Legend of Sword and Fairy: The New Beginning* (仙劍奇俠傳：新的開始), established a new licensing cooperation for an additional card-based role-playing game adapted from the *Legend of Sword and Fairy* (仙劍奇俠傳) IP. This new project is planned to enter development phase in 2026. During the Reporting Period, the Group actively carried out multi-layered cross-game collaborations centred on the *Legend of Sword and Fairy* (仙劍) IP, launching joint content with several top-tier games including *JX3* (劍網三) and *Fantasy Westward Journey* (大話西遊). These collaborations significantly expanded the market exposure and visibility of the *Legend of Sword and Fairy* (仙劍) IP, further broadening its user reach and enhancing its overall influence. In order to celebrate the 30th anniversary of *Legend of Sword and Fairy* (仙劍奇俠傳), the Group has initiated the “Meeting with Xian Jian (仙劍一面)” national touring animation exhibitions in 2025. More than ten large-scale offline events have been convened across the country, covering ten provinces with a total exhibition area of 50,000 square meters. Through immersive offline scenarios and interactive fan engagements, the Group effectively strengthened the connection between the IP and its core user base, further enhancing the offline influence of the *Legend of Sword and Fairy* (仙劍) IP.

The Group is committed to vigorously promoting the applications of artificial intelligence generated content (“AIGC”) in the aspects of game research and development, publishing and marketing and game operations, and has effectively reduced research and development costs and marketing expenses, as well as enhanced operational efficiency. Meanwhile, the Group carried out in-depth streamlining and sorting of organisation structure, after which the staff costs, venue costs and other fixed expenses and other costs significantly decreased in 2025. Due to the above adjustment of cost reduction and efficiency increase, the Group’s organisation structure has become more streamlined, and the operational efficiency of the organisation has been further improved.

In April 2025, the Company appointed Mr. Wang Chunye (“**Mr. Wang**”) as a Co-Chief Executive Officer of the Company. Mr. Wang has previously held positions at companies including Lemando Interactive Entertainment (Shanghai) Co., Ltd. (樂曼多互動娛樂(上海)有限公司), 福建省天晴互動娛樂有限公司, a subsidiary engaging in gaming business of NetDragon Websoft Holdings Limited (網龍網絡控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 0777), Giant Network Group Co., Ltd. (巨人網絡集團股份有限公司) and Shengqu Information Technology (Shanghai) Co., Ltd. (盛趣信息技術(上海)有限公司), with nearly 18 years of extensive experience in global game publishing and operation. With Mr. Wang joining the Group, it is expected that he will bring new development opportunities and growth momentum to the Group’s global game publishing business expansion.

Looking ahead to 2026, the Group will uphold its development strategy of “small-scale trial and error, large-scale promotional operations, and rapid iteration”. Leveraging the Group’s strong IP resource advantages, and adopting a dual-platform business model centred on “Application (“APP”) + Mini-Games”, the Group will simultaneously advance its global game publishing and its self-developed legendary game business, striving to build market-competitive products with high quality and long-running games with sustainable profitability. At the same time, the Group will continue to deeply cultivate the value of the *Legend of Sword and Fairy* (仙劍奇俠傳) IP. Through premium content creation, quality game development, diversified derivative product expansion and refined fan-community operations, the Group will spare no effort in elevating the *Legend of Sword and Fairy* (仙劍) IP into a world-class cultural IP, ultimately steering the Group’s operating performance back onto a path of steady growth.

## **BUSINESS REVIEW**

### **Global Publishing Business**

During the Reporting Period, the Group launched 10 new games, delivering fresh gaming experiences to players worldwide and contributing solid revenue to the Group. Meanwhile, several of the Group’s games currently in operation continue to maintain stable revenue performance. Regrettably, due to the performance of certain newly launched games fell short of expectations, revenue performance was lackluster, which affected the scale of the Group’s publishing revenue during the Reporting Period. For the year of 2025, the Group’s publishing business revenue amounted to RMB1,161.4 million.

### **Game Publishing in Mainland China**

In January 2025, the Group launched *Chunqiu Mystery* (春秋玄奇), a national-style strategic card mobile game based on the historical backdrop of the Spring and Autumn and Warring States period, fusing mythological elements and cross-era character interactions. The game ranked 10th in the Best Selling List of WeGame at its highest after its launch, with its payment retention rate significantly outperforming that of the same types of product. Within the first three months of its launch, *Chunqiu Mystery* (春秋玄奇) achieved cumulative gross billings exceeding RMB100 million, and its revenue performance surpassed expectations. In 2025, the game had fully entered the profit recovery period, delivering considerable revenue for the Group.

Licensed by Koei Tecmo Games Co., Ltd., a strategic miniatures mobile game *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) was officially launched in Mainland China on 27 June 2025 by the Group. The game brings back, in the form of an officially licensed title, the vast-map battlefields and highly flexible strategic gameplay that once impressed countless players. Since its launch, *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) has recorded a relatively steady market performance and player feedback, receiving particularly positive reviews from its core target user group. In the first month of its launch, the game maintained a rating of 8 out of 10 on TapTap and approximately 4.5 out of 5 on Huawei AppGallery, representing a high standard of performance. It maintained a stable rating of 4.8 out of 5 and ranked 3rd in the Strategy Game List on the Apple's App Store. These data clearly demonstrate the players' recognition for the quality of the game *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳).

*Naruto: Konoha Masters* (火影忍者：木葉高手), exclusively published by the Group, is an officially licensed and animated mobile game that launched in Mainland China in July 2025, which vividly presents the thrilling storylines, iconic characters and fantastic ninjutsu of the anime, *Naruto* (火影忍者), with exquisitely detailed visuals and free-flowing animations through mobile tools. In addition, it offers a completely new immersive experience by faithful recreation of the storylines, a new interpretation by the original voice actors and a cluster of all ninja characters. In the first month of its launch, *Naruto: Konoha Masters* (火影忍者：木葉高手) ranked No.1 on the Top Free Game List of Apple's App Store.

In April and May 2025, the Group successively launched two mobile games licensed by China Literature Limited (閱文集團), *Sanqian Huanshi* (三千幻世) and *Daily Life of Chat Group* (聊天群的日常生活). Among them, *Sanqian Huanshi* (三千幻世) demonstrated low efficiency in converting paying users, while *Daily Life of Chat Group* (聊天群的日常生活), despite undergoing multiple rounds of version updates and optimisation, did not meet the expected performance. As a result, both games' revenue performance failed to reach anticipated levels during the Reporting Period.

Multiple games already launched by the Group, such as *One Piece: The Road of the Strong* (航海王強者之路), *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), *One Piece: The Voyage* (航海王熱血航線), *The National Gunlord – The Frontier* (全民槍神：邊境王者), *Battle of Ling Xiao* (凌霄戰紀), *Happy Mahjong* (歡樂真人麻將) and *Dynasty Warriors: Hegemony* (真·三國無雙霸), have all entered the long-term operation phase with the longest one of these games has been in operation for over 10 years. Through refined operations and continuous content iteration, the number of online players of these long-running games remain steady and contribute steady game revenue and profit, which contribute stable long-term operating revenue to the Group.

## Overseas Game Publishing

Leveraging the Group's abundant IP resources and product layout, the Group has accumulated extensive and highly effective experience in overseas game publishing. First, the Group prioritises mature games that have been fully validated in the Mainland China market, takes into full consideration the adaptability of game themes and gameplay across different countries and regions, and orderly expands into overseas markets. For instance, games published by the Group such as *The New Legend of The Condor Heroes: Iron Blood and Loyal Heart* (新射鵰群俠傳之鐵血丹心), *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), *Soul Land: Shrek Academy* (斗羅大陸:史萊克學院) and *Dynasty Warriors: Hegemony* (真•三國無雙霸) achieved strong results in the Mainland China market, and subsequently delivered outstanding performance in regions such as Hong Kong, Macau and Taiwan and Southeast Asia. Second, in overseas regions where it has achieved satisfying publishing results, the Group continues to expand its product portfolio by launching other mature games, while collaborating with developers who have successful game development experience to develop new games targeting unmet player needs in terms of theme and gameplay in those regions. By continuously strengthening its capabilities of publishing and user operations, the Group consolidates and expands its market presence in those regions. For example, the Group continues to launch multiple games in regions such as Hong Kong, Macau and Taiwan, Southeast Asia and Japan, which exemplifies the Group's execution strategy of reinforcing and expanding market scale based on the success of individual products. Third, the Group actively explores overseas markets with higher gross profit margins, such as Europe, the Americas and Russia, and has prepared products with strong thematic and gameplay adaptability for these regions. As of 31 December 2025, the Group's overseas publishing revenue had achieved double-digit growth for two consecutive years, and the share of overseas publishing business in the Group's total publishing revenue has also been increasing. This fully demonstrates that the Group's overseas publishing strategy has begun to yield results.

In January 2025, the mini game *Tauren-T GO* (牛頭人GO) published by the Group was officially launched in Hong Kong, Macau, Taiwan, Singapore and Malaysia, and surged to No.1 on the Top Free Game List of Apple's App Store in Hong Kong, Taiwan and Singapore in 4 days after its launch. It is also the overseas version of *Smash* (消個錘子) launched by the Group in Mainland China.

Officially licensed by China Literature Limited and developed by Shenzhen EZfun Interactive Technology Co., Ltd. (深圳易帆互動科技有限公司), a developer in which the Group invested, the faithfully recreated Dynasty Warriors type action mobile game *Fights Break Firmament: Wushuang* (斗破蒼穹：無雙), published by the Group, has received an enthusiastic response from users since its official launch on 9 April 2025 in Hong Kong, Macau, Taiwan, Singapore and Malaysia. In the first month of its launch, the game ranked No.1 on the Top Free Game List of Apple's App Store in Taiwan and Hong Kong, and achieved 28th on the Best Selling Game List in Taiwan and 41th in Hong Kong on the Apple's App Store, with gross billings performing well to date. The success of this game once again demonstrates that the top-tier IP *Fights Break Firmament* (斗破蒼穹) not only has high popularity in Mainland China, but also commands strong market appeal and commercial potential in the Chinese-speaking markets such as Hong Kong, Macau, Taiwan, Singapore and Malaysia.

In March 2025, the Group granted a company under Shanghai Lingmu Network Technology Co., Ltd. (上海靈木網絡科技有限公司) the rights to publish *Soul Land: Shrek Academy* (斗羅大陸：史萊克學院) in Vietnam. In the first month of its launch, the game ranked No.1 on the Top Free Game List and 9th on the Best Selling Game List on Apple's App Store, and ranked 2nd on the Top Free Game List and 15th on the Best Selling Game List on the Google Play Store, respectively, in Vietnam, achieving remarkable performance. In August 2025, the game was launched in Korea under the same title.

Developed by Love Games (Shanghai) Internet Technology Co., Ltd. (樂府互娛(上海)網絡科技有限公司), a developer in which the Group invested, the mobile game *Soul Land: Space and Time Reversal* (斗羅大陸：逆轉時空), adapted from *the Soul Land* (斗羅大陸) IP, was published in Hong Kong, Macau and Taiwan by Taiwan Game Tree Company in May 2025 under license from the Group. In the first month of its launch, the game ranked No.1 on the Top Free Game List and 19th on the Best Selling Game List of Apple's App Store in Taiwan, and ranked 3rd on the Top Free Game List and 9th on the Best Selling Game List of Apple's App Store in Hong Kong, achieving excellent results. In October 2025, the game was launched in Southeast Asia under the same title.

In September 2025, the Group globally launched *Dynasty Warriors: Hegemony* (真・三國無雙霸), an officially licensed 3D action role-playing game (“ARPG”) Shin Sangokumusou title from Japan’s Koei Tecmo Games Co., Ltd. The game successfully penetrated the Japanese market, debuting at No. 1 on the Top Free Game List of Apple’s App Store in Japan.

### **Self-Development of Games**

*Legend of Sword and Fairy: World* (仙劍世界), the Group’s self-developed game, did not meet expectation since its launch in February 2025. The development of *Legend of Sword and Fairy: World* (仙劍世界) spanned over three years, representing the Group’s self-developed project with substantial investment of both capital and effort. Despite undergoing multiple rounds of testing and optimisation, post-launch revenue still fell short of expectations, resulting in substantial financial losses for the Group. The substantial research and development costs and marketing expenses invested by the Group in *Legend of Sword and Fairy: World* (仙劍世界) have materially adversely affected the Group’s performance. These one-off expenses have been fully accounted for in 2025 and will not exert a persistent negative impact on the Group’s financial position in future years. In response to the failure of *Legend of Sword and Fairy: World* (仙劍世界) project, the Group promptly carried out organisational restructuring and personnel optimisation to substantially reduce project investment, and appointed a new project lead while redesigning the in-game commercialisation model with the aim of maximising the return on initial investments. Since its launch, the game has completed nearly 50 version updates; the Group will sustain ongoing version updates for *Legend of Sword and Fairy: World* (仙劍世界) to ensure stable operations and strive to improve revenue generation. Concurrently, the Group has strengthened risk control mechanisms for project approval decisions and project budget oversight in corporate governance, ensuring more effective internal decision-making and control systems.

The dynasty-themed strategic mobile game *World of Castellan* (城主天下) was self-developed by Beijing Wenmai Hudong Technology Company Limited (北京文脈互動科技有限公司) (“**Wenmai Hudong**”), a wholly-owned subsidiary of the Group, and was exclusively published by 37 Interactive Entertainment in the Mainland China market. The overseas version of the game *World of Castellan* (城主天下), *Three Kingdoms: Heroes of the Land* (三國•群英燎原), was exclusively published by Hangzhou Wanxinbuzhi Network Technology Co., Ltd. (杭州玩心不止網絡科技有限公司). It was launched in Vietnam in May 2025, followed by launches in Hong Kong, Macau, Taiwan, Singapore and Malaysia in July 2025, and ranked No. 1 on the Top Free Game List of Apple’s App Store in Taiwan in the No.1 month of its launch. It was subsequently launched in South Korea in November 2025. As a strategic game set in the Three Kingdoms period, *Three Kingdoms: Heroes of the Land* (三國•群英燎原) will serve as a long-term overseas operation project for the Group.

The Group conducted multiple game running tests for a new self-developed legendary game *Dark Night Legend* (暗夜傳奇) by Wenmai Hudong during the Reporting Period prior to its launch. To establish the game’s quality as a benchmark among similar products, the development team extended the period for adjustment and optimisation and strived to offer players a perfect user experience. The game’s launch has been postponed until 2026. Drawing upon Wenmai Hudong’s proven track record of success in developing Legend-genre titles, the Group has every reason to believe that the game *Dark Night Legend* (暗夜傳奇) will not only continue the market performance of its predecessor, *The World of Legend – Thunder Empire* (傳奇世界之雷霆霸業), but will also achieve new breakthroughs in multiple dimensions such as player scale, revenue contribution and brand influence. It will become another outstanding self-developed product of Wenmai Hudong, providing strong support for the Group’s continuous efforts in the research and development of self-developed games.

### **Legend of Sword and Fairy (仙劍奇俠傳) IP Operation**

The Group continued to grow “Legend of Sword and Fairy (仙劍) IP universe”. 2025 is the 30th anniversary of *Legend of Sword and Fairy* (仙劍奇俠傳), the Group took this opportunity to vigorously launch numerous and diverse anniversary series of activities, covering games, comics, literature, content experience, real-scene entertainment, film and television series, animation, music and merchandise, offering immersive online and offline experiences.

In the area of game licensing cooperation, *Legend of Sword and Fairy 4: Remake* (仙劍奇俠傳四重製版) released a brand-new gameplay trailer titled “*The Way of Heaven Is Ever-Shifting* (天道無常)” in December 2025. Within 24 hours of its release on the Bilibili platform, the trailer exceeded 2.4 million views, and within 48 hours further increased to 3 million views. It quickly rose to the top of the platform’s trending charts, triggering extensive discussion among players and across the industry, and once again showcasing the long-term vitality and strong market appeal of the *Legend of Sword and Fairy* (仙劍奇俠傳) IP. The two existing mobile games under the *Legend of Sword and Fairy* (仙劍) IP, *Legend of Sword and Fairy: The New Beginning* (仙劍奇俠傳：新的開始) and *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), continued to provide lasting content and service support to core user groups through sustained content iteration, launching long-term operation activities, and active community engagement. The Group, in collaboration with Kingnet (愷英網絡), after renewing the licensing agreement for *Legend of Sword and Fairy: The New Beginning* (仙劍奇俠傳：新的開始), established a new licensing cooperation for an additional card-based role-playing game adapted from the *Legend of Sword and Fairy* (仙劍奇俠傳) IP. This new project is planned to enter development phase in 2026. During the Reporting Period, the Group actively carried out multi-layered cross-game collaborations centred on the *Legend of Sword and Fairy* (仙劍) IP, launching joint content with several top-tier games including *JX3* (劍網三) and *Fantasy Westward Journey* (大話西遊). These collaborations significantly expanded the market exposure and visibility of the *Legend of Sword and Fairy* (仙劍) IP, further broadening its user reach and enhancing its overall influence.

In the area of film and television licensing cooperation, the Group has entered into a strategic cooperation with Tencent’s Penguin Pictures (企鵝影視) to co-produce an animated series of *Legend of Sword and Fairy 3* (仙劍奇俠傳三), which was officially broadcast on Tencent Video on 30 December 2025. The animated series surpassed 1 million pre-launch reservations, and upon release, its peak in-platform popularity reached 18,103, later remained stable and ranked among the top of the platform’s popularity charts and receiving significant attention and recognition from audiences. The production of the animation series of *Legend of Sword and Fairy 4* (仙劍奇俠傳四) has also begun, and the style test video was first exposed in November 2025. The animation series will be jointly launched by Bilibili and the Group. Meanwhile, the Group will once again collaborate with Bilibili to co-produce an animated adaptation of the classic game *Legend of Sword and Fairy 1* (仙劍奇俠傳一). The first original live-action films and television series named *Legend of Sword and Fairy: The Mortal World* (仙劍染歸塵) is in preparation. This brand new story was adapted from *Legend of Sword and Fairy* (仙劍奇俠傳) and set within the game’s worldview for the first attempt. Another live-action films and television series named *Legend of Sword and Fairy 2 Gaiden • Memories* (仙劍奇俠

傳二外傳·憶如傳) is also in preparation, aiming to strategically tap the commercial potential of popular characters and bring classic characters to shine under the spotlight again. *Legend of Sword and Fairy: The Mortal World* (仙劍染歸塵) and *Legend of Sword and Fairy 2 Gaiden • Memories* (仙劍奇俠傳二外傳·憶如傳) are expected to continue the popularity of the three new television dramas of *Legend of Sword and Fairy* (仙劍) that were launched in early 2024, namely *Sword and Fairy: Youjian Xiaoyao* (又見逍遙), *Legend of Sword and Fairy 6: Qi Jinzhao* (仙劍六祈今朝) and *Legend of Sword and Fairy 4* (仙劍四), achieving the Group's long-term development in the film and television adaptation of IP. The Group collaborated with *Spirited Media* (有朝氣影視) and *Mahua Fun Age* (開心麻花) to create a live-action short drama of *Legend of Sword and Fairy 3: Mengqiannian* (仙劍三·夢千年). The Group cooperated deeply with the energetic team who created the long drama of *Legend of Sword and Fairy 6: Qi Jinzhao* (仙劍六祈今朝) to develop a series of short dramas of *Legend of Sword and Fairy* (仙劍), and the core creative idea is to explore the “supporting character stories that have not been fully developed” in the works of the nine generations of *Legend of Sword and Fairy* (仙劍), and to refine and reshape them in the form of micro-short dramas.

In June 2025, the Group forged a deep cooperation with ChineseAll (中文在線) to co-produce a *Legend of Sword and Fairy* (仙劍奇俠傳) radio drama. Featuring an all-star voice cast and cinematic sound design technology, the series will retell the classic story with sound. It will be released exclusively on the “Rabbit U” radio-drama app. The 30th anniversary theme song of *Legend of Sword and Fairy* (仙劍), “Free and Easy Again (再逍遙)”, sung by Huang Zihongfan, has reached No. 1 on the domestic trend music chart on Kugou Music platform. Simultaneously, *Legend of Sword and Fairy* (仙劍奇俠傳) IP is contributing to the creative evolution of traditional performing art repertoires. In June 2025, the Group teamed up with Shanghai's professional theatre SoundVenue (曉聚場) to develop a new Yue-opera adaptation of *Legend of Sword and Fairy* (仙劍奇俠傳), opening a fresh Sword and Fairy world through intangible cultural heritage and sharing its distinctive Eastern aesthetics with the public.

The novel of *Legend of Sword and Fairy 1* (仙劍奇俠傳一) jointly published by the Group and CITIC Press Corporation (中信出版集團股份有限公司) was officially released in January 2025. *Legend of Sword and Fairy 3* (仙劍奇俠傳三), *Legend of Sword and Fairy 3 Gaiden* (仙劍奇俠傳三外傳), the official original derivative works of *Legend of Sword and Fairy 3* (仙劍奇俠傳三), *Yao Tai Xue* (瑤台雪), and the sequel of *Legend of Sword and Fairy 4* (仙劍奇俠傳四), *Qiong Hua Hou Zhuan* (瓊華後傳), are all in creation stages and scheduled to be launched in 2026. *Legend of Sword and Fairy 5* (仙劍奇俠傳五), *Prequel of Legend of Sword and Fairy 5* (仙劍奇俠傳五前傳) and *Legend of Sword and Fairy 6* (仙劍奇俠傳六) are also in creation stages and will be gradually presented to readers.

The Group established a wide range of cooperation networks in relation to physical derivatives and commercial licensing, to develop new products derived from the *Legend of Sword and Fairy* (仙劍) IP in a continuous manner. In the first half of 2025, the Group and Suplay, a company specialising in trendy IP consumer products, jointly designed and initiated mini blind boxes of immortal life characterised by IP features and Chinese elements. The product with a cute cartoon-style design and the fun of blind drawing has attracted many users to purchase. In the field of collectable statues, the presale of the Legend of Sword and Fairy 30th Anniversary Zhao Linger statue (仙劍三十周年趙靈兒雕像) jointly produced by the Group and Lightyear Studio (光年工作室) has officially begun and reservations for Han Ling Sha (韓菱紗) and Liu Mengli (柳夢璃) statues produced in collaboration with STAREXVA Studio (Star Club) (STAREXVA工作室 (星星社)) are also open, and it set a record of selling out within 24 hours. In the PVC figurine field, the 1/7 figurine of Zhao Linger - Lei Yin Xian Ling (趙靈兒-雷引仙靈1/7手辦), produced in collaboration with APEX TOYS, is now available for pre-order. While constantly launching high-quality physical products and meeting the collection demands of fans, the Group has collaborated with the retail brand March Monster to expand offline channels and continuously build a comprehensive and immersive IP derivative ecosystem, allowing the culture of Legend of Sword and Fairy (仙劍) to fully integrate into the lives of the general public.

The Group has collaborated with Jingtian Technology, a subsidiary of Ant Group, to jointly explore the digital presentation of IP assets. In March 2025, the both parties jointly launched the Sword and Fairy 30th Anniversary - Youth's Original Aspiration Series Collection Cards (仙劍三十周年•少年初心系列收藏卡), which sold out immediately upon release. In July 2025, to meet users' collection demands, the Group held a sales return event for digital cards. The aim of digital commemorative cards is to transform classic characters and scenes that carry countless players' memories into digital cards with collection and interactive value, creating new IP connection points for users.

In order to celebrate the 30th anniversary of *Legend of Sword and Fairy* (仙劍奇俠傳), the Group has initiated the "Meeting with Xian Jian (仙劍一面)" national touring animation exhibitions in 2025. More than ten large-scale offline events were convened across the country in 2025, covering ten provinces with a total exhibition area of 50,000 square meters. In 2025, the Sword and Fairy 30th Anniversary Tour presented themed animation exhibitions successfully in various locations, including Hefei in Anhui Province, Beijing, Hangzhou in Zhejiang Province, Chengdu in Sichuan Province, Shenzhen in Guangdong Province, Nanning in Guangxi Zhuang Autonomous Region, Wuhan in Hubei Province, Shanghai, and Puyuan Town of Jiaxing in Zhejiang Province, offering more novel offline interactive experiences to fans and bringing the 30th anniversary event of *Legend of Sword and Fairy* (仙劍奇

俠傳) to a successful conclusion. In October 2025, *Legend of Sword and Fairy* (仙劍奇俠傳), as a well-known game IP, participated in the 18th China International Brand Licensing Exhibition (第十八屆中國國際品牌授權展覽會). As part of the 30th anniversary celebrations, the Group partnered with Mochi Music (魔池音樂) to release a 30th anniversary physical album series, including a deluxe collector's edition set of *Legend of Sword and Fairy* (仙劍奇俠傳) original soundtrack, for fans' collection.

### **Artificial Intelligence Generated Content (AIGC) Technology Applications**

The Group continued to vigorously advance the application of AIGC technology across game development, publishing and marketing, and game operations, effectively reducing research and development costs and marketing expenses while enhancing operational efficiency. At the same time, the Group integrated AIGC into its daily corporate operations, continuously optimising workflows, streamlining organisational structures and improving overall operational efficiency. During the Reporting Period, the Group achieved significant reductions in staff costs, venue costs and other fixed expenses. Through these cost-reduction and efficiency-enhancement measures, the Group's organisational structure has become more streamlined, and its overall operational efficiency has been further improved. The Group has introduced AI as an auxiliary tool across various aspects of game research and development and publishing to enhance efficiency. Serving as an "industrial foundation", AI undertakes content production and the highly repetitive and standardised aspects of operations. The Group's target during the Reporting Period of achieving a "50%–60% reduction in outsourcing costs" was not aimed at cost compression, but rather at freeing up resources by assigning basic tasks to AI, thereby reducing resource occupancy and creating more space for the core team to engage in creative exploration and product iteration, ultimately enhancing overall organisational flexibility. In the future, the Group will further explore the creative and production directions of AI-native games, enabling creative teams to fully exert their creativity and ideas, while commercialising game concepts more cost-effectively and efficiently.

## Social Responsibility

Since its selection as a Key Enterprise for National Cultural Export in 2021 and 2023, the Group was once again successfully selected as a national key enterprise for cultural export in 2025. As a global IP game operator, the Group emphasises the deep integration of excellent Chinese traditional culture into game research and operation as well as IP management. It consistently rolls out games based on Chinese cultural IPs with global spreading value. The Group's successful inclusion in the list demonstrated that its persistence in internationalising Chinese stories has garnered recognition and support from the Ministry of Commerce of the PRC. The Group will continue to proactively launch diversified cultural products, relentlessly promoting Chinese culture on a global scale.

The Group has been actively committed to fulfilling its social responsibility by incorporating “public welfare and social responsibility” into its core corporate culture and focusing on the health, learning and growth of youth to guide and help teenagers to develop good reading habits. The Group has successively collaborated with China Population Welfare Foundation (中國人口福利基金會) and Lingshan Foundation (靈山基金會), and supported the “CMGE Dream Libraries (中手游築夢圖書館)” project for a long time to promote reading among the youth, and the operation of this project has been under steady implementation. Since 2017, fourteen “CMGE Dream Libraries (中手游築夢圖書館)” have been successively constructed in Yunan, Guangdong Province, Zhengding, Hebei Province, Meihekou, Jilin Province, Yangchun, Guangdong Province, Jishan, Shanxi Province, Luxi, Jiangxi Province, Huoqiu, Anhui Province, Enshi, Hubei Province, Jiyuan, Henan Province, Heyuan, Guangdong Province, Jizhou, Tianjin City, Ji'an, Jiangxi Province, Huayuan, Hunan Province and Nanping, Fujian Province. The fourteenth “CMGE Dream Library (中手游築夢圖書館)” was constructed at Hedong Central Primary School (河東中心小學), Hedong Village, Hedong Township, Songxi County, Nanping City, Fujian Province in September 2025. The Group donated 1,200 volumes of exquisite children's books to Hedong Central Primary School (河東中心小學), and donated 8 sets of reading chairs, 6 globes, science experimental material packages and other operating equipment to the school's book reading room. In December 2025, the Group was recognised as the “Most Socially Responsible Listed Company (最具社會責任上市公司)” by Zhitongcaijing (智通財經).

The Group actively promotes industry self-discipline, purifies the cyber environment and ensures the healthy growth of minors. The Group strictly follows the relevant national policies, and all published games are embedded with a real-name authentication system, an anti-addiction system and age limit reminders, striving to ensure the healthy growth of minors. As of 2025, minor players under the age of 18 accounted for less than 0.01% of the Group's revenue from games for six consecutive years.

The Group has always fulfilled its social responsibility in different dimensions. The Group's business does not have a significant impact on the environment. The Group has always adhered to the concept of environmental protection and integrated environmental protection and environmental management into its business decisions. The Group has established environmental, social and governance policies and procedures and the ESG Working Committee in 2025 and has incorporated the concept of sustainable development into its daily management to continuously enhance the environmental protection awareness of the employees of the Group. It implements paperless approval procedures and comprehensively uses web conferencing and cuts down paper usage and the frequency of business travel to reduce carbon emissions in daily operations, striving to decrease the impact of production and business operations on the natural environment. In 2025, the Group was rated as “Outstanding ESG Information Disclosure Enterprise (ESG 信息披露卓越企業)” by the Gamma Data.

## 2026 BUSINESS OUTLOOK

In 2026, the Group will continue to uphold its development strategy of “small-scale trial and error, large-scale promotional operations, and rapid iteration”. Leveraging the Group's strong IP resource advantages and adopting a dual-platform business model centred on “APP + Mini-Games”, the Group will concurrently advance its global game publishing and its self-developed legendary game business, striving to build market-competitive products with high quality and long-running games with sustainable profitability. The Group has entered into a strategic cooperation with Hangzhou Tianqiong Interactive Network Technology Co., Ltd. (杭州天穹互動網絡科技有限公司) (“**Tianqiong Interactive**”), obtaining the authorisation for two classic IPs, *Legend of MIR* (熱血傳奇) and *The World of Legend* (傳奇世界). The parties have jointly established a joint venture to further integrate resources, coordinate efforts, and continue to deepen their presence in the legendary game market while expanding business development opportunities. Tianqiong Interactive reached a significant cooperation with Shanqu Games (盛趣遊戲) in 2025 regarding the licensing of intellectual property rights relating to the online games *Legend of MIR* (熱血傳奇) and *The World of Legend* (傳奇世界). Under this agreement, Tianqiong Interactive will hold exclusive rights to derivative games, IP protection, derivative products, virtual merchandise and film and television products derived from the two major IPs, *Legend of MIR* (熱血傳奇) and *The World of Legend* (傳奇世界), in Mainland China (excluding PC games). Leveraging the Group's accumulated experience in both game publishing and self-developed games, the Group will continue to deepen its full-chain cooperation across the entire industry for the IPs, *Legend of MIR* (熱血傳奇) and *The World of Legend* (傳奇世界), from game development to game publishing and marketing. At the same time, the Group will continue to deepen the *Legend of Sword and Fairy* (仙劍奇俠傳) IP value through premium content creation, quality game development, diversified derivative product expansion and refined fan-community operations, the Group will spare no effort in elevating the *Legend of Sword and Fairy* (仙劍奇俠傳) IP into a world-class cultural IP, ultimately steering the Group's operating performance back onto a path of stable growth.

The table below sets forth the product reserves planned to be published by the Group in 2026:

Projects	Latest progress	Platform	Category	IP	Publishing area	License
1. <i>Moon Palace Saga</i> (月宮傳)	To be published	APP/Mini-game	Legendary	Legendary	Mainland China	Obtained
2. <i>Star Legend</i> (星號傳奇)	To be published	Mini-game	Legendary	Legendary	Mainland China	Obtained
3. <i>Dark Night Legend</i> (暗夜傳奇)	Beta test	APP/Mini-game	Legendary	Legendary	Mainland China	Obtained
4. <i>Heroes of Jianghu</i> (俠羅江湖) (originally Code: Xian (代號: 仙))	Beta test	APP/Mini-game	Massively multiplayer online role-playing game ("MMORPG")	/	Mainland China	Obtained
5. <i>New Rakshasa Street</i> (新鎮魂街)	Under development	APP/Mini-game	Role-playing game ("RPG")	Rakshasa Street (鎮魂街)	Global	Obtained
6. <i>Code: New Zhetian</i> (代號: 新遮天)	Under development	APP/Mini-game	Card	Zhetian (遮天)	Global	Application in progress
7. <i>Code: New Soul Land</i> (代號: 新斗羅)	Under development	APP	Card	Soul Land (斗羅大陸)	Global	Application in progress
8. <i>Code: DreamWorks All Stars</i> (代號: 夢工場全明星)	Under development	APP	Card	DreamWorks All Stars (夢工場全明星)	Global	Application in progress
9. <i>Code: FR</i> (代號: FR)	Under development	APP/Mini-game	RPG	Licensed IP	Global	Application in progress
10. <i>Code: YZ</i> (代號: YZ)	Under development	APP/Mini-game	MMORPG	Licensed IP	Mainland China	Application in progress
11. <i>New Romance of the Three Kingdoms: The Legend of Cao Cao</i> (新三國志曹操傳)	Published in March 2026	APP	Strategy RPG	Romance of the Three Kingdoms: The Legend of Cao Cao (三國志曹操傳)	Hong Kong, Macau and Taiwan	/
12. <i>Fights Break Firmament: Peak Confrontation</i> (斗破蒼穹: 巔峰對決)	To be published	APP	ARPG	Fights Break Firmament (斗破蒼穹)	Indonesia/Thailand/ Philippines/ Vietnam	/
13. <i>Sangokushi: Gisaicai</i> (三國志: 極彩)	To be published	APP	Card	/	Japan	/
14. <i>Island Genesis</i> (開局一座島)	To be published	APP	Tower-Defense + Card	/	Overseas Regions	/
15. <i>Legend of Sword and Fairy: World</i> (仙劍奇俠傳)	To be published	APP	Open World	Legend of Sword and Fairy (仙劍奇俠傳)	Hong Kong, Macau and Taiwan/Singapore/ Malaysia	/
16. <i>Soul Land: Shrek Academy</i> (斗羅大陸: 史萊克學院)	To be published	APP	MMORPG	Soul Land (斗羅大陸)	Russia	/
17. <i>Code: KD</i> (代號: KD)	To be published	APP	MMORPG	Licensed IP	Hong Kong, Macau and Taiwan/ Southeast Asia	/
18. <i>Code: SHSG</i> (代號: SHSG)	To be published	APP	Card	/	Japan	/
19. <i>Code: RS</i> (代號: RS)	Under development	APP	Card	/	Europe/America	/

## Global Publishing Business

### Game Publishing in Mainland China

The Group will continue to leverage its advantages in IP resources, focusing on the development of the legendary game category and classic IP games and continuously deepening the core competitiveness of the game business. In the first half of 2026, the Group will focus on advancing the joint promotion of two legendary games, *Moon Palace Saga* (月宮傳) and *Star Legend* (星號傳奇), and provide strong support for product launch and long-term operation by leveraging its own traffic acquisition and operation and promotion capabilities. *Moon Palace Saga* (月宮傳) is positioned as a fair gold-farming legendary game, with a well-designed balancing mechanism that fully accommodates the game experience of both paying players and non-paying players, resulting in a very healthy in-game ecosystem. The core gameplay of the game is to clear elite tasks and obtain first-time equipment drops. Zero-spending players can also make up for any growth gaps through in-game mechanics to meet the needs of users for free trading and growth through treasure hunting. *Star Legend* (星號傳奇), a classic mobile game product officially licensed by the original franchise *Legend* (傳奇) game and remade from legendary PC game, completely restores the system of “Warrior, Mage, Taoist”. It supports large-scale “Shobak Castle” sieges with thousands of players on the same server, while retaining numerous classic scenes in the legendary game. Meanwhile, it introduces new dynamic weather and day-night systems, blending nostalgic experience with immersion. It is suitable for veteran players preferring the original PC experience and are passionate about castle siege battles.

*Code: DreamWorks All Stars* (代號:夢工場全明星), a mobile game project developed by the Group based on authentic IP authorisation licensed from Universal Studios, will enter the development and beta testing stage in 2026. The Group will subsequently publish the game globally. *Code: DreamWorks All-Stars* (代號:夢工場全明星) is an idle card mobile game featuring a collection of IPs from numerous well-known DreamWorks Animation film and television series, including the Shrek series, Madagascar series, Kung Fu Panda series, How to Train Your Dragon series, and The Bad Guys, as well as many other popular and brand-new works. Iconic star characters from these IP series will also appear in the game to accompany players on their magical adventures, allowing IP fans to experience the joy of controlling their favorite characters firsthand.

*Heroes of Jianghu* (俠耀江湖) (originally *Code: Xian* (代號:仙)), a massively multiplayer online (“MMO”) game themed on fairy and hero that integrates player versus player (“PVP”) competitive gameplay, player versus environment (“PVE”) game instance and casual social interaction. Its art style subtly mixes elements of “ink wash painting” and “Chinese civilisation”, which is highly favored by fairy and hero enthusiasts. The game constructs a profound martial worldview with core experience of “strategy + strong social interaction + simple controls”, while integrating classic MMO game elements such as multi-character cultivation, cross-server teaming and equipment trading. Players can simultaneously enjoy the dual pleasures of personal cultivation and treasure hunting, making it highly suitable for players who enjoy martial worldview and prefer gameplay that combines cultivation with social interaction.

*Code: New Zhetian* (代號:新遮天), a card mobile game developed based on the authentic IP authorisation of *Zhetian* (遮天) animation. It focuses on a core experience of “plot immersion + strategic cultivation + IP restoration”. The game is highly faithful to the original work, precisely catering to *Zhetian* (遮天) fans who seek restoration of the original plot and worldview, strategic players who enjoy strategy cards, excel at free lineup combinations and focus on tactics, as well as casual cultivation enthusiasts who like light away-from-keyboard gameplay while still enjoying deep character development. The animated series *Zhetian* (遮天) first aired in May 2023, and as of July 2025, its total views exceeded 15 billion. In 2025, *Zhetian* (遮天) frequently ranked among the top ten animated series across multiple platforms, maintaining a popularity index between 15,000 and 17,000 on Tencent Video, securing a consistently top position on the platform. The vast and stable animated audience provides a natural core user base for the game, reducing customer acquisition costs and promotional difficulty. Classic character designs, iconic storylines and worldview designs can be directly translated into game content, enhancing authenticity and player immersion. The sustained popularity of the animation and the momentum from its sequels generate long-term traffic and sustained topics for the game, supporting its long-term operations and word-of-mouth promotion, while significantly boosting the product’s competitiveness and commercial potential.

*Code: New Soul Land* (代號:新斗羅) is a card mobile game developed based on the authentic IP authorisation of *Soul Land* (斗羅大陸). The game breaks the limitations of traditional card games, with genuine IP authorisation as the foundation with a Chinese anime-style art style, strategic gameplay at its core, and a comprehensive character development system, as the support, to create an immersive soul master world for *Soul Land* (斗羅大陸) fans and card game enthusiasts. As a phenomenon-level top-tier Chinese animation and a benchmark for fantasy adaptations, *Soul Land* (斗羅大陸) has, since its premiere in 2018, accumulated over 62 billion views on

the internet by leveraging its consistently updated broadcast model over the years and high-quality production, making it an extremely influential representative work in the history of Chinese animation. Its popularity has remained consistently high across major video platforms with over 2.3 billion effective views in 2025, securing a leading position in the annual Chinese animation viewership list. During the 2026 Chinese New Year period, its popularity surged once again, with the original series maintaining a weekly viewership exceeding 30 million and weekly views of its sequel surpassing 60 million, demonstrating strong national appeal and enduring market vitality, while also establishing a solid IP foundation and extensive user potential for the mobile game *Code: New Soul Land* (代號:新斗羅).

In 2026, the Group also plans to launch several IP mobile games, including *New Rakshasa Street* (新鎮魂街), *Code: FR* (代號:FR), and *Code: YZ* (代號:YZ), covering various game categories such as card, RPG and MMORPG, which will provide strong momentum for the Group's performance growth in 2026.

### **Overseas Publishing of Games**

In response to the competitive changes in overseas game markets, the Group will firmly focus on leveraging its extensive IP resources and product portfolio and continue to execute its mature and efficient overseas game publishing strategy. The Group will continue to strengthen its overseas publishing capabilities, fully expand overseas markets and further scale up the Group's overseas business in 2026.

Licensed by Koei Tecmo Games Co., Ltd., *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) was officially launched across all platforms on 20 March 2026 in Hong Kong, Macau and Taiwan, as well as Singapore and Malaysia. Following its launch, the game quickly ranked No.1 on the Top Free Game List of Apple’s App Store in Hong Kong and Macau, and ranked 5th on the Top Free Game List of App store in Taiwan. Based on the classic game *Romance of the Three Kingdoms: The Legend of Cao Cao* (三國志曹操傳) released in 1998, the *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) faithfully revives the iconic large-scale battlefield maps and highly flexible strategic gameplay that captivated countless players, reimagined through a high-definition remake.

*Sangokushi: Gisaicai* (三國志：極彩) is an upcoming Three Kingdoms-themed card-based RPG mobile game to be launched in Japan. The game’s core gameplay combines “strategic card battles + idle progression”, “emphasising emotional bonds and character interactions”, while its art direction highlights high-quality character illustrations and impactful visual effects, delivering a highly immersive sensory experience. Player reservations for the game opened in March 2026.

*Island Genesis* (開局一座島) is a casual mobile game featuring “tower-defense + card-based” gameplay. Players take on the role of a lone survivor starting from a deserted island, gathering resources, constructing facilities and developing industries to gradually transform the isolated island into a thriving home. The title focuses on lightweight progression, high freedom and idle rewards, catering to fragmented-time gameplay.

For products that have already achieved satisfying publishing performance in overseas regions, the Group has also formulated expansion plans for more overseas markets. Among them, *Soul Land: Shrek Academy* (斗羅大陸：史萊克學院), an IP game that has delivered outstanding performance in Vietnam and South Korea, is scheduled to be launched in Russia in 2026. *Fights Break Firmament: Wushuang* (斗破蒼穹：無雙), an IP game that has achieved success in Hong Kong, Macau and Taiwan, Singapore and Malaysia, will be launched in Indonesia, Thailand, the Philippines and Vietnam.

Projects with confirmed overseas publishing plans also include *Code: KD* (代號：KD) for Hong Kong, Macau, Taiwan and Southeast Asia; *Code: DreamWorks All Stars* (代號：夢工場全明星) and *Legend of Sword and Fairy: World* (仙劍世界) for Hong Kong, Macau, Taiwan, Singapore and Malaysia, *Code: SHSG* (代號：SHSG) for Japan, *Code: RS* (代號：RS) for Europe and America. It is believed that with the successive launch of several overseas games in 2026, the Group’s revenue from overseas games will be further boosted.

## Self-Development of Games

Additionally, a brand new legendary game developed by Wenmai Hudong, *Dark Night Legend* (暗夜傳奇), has undergone multiple rounds of testing. Also exclusively published by Wanxinbuzhi, it is set to be officially launched within 2026. The gameplay of the game is in line with the previous successful game *The World of Legend - Thunder Empire* (傳奇世界之雷霆霸業). The Group is confident that the game will not only continue the market performance of its predecessor, *The World of Legend - Thunder Empire* (傳奇世界之雷霆霸業), but will also achieve new breakthroughs in multiple dimensions such as user scale, revenue contribution and brand influence and become another outstanding self-developed product of Wenmai Hudong.

## Legend of Sword and Fairy (仙劍奇俠傳) IP Operation

Up to now, *Legend of Sword and Fairy* (仙劍) IP Matrix has covered games, comics, literature, content experience, real-scene entertainment, films and television series, animation, music, virtual idols, derivative products and other fields. Focusing on the future, the Group will create more high quality content, reach young consumers who are interested in *Legend of Sword and Fairy* (仙劍) IP and Chinese-style elements by various channels, and continuously enhance the reputation of *Legend of Sword and Fairy* (仙劍奇俠傳) among young people and further enrich the users' interactive experience.

The original live-action drama *Legend of Sword and Fairy* (仙劍) series, namely *Legend of Sword and Fairy: The Mortal World* (仙劍染歸塵) and *Legend of Sword and Fairy 2 Gaiden • Memories* (仙劍奇俠傳二外傳 • 憶如傳) have substantially entered the preparation phase. *Legend of Sword and Fairy: The Mortal World* (仙劍染歸塵) and *Legend of Sword and Fairy 2 Gaiden • Memories* (仙劍奇俠傳二外傳 • 憶如傳) will build on the momentum of the three new *Legend of Sword and Fairy* (仙劍) television dramas released in early 2024, including *Sword and Fairy: Youjian Xiaoyao* (又見逍遙), *Legend of Sword and Fairy 6: Qi Jinzhao* (仙劍六祈今朝) and *Legend of Sword and Fairy 4* (仙劍四), thus reinforcing the Group's long-term strategy in IP-based film and television adaptations. The live-action short drama *Legend of Sword and Fairy 3: Mengqiannian* (仙劍三 • 夢千年), jointly produced by the Group, Bilibili and Mahua FunAge, has been officially announced and is about to enter the preparation phase. Additionally, the animated series adaptation of *Legend of Sword and Fairy 4* (仙劍奇俠傳四) has unveiled its first style preview and is expected to start production soon. The radio drama adaptation of *Legend of Sword and Fairy* (仙劍奇俠傳), co-produced by the Group and Rabbit U Platform (兔U平台), is currently under development and is scheduled for release in 2026.

*Legend of Sword and Fairy 3* (仙劍奇俠傳三), *Legend of Sword and Fairy 3 Gaiden* (仙劍奇俠傳三外傳), the official original derivative work of *Legend of Sword and Fairy 3* (仙三) series, Yao Tai Xue (瑤台雪) and the sequel to *Legend of Sword and Fairy 4* (仙四), Qiong Hua Hou Zhuan (瓊華後傳), are in creation stages and scheduled for release in 2026. *Legend of Sword and Fairy 5* (仙劍奇俠傳五), *Prequel of Legend of Sword and Fairy 5* (仙劍奇俠傳五前傳), *Legend of Sword and Fairy 6* (仙劍奇俠傳六) are also in creation stages, and will be successively released to the audience.

In 2026, the Group will carry out a variety of game collaboration initiatives. Meanwhile, the Group has again cooperated with Kingnet to launch a new *Legend of Sword and Fairy* (仙劍奇俠傳) game project, which is also scheduled to enter the development phase in 2026. AStation *Legend of Sword and Fairy XR* (AStation 仙劍 XR), an immersive interactive entertainment project of the Group in collaboration with Beijing Huanjin Digital Research Technology Co., Ltd. (北京幻景數研科技有限公司), will be launched in 2026. The project, which will be available on Apple's Apple Vision Pro, eliminates traditional VR controllers in favor of gesture-based controls to deliver a novel sense of freedom and heightened immersion for players.

Robust content creation will generate new business opportunities for the Group's derivative product collaborations. The Group has extensive experience and expertise in the collaboration of derivatives of the *Legend of Sword and Fairy* (仙劍) IP. In the field of collectable statues, the statues of Yun Tianhe(雲天河) and Murong Ziyi(慕容紫英) jointly produced by the Group and STAREXVA Studio (Star Club) (STAREXVA 工作室 (星星社)) will be available for sale within 2026. In the field of action figures, the articulated figurines of Li Xiao Yao (李逍遙) and Zhao Linger (趙靈兒) in cloth outfits co-produced by the Group with Feiwan Toys and the *Chonglou Soldier* (重樓兵人) co-produced by the Group with Yiyue (已悦), are scheduled to launch for sale successively.

The extensive and in-depth communication and collaboration between *Legend of Sword and Fairy* (仙劍) IP and its partners in multiple areas such as games, films and television series, interactive entertainment, licensed goods and physical derivatives indicates that the national IP *Legend of Sword and Fairy* (仙劍奇俠傳) has entered a new development stage, with more diversified value and ecological prosperity under the operation of the whole industrial chain. During the operation of *Legend of Sword and Fairy* (仙劍) IP, the Group will continue to integrate the *Legend of Sword and Fairy* (仙劍) IP with China's outstanding traditional culture, actively pioneering new pathways for cultural export.

All members of the Group will always uphold the values of “integrity, transparency, honesty, in-depth thinking and long-termism (正直守信、透明坦誠、深度思考、長期主義)” and the mission of “creating quality products with passion (用熱愛鑄造精品)”, being a company that is full of passion and creativity! The Group will promote China’s wonderful traditional culture and socialist values, becoming a responsible practitioner and a promoter of cultural values.

The Company would like to thank all Shareholders and investors for their continued strong support!

By order of the Board

**XIAO Jian**

*Chairman*

Hong Kong, 27 March 2026

## MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December 2025, the Group had a vast IP reserve of a total of 98 IPs, comprising 30 licensed IPs and 68 proprietary IPs.

The table below sets forth the Group’s revenue and gross billings derived from its IP-based games and non-IP based games for the years indicated:

	For the year ended	
	31 December	
	2025	2024
	Revenue	Revenue
	RMB’000	RMB’000
IP-based games		
(i) licenced and proprietary IPs held by the Group	991,051	1,019,207
(ii) IPs held by game developers	14,279	34,804
Non-IP based games	384,655	876,080
<b>Total</b>	<b>1,389,985</b>	<b>1,930,091</b>

The Group is committed to creating a highly competitive IP-based game ecosystem. Apart from proprietary IPs, the Group also actively obtained a large number of selected licenced IPs from third parties and adapted them into premium IP-based games for users. For the year ended 31 December 2025, the Group’s total number of IP games in operation reached 18 and revenue generated from the Group’s IP games reached RMB1,005.3 million.

The following table sets forth the key performance indicators, namely, (i) average monthly active users (“MAUs”); (ii) average monthly paying users (“MPUs”); (iii) average revenue per month per paying user (“ARPPU”); and (iv) total new registered users of the Group for the years indicated:

	For the twelve months	
	ended 31 December	
	2025	2024
Average MAUs ( <i>thousands</i> )	11,942	14,713
Average MPUs ( <i>thousands</i> )	801	1,015
ARPPU ( <i>RMB</i> )	144.6	158.5
Total new registered users ( <i>thousands</i> )	69,819	74,536

The newly released games during the Reporting Period, including *Chunqiu Mystery* (春秋玄奇) and *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) have achieved remarkable results. However, the average MAUs, average MPUs and ARPPU declined as the market performance of flagship game *Legend of Sword and Fairy: World* (仙劍世界) and some new games launched by the Group during the Reporting Period failed to meet expectations. The Group had approximately 69.8 million newly registered users in 2025.

**During the Reporting Period, the Group received the following main awards and recognitions for the quality and popularity of its games or services, as well as the contributions to social responsibility:**

<b>Award/Recognition</b>	<b>Date of Award</b>	<b>Awarding Institution/Authority</b>
National Key Enterprise for Cultural Export in 2025 (2025年度國家文化出口重點企業)	May 2025	Ministry of Commerce of the PRC
Outstanding ESG Information Disclosure Enterprise (ESG信息披露卓越企業)	July 2025	Gamma Data
Pioneer Award of Content Co- production (內容共創先鋒獎) <i>Fights Break Firmament: Peak Confrontation</i> (斗破蒼穹：巔峰對決)	July 2025	Huawei Game Center
“White Horse Award” for 2025 Excellent and Leading Game Enterprise (2025年度強基領航遊戲企業「白馬獎」)	August 2025	Gamma Data
The Most Influential Enterprise in Intelligence Terminals (智能終端領域最具影響力企業)	August 2025	Intelligent Application and Cloud Services Branch of China Software Industry Association (Mobile Hardcore Alliance) (中國軟件協會智雲分會(硬核聯盟))
2025 Outstanding Mini Game (2025年度優秀小遊戲) <i>The National Gunlord – The Frontier</i> (全民槍神：邊境王者)	October 2025	vivo Developer Conference (vivo開發者大會)
Guangdong Top 500 Enterprise (廣東省500強企業)	October 2025	Enterprise Association of Guangdong (廣東省企業聯合會) and Entrepreneur Association of Guangdong (廣東省企業家協會)
Top 100 Modern Service Industry Enterprises (現代服務業企業TOP 100)	October 2025	Enterprise Association of Shenzhen (深圳市企業聯合會) and Entrepreneur Association of Shenzhen (深圳市企業家協會)
“Golden Plume Award” as Most Influential Mobile Game Publisher (金翎獎最具影響力移動遊戲發行商)	December 2025	Shanghai Hanwei Xinheng Exhibition Co., Ltd (上海漢威信恒展覽有限公司)
“Golden Plume Award” as Best ACGN Mobile Game (金翎獎最佳二次元移動遊戲) <i>Naruto: Konoha Masters</i> (火影忍者：木葉高手)	December 2025	Shanghai Hanwei Xinheng Exhibition Co., Ltd (上海漢威信恒展覽有限公司)
“Golden Plume Award” as Players’ Favourite Mobile Game (金翎獎玩家最喜愛的移動網絡遊戲) <i>New Romance of the Three Kingdoms: The Legend of Cao Cao</i> (新三國志曹操傳)	December 2025	Shanghai Hanwei Xinheng Exhibition Co., Ltd (上海漢威信恒展覽有限公司)
“Jinge Award” as the Annual Brand Value Award (金格獎年度品牌價值獎)	December 2025	Gelonghui (格隆匯)
Most Socially Responsible Listed Company (最具社會責任上市公司)	December 2025	Zhitongcaijing (智通財經)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table sets forth the comparative figures for the years ended 31 December 2024 and 2025:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Revenue</b>	<b>1,389,985</b>	1,930,091
Cost of sales	<b>(933,109)</b>	(1,327,033)
<b>Gross Profit</b>	<b>456,876</b>	603,058
Other income and gains, net	<b>11,856</b>	108,268
Selling and distribution expenses	<b>(491,644)</b>	(494,316)
Administrative expenses	<b>(127,619)</b>	(137,897)
Research and development costs	<b>(136,270)</b>	(244,255)
Impairment of financial assets, net	<b>(229,482)</b>	(255,573)
Other expenses		
– Impairment of goodwill	<b>(58,273)</b>	(546,759)
– Write-off of prepayments	<b>(607,639)</b>	(211,827)
– Fair value losses on financial assets at fair value through profit or loss	<b>(336,154)</b>	(696,299)
– Impairment of other intangible assets	<b>(27,640)</b>	(211,557)
– Others	<b>(34,871)</b>	(39,883)
Finance costs	<b>(19,783)</b>	(19,852)
Share of profits and losses of associates	<b>(13,194)</b>	4,010
<b>Loss before tax</b>	<b>(1,613,837)</b>	(2,142,882)
Income tax credit	<b>136,704</b>	32,063
<b>Loss for the year</b>	<b><u>(1,477,133)</u></b>	<b><u>(2,110,819)</u></b>
Attributable to:		
Owners of the parent	<b>(1,471,341)</b>	(2,105,005)
Non-controlling interests	<b>(5,792)</b>	(5,814)
	<b><u>(1,477,133)</u></b>	<b><u>(2,110,819)</u></b>
<b>Adjusted net loss</b>	<b><u>(1,471,341)</u></b>	<b><u>(2,077,723)</u></b>

## Adjusted net loss

The table below sets forth a quantitative reconciliation of the Group's adjusted net loss for the years indicated:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
<b>Loss for the year attributable to owners of the parent</b>	<b>(1,471,341)</b>	<b>(2,105,005)</b>
Add		
(i) Equity-settled share-based expense	<u>—</u>	<u>27,282</u>
<b>Adjusted net loss</b>	<b><u>(1,471,341)</u></b>	<b><u>(2,077,723)</u></b>

## Revenue

The Group's revenue decreased by approximately 28.0% from RMB1,930.1 million for the year ended 31 December 2024 to RMB1,390.0 million for the year ended 31 December 2025.

Revenue by category:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Game publishing	<b>1,161,425</b>	<b>83.6</b>	1,664,508	86.2
Game development	<b>115,670</b>	<b>8.3</b>	149,122	7.7
IP licensing	<b>112,890</b>	<b>8.1</b>	116,461	6.1
<b>Total</b>	<b><u>1,389,985</u></b>	<b><u>100.0</u></b>	<b><u>1,930,091</u></b>	<b><u>100.0</u></b>

- (i) The Group's game publishing revenue decreased by 30.2% from RMB1,664.5 million for the year ended 31 December 2024 to RMB1,161.4 million for the year ended 31 December 2025. During the Reporting Period, the Group's newly launched mini game *Chunqiu Mystery* (春秋玄奇) delivered strong revenue performance and was well recognised by the market and players. The IP-based game *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) also achieved favorable rankings on the list. And the Group successively launched flagship IP games including *Fights Break Firmament: Wushuang* (斗破蒼穹:無雙), *Soul Land: Shrek Academy* (斗羅大陸:史萊克學院) and *Soul Land: Space and Time Reversal* (斗羅大陸:逆轉時空) in overseas markets, leading to a significant increase in overseas revenue; however, the newly launched games *Sanqian Huanshi* (三千幻世) and *Daily Life of Chat Group* (聊天群的日常生活) did not achieve the expected revenue following their launch during the Reporting Period; and the IP license for the previously successful game *The New Legend Of The Condor Heroes: Iron Blood and Loyal Heart* (新射雕群俠傳之鐵血丹心) had expired, by mutual agreement with the partner, operations were terminated in 2024, resulting in no revenue during the Reporting Period; the foregoing factors led to a decline in game publishing revenue;
- (ii) The Group's game development revenue decreased by 22.4% from RMB149.1 million for the year ended 31 December 2024 to RMB115.7 million for the year ended 31 December 2025. *Legend of Sword and Fairy: World* (仙劍世界), the self-developed game of the Group, has underperformed since its launch in February 2025, and there were no other self-developed games launched during the Reporting Period, resulting in a decrease in game development revenue; furthermore, the testing phase for the legendary game *Dark Night Legend* (暗夜傳奇), which was self-developed by Wenmai Hudong, exceeded the expected timeline and not able to be launched during the Reporting Period; and
- (iii) The Group actively operates the *Legend of Sword and Fairy* (仙劍奇俠傳) IP. The revenue generated from the Group's IP licensing decreased by 3.1% from RMB116.5 million for the year ended 31 December 2024 to RMB112.9 million for the year ended 31 December 2025.

## Cost of sales

The Group's cost of sales consists primarily of (i) commissions charged by publishing channel and content providers ("CPs"); (ii) commissions charged by IP owners; and (iii) amortisation of CP licences and IP licences. The table below sets forth the Group's cost of sales by category, and its contribution to the revenue of the Group as a percentage, for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	% to Revenue	RMB'000	% to Revenue
Commissions charged by publishing channels and CPs	697,881	50.2	1,027,361	53.2
Commissions charged by IP owners	42,262	3.0	81,314	4.2
Amortisation of CP licences	28,384	2.0	41,479	2.1
Amortisation of IP licences	66,387	4.8	59,655	3.1
Others	98,195	7.1	117,224	6.1
<b>Total</b>	<b>933,109</b>	<b>67.1</b>	<b>1,327,033</b>	<b>68.7</b>

The Group's cost of sales decreased by 29.7% from RMB1,327.0 million for the year ended 31 December 2024 to RMB933.1 million for the year ended 31 December 2025. Such decrease was primarily attributable to: the decrease in the Group's overall game publishing and game development revenue has led to a corresponding decrease in commissions charged by corresponding channels and CPs, as well as the corresponding decrease in commissions charged by IP owners which depend on game revenue.

## Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by 24.2% from RMB603.1 million for the year ended 31 December 2024 to RMB456.9 million for the year ended 31 December 2025. The Group's gross profit margin increased from 31.2% for the year ended 31 December 2024 to 32.9% for the year ended 31 December 2025. The Group's overseas business revenue increased by 31.6% compared to the same period last year during the Reporting Period; as the commissions charged by overseas channels are lower than those in Mainland China, the commissions charged by channels decreased significantly compared with the same period in 2024, resulting in an increase in the gross profit margin for the Reporting Period compared with the same period last year.

## Other income and gains

The Group's other income and gains consist primarily of (i) bank interest income; (ii) government grants; and (iii) foreign exchange gains. The table below sets forth the Group's other income and gains by category for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Bank interest income	87	0.8	773	0.7
Government grants	4,130	34.8	5,631	5.2
Dividend income from financial assets at fair value through profit or loss	1,755	14.8	—	—
Fair value adjustment of contingent consideration	—	—	100,000	92.4
Foreign exchange gains	2,489	21.0	—	—
Others	3,395	28.6	1,864	1.7
<b>Total</b>	<b>11,856</b>	<b>100.0</b>	<b>108,268</b>	<b>100.0</b>

The Group's other income and gains decreased by 89.0% from RMB108.3 million for the year ended 31 December 2024 to RMB11.9 million for the year ended 31 December 2025. The decrease was mainly due to the fair value adjustment of contingent consideration of business combination recorded by the Group in 2024, but this adjustment did not occur in 2025. In 2025, the Group recorded a dividend income of RMB1.8 million from Guohong Jiaxin (Shenzhen) Angel Venture Capital Enterprise (L.P.).

## Selling and distribution expenses

The Group's selling and distribution expenses consist primarily of (i) marketing expenses; and (ii) salaries and benefits for its sales and marketing team. The table below sets forth the Group's selling and distribution expenses by category and its contribution to the total revenue of the Group as a percentage for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	% to Revenue	RMB'000	% to Revenue
Marketing expenses	476,286	34.3	468,317	24.3
Salaries and benefits	12,186	0.9	19,102	1.0
Office costs and utilities	1,447	0.1	1,092	0.1
Others	1,725	0.1	5,805	0.3
<b>Total</b>	<b>491,644</b>	<b>35.4</b>	<b>494,316</b>	<b>25.7</b>

The Group's selling and distribution expenses decreased by 0.5% from RMB494.3 million for the year ended 31 December 2024 to RMB491.6 million for the year ended 31 December 2025. The Group continued to optimise organisational operation efficiency and streamlined its workforce, and actively controlled the cost of relevant sales personnel. As a result, related salaries and benefits expenses decreased by 36.2% compared to the same period last year. During the Reporting Period, marketing expenses increased by 1.7% compared to the same period, primarily due to: (i) the launch of the new game *Legend of Sword and Fairy: World* (仙劍世界) in February 2025, which incurred significant game marketing and promotion expenses before and after its launch; (ii) the Group's promotion of several new games launched in Mainland China in 2025, including *Chunqiu Mystery* (春秋玄奇), *Sanqian Huanshi* (三千幻世), *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) and *Naruto: Konoha Masters* (火影忍者：木葉高手); and (iii) the Group's marketing and promotion for various games launched overseas in 2025, such as *Tauren-T GO* (牛頭人GO), *Fights Break Firmament: Wushuang* (斗破蒼穹：無雙), *Soul Land: Shrek Academy* (斗羅大陸：史萊克學院) and *Dynasty Warriors: Hegemony* (真·三國無雙霸).

### Administrative expenses

The Group's administrative expenses consist primarily of (i) salaries and benefits; and (ii) office costs and utilities. The table below sets forth the Group's administrative expenses by category and its contribution to the total revenue of the Group as a percentage for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	% to Revenue	RMB'000	% to Revenue
Salaries and benefits	89,422	6.4	88,159	4.6
Office costs and utilities	35,449	2.6	46,982	2.4
Others	2,748	0.2	2,756	0.1
<b>Total</b>	<b>127,619</b>	<b>9.2</b>	<b>137,897</b>	<b>7.1</b>

The Group's administrative expenses decreased by 7.5% from RMB137.9 million for the year ended 31 December 2024 to RMB127.6 million for the year ended 31 December 2025. The decrease was primarily attributable to: (i) the Group's proactive efforts to reduce office costs, with office costs and utilities expenses decreased by 24.5% compared to the same period last year; and (ii) the reorganisation and downsizing of the research and development and publishing teams for the game *Legend of Sword and Fairy: World* (仙劍世界), which incurred one-off staff redundancy expenses. Consequently, salaries and benefit expenses increased by 1.4% from RMB88.2 million for the year ended 31 December 2024 to RMB89.4 million for the year ended 31 December 2025.

### Research and development costs

The Group's research and development costs consist primarily of (i) salaries and benefits for research and development department; (ii) production costs; and (iii) office costs and utilities. The table below sets forth the Group's research and development costs by category and its contribution to the total revenue of the Group as a percentage for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	% to Revenue	RMB'000	% to Revenue
Salaries and benefits	97,263	7.0	191,508	9.9
Production costs	18,536	1.3	28,032	1.5
Office costs and utilities	11,681	0.9	13,187	0.7
Others	8,790	0.6	11,528	0.6
<b>Total</b>	<b>136,270</b>	<b>9.8</b>	<b>244,255</b>	<b>12.7</b>

The Group's research and development costs decreased by 44.2% from RMB244.3 million for the year ended 31 December 2024 to RMB136.3 million for the year ended 31 December 2025. The decrease was primarily attributable to: (i) the reorganisation and downsizing of the research and development team for the game *Legend of Sword and Fairy: World* (仙劍世界), resulting in a 49.2% decrease in salaries and benefit expenses for the research and development department from RMB191.5 million for the year ended 31 December 2024 to RMB97.3 million for the year ended 31 December 2025; (ii) the completion of research and development for the game *Legend of Sword and Fairy: World* (仙劍世界) in 2024 and the game was launched in February 2025, which led to a significant decrease in relevant outsourcing production costs during the Reporting Period, with production costs decreasing by 33.9% from RMB28.0 million for the year ended 31 December 2024 to RMB18.5 million for the year ended 31 December 2025; and (iii) the Group's withdrawal of certain office premises during the Reporting Period, resulting in a 11.4% decrease in office costs and utilities from RMB13.2 million for the year ended 31 December 2024 to RMB11.7 million for the year ended 31 December 2025.

### **Impairment of financial assets, net**

The Group's asset impairment loss refers to the impairment loss on financial assets of trade receivables, other receivables and other assets. According to the relevant accounting policies under HKFRS 9, the impairment loss on financial assets recorded by the Group decreased by 10.2% from RMB255.6 million for the year ended 31 December 2024 to RMB229.5 million for the year ended 31 December 2025.

### **Impairment of trade receivables**

To ensure the Group's games achieve maximum market coverage, the Group collaborates with various third-party publishing channels. These channels are authorised to promote the Group's licensed games and collect revenue from in-game purchases, which is then settled with the Group according to the contractual payment cycle. With regard to such collaborations, these channels would deduct the amount of the promotion fee payable by the Group to them from the in-game purchase revenue and then pay the remaining amount of such revenue to the Group in accordance with the terms of the contracts. These arrangements are consistent with prevailing industry practices. The Group normally grants existing channels and other counterparties (including the aforesaid channels) a credit period of 180 days, and a credit period of not more than 270 days for major channels and key counterparties. The Group has a well-defined settlement management system in place, regularly reviews overdue accounts, and maintains ongoing communication with business partners regarding settlement arrangements.

According to the “2025 China Mobile Game Advertising and Marketing Report” published by the third-party research institution Gamma Data, the growth rate of mobile game users in China was less than 2% in the first half of 2025, and the industry structure has shifted to one primarily driven by existing users. However, advertising spending on mobile games in 2025 continued to grow, indicating that under the same level of promotion expenses, the number of new paying users acquired through channels has declined, which in turn has led to a decrease in game revenue and a reduction in free cash flow. Considering such industry challenges, it has become increasingly difficult for channels to make payments on a timely basis. During the Reporting Period, the Group recognised an impairment of trade receivables of approximately RMB203.0 million, as compared to approximately RMB175.8 million recognised for the year ended 31 December 2024. The impairment of trade receivables recognised during the Reporting Period related to balances with third-party publishing channels. Due to the adverse market conditions mentioned above, the time required for such channels to settle outstanding in-game purchase revenue owed to the Group was longer than that stipulated under the contractual terms.

### **Impairment of other receivables**

During the Reporting Period, the Group recognised an impairment of other receivables of approximately RMB26.5 million. Such impairment comprises the following major items:

1. In 2021, the Group successively entered into agreements for game product development with a game developer in Shanghai and its holding subsidiary (the “**Developer**”) for a contractual sum of RMB20.7 million, pursuant to which the Developer agreed to develop certain game products according to the requirements of the Group and the Group had made a total prepayment of approximately RMB20.7 million. Since the Developer failed to deliver the game products in a timely manner as agreed in the contract and fulfil the obligations, the Group commenced litigation against the Developer in March 2026 and demanded the Developer to return part of the amount paid by the Group. Since the Developer refused to repay the amount, the Board had doubt in the Developer’s repayment ability. Therefore, the Group recognised a relevant impairment of approximately RMB19.3 million during the Reporting Period.
2. In 2022, the Group invested in a promotion company in Guangzhou (the “**Promoter**”) through a convertible bond investment, and in 2023, lent the Promoter RMB6.0 million for business expansion purposes. Since the Promoter’s revenue in 2024 fell short of expectations and the Promoter was involved in multiple litigation disputes, which showed that its business became unsustainable, the Board had doubt in the Promoter’s repayment ability. Therefore, the Group recognised a relevant impairment of approximately RMB6.0 million during the Reporting Period.

## **Other expenses**

The Group's other expenses decreased by 37.6% from RMB1,706.3 million for the year ended 31 December 2024 to RMB1,064.6 million for the year ended 31 December 2025. Other expenses mainly comprised: (i) the write-off of prepayments of approximately RMB607.6 million relating to games and IP licenses that failed to be launched as scheduled or whose contracts expired; (ii) certain investee enterprises of the Group did not achieve the expected revenue during the Reporting Period due to a combination of adverse factors, including intensified market competition, increased difficulty in product innovation and weak consumer demand; based on assessments by a third-party valuation institution, the Group recognised fair value losses of RMB336.2 million on financial assets measured at fair value; and (iii) Wenmai Hudong underperformed and recorded a loss during the Reporting Period, and the Group recognised goodwill impairment of approximately RMB58.3 million in respect of Wenmai Hudong. The decrease in other expenses was primarily attributable to: (i) the goodwill impairment in relation to Wenmai Hudong for the year ended 31 December 2025 was significantly lower than that for the year ended 31 December 2024; (ii) amidst a rise in write-off of prepayments for the year ended 31 December 2025 in comparison to the year ended 31 December 2024, the Group's overall impairment on assets is estimated to be offset by less impairment of other intangible assets, such as intellectual property licenses (IP Licenses), content provider licenses (CP Licenses) and development expenditure, recorded during the year ended 31 December 2025; and (iii) the improvement in the investment environment during the year ended 31 December 2025 also contributed to a reduction in the fair value loss on financial assets measured at fair value.

## **Impairment of goodwill**

The Group recorded a significantly lower impairment of goodwill of Wenmai Hudong of approximately RMB58.3 million for the year ended 31 December 2025 in comparison to approximately RMB529.9 million recorded for the year ended 31 December 2024. An impairment of approximately RMB16.8 million was also recorded for Shanghai Zhoujing Network Technology Co., Ltd. (上海洲競網絡科技有限公司) for the year ended 31 December 2024.

As at 31 December 2025, part of the Group’s goodwill is allocated to the cash-generating unit (“CGU”) of Wenmai Hudong for impairment testing. The recoverable amount of the CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The value depends on the present worth of future economic benefits to be derived from the projected revenue. The revenue growth rate applied in the cash flow projections for the cash-generating unit of Wenmai Hudong to undertake impairment testing of the relevant goodwill for the year ended 31 December 2025 was significantly adjusted upward to 2%-355% (for the year ended 31 December 2024: 2%-157%) based on the actual revenue amount in the respective financial year and the forecasted annual revenue amount over the next 5-year period which has significantly reduced the impairment of goodwill of the cash-generating unit for the year ended 31 December 2025. Wenmai Hudong underperformed with loss results due to launch delay as a result of an extended testing period in its self-developed legendary game *Dark Night Legend* (暗夜傳奇) originally set to be launched in 2025. The game is now scheduled for launch in 2026 with further adjustment and optimisation by the development team and the highest rate of 355% (2024: 157%) mainly represents the revenue growth expected to be brought from the launch of this game.

With reference to the valuation made by an independent valuer (the “Valuer”) in respect of the cash-generating unit of Wenmai Hudong as at 31 December 2025 in accordance with Hong Kong Accounting Standard 36 - Impairment of Assets, the Group recognised the relevant impairment and the Valuer adopted the following key assumptions:

- (a) The Valuer has relied on and assumed the operating licences and incorporating documents provided are reliable and legitimate.
- (b) There will be no material change in the existing political, legal, technological, fiscal or economic conditions that may adversely affect the business of the CGU.
- (c) The operational and contractual terms bound by the contracts and agreements entered into by the CGU will be honored.
- (d) The competitive advantages and disadvantages of the CGU do not change significantly during the period under consideration.

## **Write-off of prepayments**

As at 31 December 2025, the prepayments of the Group amounted to approximately RMB580.1 million. The prepayments of the Group mainly included prepaid licence fees (non-current) of approximately RMB299.4 million, prepaid minimum guarantees (current) of approximately RMB266.0 million and other prepayments of approximately RMB14.7 million. The underlying contracts for such prepayments for licence fees and minimum guarantees were made with more than 26 renowned enterprises worldwide, representing more than 29 operating or developing games and will be amortised monthly after the game development is completed and officially launched. During the Reporting Period, the Group recognised a write-off of prepayments of approximately RMB607.6 million involving approximately 30 prepaid contracts for the following reasons. During the development of games, unforeseen issues may arise, such as substandard game quality or preset gameplay mechanics being unacceptable to users. As a result, third-party developers may fail to deliver new games on schedule as stipulated in the contracts. Additionally, game development typically involves repeated rounds of tests and revisions, each of which may encounter the aforementioned unpredictable problems. This makes it difficult for third-party developers to provide a clear timeline for completing all development work. Therefore, when the third-party developers are unable to provide new game products as scheduled according to the contract terms and are unable to provide concrete completion schedules of all development work, the Group will recognise a one-time impairment on the corresponding prepaid licence fees (non-current) and the corresponding non-refundable prepaid minimum guarantees (current). Besides, prepaid licence fees (non-current) for a game/IP without a corresponding game development plan for a long period of time will be subject to the same one-time impairment treatment. Apart from that, when a contract expires or an IP is abandoned during the contract period mainly due to the underlying game failing to meet the anticipated revenue, any unutilised and non-refundable prepaid minimum guarantees (current) will be subject to a one-time impairment. The Group generally involves the third-party developers in rounds of negotiation throughout the contract period prior to reaching the conclusion for the aforesaid one-time impairment treatment.

Among the total impairment amount:

- (a) Prepaid minimum guarantees (current) amounted to approximately RMB163.1 million; and
- (b) Prepaid licence fees (non-current) amounted to approximately RMB444.5 million.

## **Impairment of other intangible assets**

During the Reporting Period, the Group recognised an impairment of other intangible assets, such as IP licences and CP licences, of approximately RMB27.6 million, in comparison to approximately RMB211.6 million recorded for the year ended 31 December 2024. The amount recorded during the Reporting Period mainly comprised: (i) the remaining unamortised licence fees (non-current) of approximately RMB14.4 million that are yet to be amortised in full at the time of early withdrawal of 2 games (for the year ended 31 December 2024: 11 games) collaborated with third-party partners from the market; and (ii) an impairment loss of approximately RMB13.2 million on the remaining unamortised development expenditure for *Legend of Sword and Fairy: World* (仙劍世界).

Please refer to the supplemental announcement of the Company dated 5 November 2025 for details of the circumstances leading to and the valuation relating to the impairment loss in relation to *Legend of Sword and Fairy: World* (仙劍世界).

## **Finance costs**

The Group's finance costs mainly consist of interest expenses, which decreased by 0.3% from RMB19.9 million for the year ended 31 December 2024 to RMB19.8 million for the year ended 31 December 2025.

## **Share of profits and losses of associates**

The Group's share of profits and losses of associates turned from a profit of RMB4.0 million for the year ended 31 December 2024 to a loss of RMB13.2 million for the year ended 31 December 2025, which mainly included share of loss of Shenzhen Zhichengqianli Investment Enterprise (Limited Partnership) (深圳市志成千里投資企業 (有限合夥)) of RMB9.9 million and share of loss of Shanghai Fengguo Network Technology Co., Ltd. (上海蜂果網絡科技有限公司) of RMB4.0 million. During the Reporting Period, the Group recorded a share of profit of RMB0.7 million from Guangzhou Zhonghui Digital Co., Ltd. (廣州中繪數碼有限公司).

## **Loss before tax**

As a result of the foregoing, the Group's loss before tax decreased from a loss of RMB2,142.9 million for the year ended 31 December 2024 to a loss of RMB1,613.8 million for the year ended 31 December 2025.

## **Income tax credit**

The Group's income tax credit increased from RMB32.1 million for the year ended 31 December 2024 to RMB136.7 million for the year ended 31 December 2025. It was mainly because the Group recognised deferred income tax credit of RMB136.8 million.

## **Loss for the year**

As a result of the foregoing, the Group's loss for the year decreased from a loss of RMB2,110.8 million for the year ended 31 December 2024 to a loss of RMB1,477.1 million for the year ended 31 December 2025.

## **LIQUIDITY AND FINANCIAL RESOURCES**

For the year ended 31 December 2025, the Group funded its cash requirements principally from cash generated from its operating activities and financing activities. The Group had cash and cash equivalents of RMB101.8 million and RMB91.0 million as at 31 December 2024 and 2025, respectively. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash which are unrestricted in use.

The Group generally deposits its excess cash in its interest-bearing bank accounts and current accounts. The Group believes that its liquidity requirements will be satisfied by using a combination of (i) cash generated from its operating activities; (ii) bank and other borrowings; and (iii) other funds raised from the capital markets from time to time. The Group currently does not have any plans for material additional external financing.

### **Indebtedness**

For the year ended 31 December 2025, the Group obtained bank and other loans of RMB739.0 million and repaid bank and other loans of RMB749.4 million.

As at 31 December 2025, the Group had bank and other borrowings of RMB502.4 million (2024: RMB512.8 million). The effective interest rates on the Group's unsecured bank loans of RMB405.1 million (2024: RMB462.0 million) and unsecured other loans of RMB95.9 million (2024: RMB22.0 million) range from 2.0% to 4.7% and 0% to 5.0% respectively. The Group's secured bank loans of RMB1.4 million (2024: RMB28.8 million) were interest free and were secured by the Group's bills receivable of RMB1.4 million as at 31 December 2025 (2024: RMB28.8 million).

As at 31 December 2025, the lease liabilities of the Group were RMB9.7 million (2024: RMB22.5 million).

## Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss as at 31 December 2025 have decreased as compared to 31 December 2024. The decrease was mainly attributable to the disposal of an unlisted equity investment of approximately RMB14.2 million, acquisitions of certain unlisted equity investments amounting to a total of approximately RMB149.3 million and the unrealised fair value losses of approximately RMB336.2 million recognised during the Reporting Period (2024: approximately RMB696.3 million). A decrease in fair value losses on financial assets at fair value through profit or loss was recorded by the Group during the year ended 31 December 2025. The fair value losses fully recognised on certain investees in operation difficulty had contributed to a substantial fair value loss to the Group during the year ended 31 December 2024. Moreover, improvement in the investment environment during the year ended 31 December 2025 has also relieved the fair value losses on financial assets at fair value incurred by the Group. As at 31 December 2025, the Group's financial assets at fair value through profit or loss mainly include listed equity investments, unlisted equity investments and convertible loans, representing 3.0%, 77.1% and 19.9% of financial assets at fair value through profit or loss, respectively. As at 31 December 2025, save as disclosed below, the Group did not have any significant investments (including any investment in an investee company) with a value of 5 per cent or more of the Group's total assets as at 31 December 2025.

Investment	Investment		Fair value gains/(losses) on financial assets at fair value through profit or loss for the year ended	Fair value as at	Size relative to the Group's total assets as at	Dividends received for the year ended
	Cost RMB'000	Shareholding %	31 December 2025 RMB'000	31 December 2025 RMB'000	31 December 2025	31 December 2025 RMB'000
<b>Investees</b>						
China Prosperity Capital Mobile Internet Fund L.P. (“CPC Fund”)*	201,194	25.65%	12,129	233,892	6.84%	—
Guohong Jiaxin (Shenzhen) Angel Venture Capital Enterprise (L.P.) (“Angel Venture”)**	163,000	39.01%	16,000	227,000	6.64%	1,755
Delta Global Group Limited (“Delta”)***	264,095	N/A	(17,161)	203,681	5.96%	—

- \* The investment portfolio of CPC Fund primarily focuses on the mobile internet and technology industries in the Greater PRC region, in particular, the culture and entertainment industry, such as internet literature, dramas and movies, motion pictures, manga and animations. CPC Fund has been classified as an unlisted equity investment at fair value.
- \*\* The investment portfolio of Angel Venture primarily focuses on artificial intelligence, big data, internet of things, mobile internet and other new information technology businesses. Angel Venture has been classified as an unlisted equity investment at fair value.
- \*\*\* Delta is planning to operate a Bitcoin mining facility in the United States. In March 2022, the Group invested in the convertible bond at USD38,000,000, which embedded a call option on the shares of Delta. The maturity date of the Convertible Bond is 25 March 2027. In 2024, Delta and the Group entered into a supplemental agreement to extend the term of the convertible bond to 31 December 2027.
- \*\*\*\* For details of the financial assets at fair value through profit or loss, please refer to note 10 to the consolidated financial statements.

As at 31 December 2025, the Group has invested in more than 20 companies, the majority of which are engaged in game development, operation and promotion. As one of the world's leading IP-based game operators, the Group is committed to investing in quality game developers and fostering continuous and in-depth cooperation with these developers in the development and publishing of games so as to lay a strong foundation for expanding the Group's game and IP reserves and creating a highly competitive IP-based game ecosystem. As such, investments have been instrumental in developing and enriching the Group's IP portfolio, promoting its mobile games, and creating synergistic values, which in turn facilitate its business development and secure long-term investment returns for the Group. The Group is prohibited from investing in high-risk projects, such as transactions in secondary securities markets for speculative purposes. Investments in structured products, including without limitation, derivatives, hedge funds, and other investment products the risk level of which exceeds the Group's acceptable level, are strictly prohibited.

The Group regularly appoints professional independent valuers to evaluate the fair value of unlisted investments, including financial assets falling under Level 2 and Level 3 of the fair value hierarchy. The fair values of the unlisted investments have been estimated by using various applicable valuation techniques, including the discounted cash flow approach, adjusted net assets value method and other option pricing models.

## **Investment strategy**

The Group adopts a balanced investment approach with its investment broadly divided into two categories: (a) short-term investments; and (b) long-term investments. Short-term investments refer to those low-risk instruments which are held for 1 year or less with the objective of generating reasonable returns while balancing risk and liquidity, and consist primarily of liquid and short-term deposits placed at licensed banks in Mainland China and Hong Kong, whereas long-term investments cover investments with a holding period of more than 1 year for the purpose of diversifying operational risks and promoting capital preservation and/or appreciation. The Board considers that a diversified investment portfolio of the Group has been and will be maintained to enable the effective utilisation of idle funds in optimising shareholder returns and enhancing shareholder value. Investment proposals are originated from the Investment Manager of the Group and subject to evaluation processes led by the Group's Investment Management Team, which is responsible for pre-investment assessment and post-investment oversight and monitoring. Suitable investment proposals are subsequently presented to the Group's Investment Committee for review and approval. The Group's Investment Committee, comprising the Chairman, Vice Chairman, the head of the Business Operation Analysis Centre and the head of the Finance Centre, serves as the approving body for investment management. In addition, any proposed investment reaching the disclosure threshold stipulated in the Listing Rules, other applicable laws and regulations and/or the Articles of Association of the Company shall be subject to the Board's approval prior to execution.

## **Risk management and control measures**

In selecting long-term investments, the Group generally conducts a comprehensive evaluation of the potential investee's track record, business reputation, market opportunities, and synergies with the Group's existing businesses and long-term strategy to ensure that the investment not only aligns with the Group's business development in the short run, but also enables the Group to secure long-term investment returns.

The Group conducts due diligence on potential investees in relation to, among others, their legal and litigation risks, corporate and ownership structures, and ultimate beneficial owners. Moreover, the Group assesses the potential investees' financial performance, financial position and cash position in the immediately preceding three years so as to see to it that the investees have the capacity to continue as a going concern over the longer term. Any profit forecasts provided by the investees are also rigorously assessed and analysed to mitigate risks associated with unrealistic earnings projections. The Group pursues an active investment approach and maintains close communication with the investees to monitor their business operations on an ongoing basis. Amidst macroeconomic headwinds largely from intensified market competition, heightened challenges in product innovation and weaker consumer demand, the Group seeks to leverage its industry expertise to provide the investees with guidance on game publishing and operations from time to time so as to enhance their operating performance and minimise potential investment losses. For other unlisted equity investments, the maximum loss borne by the Group is limited to the total investment amount contributed or committed to each investment as the Group will not provide any guarantee or security over its assets in respect of the investee's liabilities. Specifically, in order to mitigate counterparty risk, the Group evaluates the capability and business prospect of the potential investees who are game developers or operators based on their track record, including the ranking and gross billings attained by the games previously developed by these investees, their industry reputation as well as the expertise of their core development or operation teams in the gaming sector.

Investments are actively monitored on an ongoing basis through regular validation of key operational and financial data so that the Group's investment portfolio can be kept within an acceptable risk level. In terms of liquidity management, the Group has funded its cash requirements, including investments, principally from cash generated from its operating activities and financing activities, and regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. Investment activities are carried out without compromising the cash requirements of the Group's core business operations.

## Prepayments

As at 31 December 2025, the prepayments of the Group amounted to approximately RMB580.1 million, representing a decrease of 57.6% as compared with approximately RMB1,367.0 million as at 31 December 2024. The prepayments of the Group mainly included prepaid licence fees (non-current) of approximately RMB299.4 million, prepaid minimum guarantees (current) of approximately RMB266.0 million and other prepayments of approximately RMB14.7 million. The underlying contracts for such prepayments for licence fees and minimum guarantees were made with more than 26 renowned enterprises worldwide, representing more than 29 operating or developing games and will be amortised monthly after the game development is completed and officially launched.

During the Reporting Period, more than 30 prepaid contracts involved impairment losses and the Group recognised a write-off of prepayments of approximately RMB607.6 million. For further details of the write-off of prepayments, please refer to the section headed “Write-off of prepayments” in this announcement.

## Off-balance sheet commitments and arrangements

As at 31 December 2025, the Group did not enter into any off-balance sheet transactions (2024: Nil).

## KEY FINANCIAL METRICS

The table below sets forth the Group’s key financial metrics for the years indicated:

	<b>For the year ended 31 December/ as at 31 December</b>	
	<b>2025</b>	2024
Current ratio (times) <sup>(1)</sup>	<b>0.86</b>	1.44
Gearing ratio <sup>(2)</sup>	<b>20.9%</b>	13.2%
Gross profit margin	<b>32.9%</b>	31.2%

### Notes:

- (1) Current ratio is the Group’s current assets divided by its current liabilities as at the end of each financial year.
- (2) Gearing ratio is total debt divided by total equity as at the end of each financial year. Total debt equals to the Group’s total bank and other borrowings.

## **CAPITAL EXPENDITURES**

The Group's historical capital expenditures primarily included royalties paid to game developers and IP owners. The Group funded its capital expenditure requirements during the year ended 31 December 2025 mainly with its internal resources.

The Group's capital commitments as at 31 December 2024 and 2025 amounted to RMB134.1 million and RMB69.5 million, respectively. The Group's capital commitments as at 31 December 2025 were for the purchase of IP and game licences.

## **SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS OR DISPOSAL**

During the year ended 31 December 2025, and up to the date of this announcement, the Group did not make any significant investment, or perform any material acquisition or disposal of subsidiaries, associates and joint ventures.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group will continue to focus on its existing business. The Group did not have concrete plans for material investments or capital assets as at 31 December 2025.

## **USE OF PROCEEDS FROM THE SUBSCRIPTION**

The net proceeds from the subscriptions of new shares by Infini Global Master Fund, Farrich Investments Limited and Actoz Soft Hong Kong Limited completed on 22 October 2024 (the "**Subscription**") was approximately HK\$94.2 million after deducting related fees and expenses in connection with the Subscription. The Company has applied part of the net proceeds in the manner as set out in the Company's announcements dated 13 October 2024 and 22 October 2024. The amount of net proceeds brought forward from the previous financial year to the current financial year is HK\$89.0 million.

The table below sets forth (i) the amount of net proceeds utilised by the Company from the completion of the Subscription to 31 December 2025; (ii) the amount of unutilised net proceeds of the Company as at 31 December 2025; and (iii) the expected timeline of the Company for the full utilisation of the remaining unutilised net proceeds:

Purpose	Amount of the net proceeds (HK\$ in millions)	Amount of net proceeds utilised between the completion of the Subscription and 31 December 2025 (HK\$ in millions)	Amount of net proceeds utilised as at 31 December 2025 (HK\$ in millions)	Expected timeline for the full utilisation of the remaining net proceeds
Further enhance IP-based game publishing and development business through acquisitions and/or investments	<u>94.2</u>	<u>94.2</u>	<u>—</u>	N/A

As illustrated in the above table, the Company has fully utilised the net proceeds from the Subscription and there is no unutilised net proceeds from the Subscription as at 31 December 2025.

## OTHER INFORMATION

### Purchase, Sale or Redemption of Listed Securities

The Group had not purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

## **Corporate Governance Code**

During the year ended 31 December 2025, the Company complied with the applicable code provisions of Part 2 of the Corporate Governance Code\* (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), except for a deviation from code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive officer and Mr. Xiao Jian currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board currently comprises three executive Directors (including Mr. Xiao Jian), three non-executive Directors and three independent non-executive Directors, and therefore has a fairly strong independence element in its composition. The Board considers that the balance of power and authority under the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider separating the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Company as a whole.

## **Model Code for Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding dealings in the securities of the Company by the Directors, senior management members, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company’s securities.

\* The amendments to the CG Code effective on 1 July 2025 will apply to corporate governance reports and annual reports for financial years commencing on or after 1 July 2025. For this announcement, the Company shall refer to the then effective CG Code.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the year ended 31 December 2025. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group for the year ended 31 December 2025.

### **Employees' remuneration and relations**

As at 31 December 2025, the Group had approximately 260 full-time employees (2024: 710). The success of the Group depends on its ability to attract, retain and motivate qualified personnel. As part of the Group's human resources strategy, the Group offers employees competitive salaries, performance based promotion systems and other incentives. Some of the Group's employees have been granted share options under the Post-IPO Share Option Scheme. The Group provides training programmes to employees, including new hire training for new employees and continuing technical training for the Group's research and development team and game operation team to enhance their skills and knowledge.

### **Remuneration policy**

A remuneration committee has been set up to assist the Board to develop and administer a formal and transparent procedure for setting policy on the remuneration of directors and senior management, evaluating the performance of directors and senior management, reviewing and approving the terms of incentive schemes (including the Post-IPO Share Option Scheme) and directors' service contracts, and recommending to the Board the remuneration packages for all Directors and senior management. Emoluments of Directors shall be determined by the Board in accordance with the Company's remuneration policy, and with reference to Directors' experience, working performance and position as well as the market conditions.

## **Audit Committee**

The Company has established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises Ms. Ng Yi Kum, Mr. Tang Liang and Mr. Ho Orlando Yaukai. Ms. Ng Yi Kum is the chairlady of the Audit Committee.

The Audit Committee, together with the Company’s auditor, have reviewed the Group’s audited consolidated financial statements for the year ended 31 December 2025. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Group.

## **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

The following is an extract of BDO Limited’s report on the Group’s consolidated financial statements for the year ended 31 December 2025.

We draw your attention to note 2.1 to the consolidated financial statements, which indicates that the Group recorded a net loss of approximately RMB1,477.1 million and net operating cash outflows of approximately RMB12.2 million for the year ended 31 December 2025 and its current liabilities exceeded its current assets by approximately RMB143.7 million as at that date. In addition, the Group’s current bank and other borrowings as at 31 December 2025 amounted to RMB502.4 million. As stated in note 2.1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Annual General Meeting**

The notice of the annual general meeting (“**AGM**”) will be published on the websites of the Stock Exchange and the Company and despatched to the Shareholders in due course.

For the purpose of determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 26 May 2026 to Friday, 29 May 2026 (both days inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered shareholders shall ensure that all transfer documents accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong branch registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 22 May 2026.

### **Final Dividend**

The Board does not recommend the declaration of a final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: Nil).

### **Publication of Annual Results and Annual Report on the Websites of the Stock Exchange and the Company**

The annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cmge.com](http://www.cmge.com)). The 2025 annual report will be despatched to the Shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the year ended 31 December	
		2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	4	<b>1,389,985</b>	1,930,091
Cost of sales		<u>(933,109)</u>	<u>(1,327,033)</u>
Gross profit		<b>456,876</b>	603,058
Other income and gains, net	4	<b>11,856</b>	108,268
Selling and distribution expenses		<b>(491,644)</b>	(494,316)
Administrative expenses		<b>(127,619)</b>	(137,897)
Research and development costs		<b>(136,270)</b>	(244,255)
Impairment of financial assets, net		<b>(229,482)</b>	(255,573)
Impairment of goodwill		<b>(58,273)</b>	(546,759)
Write-off of prepayments		<b>(607,639)</b>	(211,827)
Fair value losses on financial assets at fair value through profit or loss		<b>(336,154)</b>	(696,299)
Impairment of other intangible assets		<b>(27,640)</b>	(211,557)
Other expenses		<b>(34,871)</b>	(39,883)
Finance costs		<b>(19,783)</b>	(19,852)
Share of profits and losses of associates		<b>(13,194)</b>	4,010
<b>LOSS BEFORE TAX</b>	5	<b>(1,613,837)</b>	(2,142,882)
Income tax credit	6	<b>136,704</b>	32,063
<b>LOSS FOR THE YEAR</b>		<b><u>(1,477,133)</u></b>	<b><u>(2,110,819)</u></b>
Attributable to:			
Owners of the parent		<b>(1,471,341)</b>	(2,105,005)
Non-controlling interests		<b>(5,792)</b>	(5,814)
		<b><u>(1,477,133)</u></b>	<b><u>(2,110,819)</u></b>
<b>LOSS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF</b>			
<b>THE PARENT</b>	8		
Basic			
– For loss for the year		<b><u>RMB(49.12) cents</u></b>	<b><u>RMB(74.56) cents</u></b>
Diluted			
– For loss for the year		<b><u>RMB(49.12) cents</u></b>	<b><u>RMB(74.56) cents</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended	
	31 December	
	2025	2024
	RMB'000	RMB'000
<b>LOSS FOR THE YEAR</b>	<b><u>(1,477,133)</u></b>	<b><u>(2,110,819)</u></b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>30,513</u>	<u>(24,095)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation from functional currency to presentation currency	<u>(47,507)</u>	<u>38,299</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>(16,994)</u></b>	<b><u>14,204</u></b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b><u>(1,494,127)</u></b>	<b><u>(2,096,615)</u></b>
Attributable to:		
Owners of the parent	<u>(1,488,335)</u>	<u>(2,090,801)</u>
Non-controlling interests	<u>(5,792)</u>	<u>(5,814)</u>
	<b><u>(1,494,127)</u></b>	<b><u>(2,096,615)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December	
		2025	2024
		RMB'000	RMB'000
<b>NON-CURRENT ASSETS</b>			
Property and equipment		8,341	11,599
Right-of-use assets		9,540	22,442
Goodwill	9	454,272	512,545
Other intangible assets		469,243	563,880
Investments in associates		86,887	120,350
Financial assets at fair value through profit or loss	10	1,022,544	1,238,509
Deferred tax assets		186,213	113,036
Prepayments and other receivables	12	313,282	902,407
Total non-current assets		<u>2,550,322</u>	<u>3,484,768</u>
<b>CURRENT ASSETS</b>			
Trade and bills receivables	11	335,919	846,345
Prepayments, other receivables and other assets	12	413,758	638,515
Due from related parties		7,851	10,680
Time deposits		10,100	—
Pledged and restricted deposits		10,738	—
Cash and cash equivalents		90,991	101,756
Total current assets		<u>869,357</u>	<u>1,597,296</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	13	137,540	218,583
Other payables and accruals		248,797	245,819
Bank and other borrowings		502,443	512,806
Tax payable		112,281	120,426
Due to related parties		4,756	—
Lease liabilities		7,223	12,446
Total current liabilities		<u>1,013,040</u>	<u>1,110,080</u>

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<b>(143,683)</b>	487,216
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>2,406,639</b>	3,971,984
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<b>2,363</b>	66,007
Lease liabilities	<b>2,483</b>	10,057
Total non-current liabilities	<b>4,846</b>	76,064
<b>Net assets</b>	<b>2,401,793</b>	3,895,920
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	<b>2,089</b>	2,089
Reserves	<b>2,411,872</b>	3,900,207
	<b>2,413,961</b>	3,902,296
Non-controlling interests	<b>(12,168)</b>	(6,376)
<b>Total equity</b>	<b>2,401,793</b>	3,895,920

## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 20 March 2018 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The registered address of the office of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in mobile game publishing, game development and licensing of intellectual property in Mainland China, Hong Kong, Taiwan, Korea and Japan; and the investment business in Mainland China.

In the opinion of the directors, the controlling shareholders of the Company are Mr. Xiao Jian and Mr. Sin Hendrick *M.H., J.P.*

### 2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### Going Concern Assumption

For the year 31 December 2025, the Group recorded a net loss of approximately RMB1,477.1 million and net operating cash outflows of approximately RMB12.2 million. As at that date, its current liabilities exceeded its current assets of approximately RMB143.7 million. In addition, the Group's current bank and other borrowings as at 31 December 2025 amounted to RMB502.4 million. These conditions may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors have given careful consideration to the Group's future liquidity, performance and available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company have reviewed the Group's cash flow forecast covering a period of fifteen months from the end of the reporting period (the “**Forecast Period**”), taking into account the Group's past operating performance and the plans and measures adopted to alleviate the liquidity pressure and improve cash flows, including the following:

- (i) The Group has been actively negotiating with banks to extend the repayment terms of its existing bank loans in order to secure necessary funding to meet its working capital and financing requirements in the foreseeable future;

- (ii) As at the date of approval of these consolidated financial statements, the Group had unutilised bank and credit facilities amounting to approximately RMB 238.7 million in aggregate; and
- (iii) The directors of the Company are continuing to implement measures to improve the Group's working capital and cash flows, including the close monitoring of general administrative expenses and operating costs.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures and gearing ratio of 20.9%, the Group will have sufficient working capital to finance its operations and meet its obligations as and when they fall due during the Forecast Period. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's consolidated financial statements for the year ended 31 December 2025 on a going concern basis.

However, there are inherent uncertainty associated with the outcomes of the aforementioned plans and measures, including the successful negotiation with existing lenders for the renewal or extension of borrowing until the Group secures sufficient fundings for repayment.

These indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as going concern, and therefore it may not be able to realise its assets and discharge its liabilities in the normal course of business.

Should the Group fail to achieve the intended effects resulting from the plans and measures described above, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to HKFRS Accounting Standards for the current year's consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1	<i>Lack of Exchangeability</i>
Amendments to illustrative examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 36 and HKAS 37	<i>Disclosure about Uncertainties in the Financial Statements</i>

Adoption of these amendments to HKFRS Accounting Standards had no material impact on the Group's consolidation financial statements. The Group has not early applied any new or amendments to HKFRS Accounting Standards that is not yet effective for the current accounting period.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amendments to HKFRS Accounting Standards, that has been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7	<i>Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Contract Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i> <sup>1</sup>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The adoption of HKFRS 19 is optional. HKFRS 19 specifies the disclosure requirements that an entity is permitted to apply to substitute the disclosure requirements in other HKFRS Accounting Standards. The Company's shares are listed and traded on The Stock Exchange of Hong Kong Limited. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.

### 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in mobile game publishing, game development and licensing of intellectual property.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker (“CODM”) in order to allocate resources to segments and to assess their performance. There were no segment assets and segment liabilities information provided to the CODM, as the CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

#### For the year ended 31 December 2025

Segments	Game publishing RMB'000	Game development RMB'000	Licensing of intellectual property RMB'000	Total RMB'000
<b>Segment revenue (note 4)</b>				
Sales to external customers	1,161,425	115,670	112,890	1,389,985
Intersegment sales	—	—	1,889	1,889
	<u>1,161,425</u>	<u>115,670</u>	<u>114,779</u>	<u>1,391,874</u>
Reconciliation:				
Elimination of intersegment sales				<u>(1,889)</u>
Total revenue from contracts with customers				<u><u>1,389,985</u></u>
Segment results	347,589	42,087	67,200	456,876
Reconciliation:				
Other income and gains, net				11,856
Selling and distribution expenses				(491,644)
Administrative expenses				(127,619)
Research and development costs				(136,270)
Impairment of financial assets, net				(229,482)
Impairment of goodwill				(58,273)
Write-off of prepayments				(607,639)
Fair value losses on financial assets at fair value through profit or loss				(336,154)
Impairment of other intangible assets				(27,640)
Other expenses				(34,871)
Finance costs				(19,783)
Share of profits and losses of associates				<u>(13,194)</u>
LOSS BEFORE TAX				<u><u>(1,613,837)</u></u>

**For the year ended 31 December 2024**

<b>Segments</b>	Game publishing RMB'000	Game development RMB'000	Licensing of intellectual property RMB'000	Total RMB'000
<b>Segment revenue (note 4)</b>				
Sales to external customers	1,664,508	149,122	116,461	1,930,091
Intersegment sales	—	1,089	—	1,089
	<hr/>	<hr/>	<hr/>	<hr/>
	1,664,508	150,211	116,461	1,931,180
Reconciliation:				
Elimination of intersegment sales				<hr/> (1,089)
Total revenue from contracts with customers				
				<hr/> <hr/> <u>1,930,091</u>
Segment results	460,956	45,421	96,681	603,058
Reconciliation:				
Other income and gains, net				108,268
Selling and distribution expenses				(494,316)
Administrative expenses				(137,897)
Research and development costs				(244,255)
Impairment of financial assets, net				(255,573)
Impairment of goodwill				(546,759)
Write-off of prepayments				(211,827)
Fair value losses on financial assets at fair value through profit or loss				(696,299)
Impairment of other intangible assets				(211,557)
Other expenses				(39,883)
Finance costs				(19,852)
Share of profits and losses of associates				<hr/> 4,010
LOSS BEFORE TAX				<hr/> <hr/> <u>(2,142,882)</u>

### Geographical information

(a) Revenue from external customers

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Mainland China	<b>1,031,814</b>	1,657,961
Other countries/regions	<b>358,171</b>	272,130
	<b><u>1,389,985</u></b>	<u>1,930,091</u>

The revenue information above is based on the locations of the game publishing, game development and licensing of intellectual property.

(b) Non-current assets

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Mainland China	<b>1,218,248</b>	1,990,963
Other countries/regions	<b>109,448</b>	127,218
	<b><u>1,327,696</u></b>	<u>2,118,181</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

### Information about major customers

During the year ended 31 December 2025, there is no single external customer that accounted for more than 10% of total revenue.

During the year ended 31 December 2024, revenue of approximately RMB245,613,000 was derived from a single external customer of the game publishing that accounted for more than 10% of total revenue.

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

An analysis of revenue is as follows:

(a) Disaggregated revenue information

**For the year ended 31 December 2025**

Segments	Game publishing RMB'000	Game development RMB'000	Licensing of intellectual property RMB'000	Total RMB'000
<b>Types of goods and services:</b>				
Mobile game publishing services	1,161,425	—	—	1,161,425
Game development related services	—	115,670	—	115,670
Licensing of intellectual property	—	—	112,890	112,890
Total revenue	<u>1,161,425</u>	<u>115,670</u>	<u>112,890</u>	<u>1,389,985</u>
<b>Revenue from contracts with customers under HKFRS 15 by geographical markets:</b>				
Mainland China	810,221	111,005	110,588	1,031,814
Other countries/regions	351,204	4,665	2,302	358,171
	<u>1,161,425</u>	<u>115,670</u>	<u>112,890</u>	<u>1,389,985</u>
<b>Revenue from contracts with customers under HKFRS 15 by timing of revenue recognition:</b>				
Services transferred over time	1,161,425	115,670	112,890	1,389,985
	<u>1,161,425</u>	<u>115,670</u>	<u>112,890</u>	<u>1,389,985</u>

**For the year ended 31 December 2024**

<b>Segments</b>	Game publishing RMB'000	Game development RMB'000	Licensing of intellectual property RMB'000	Total RMB'000
<b>Types of goods and services:</b>				
Mobile game publishing services	1,664,508	—	—	1,664,508
Game development related services	—	149,122	—	149,122
Licensing of intellectual property	—	—	116,461	116,461
<b>Total revenue</b>	<b>1,664,508</b>	<b>149,122</b>	<b>116,461</b>	<b>1,930,091</b>
<b>Revenue from contracts with customers under HKFRS 15 by geographical markets:</b>				
Mainland China	1,393,647	148,332	115,982	1,657,961
Other countries/regions	270,861	790	479	272,130
	<b>1,664,508</b>	<b>149,122</b>	<b>116,461</b>	<b>1,930,091</b>
<b>Revenue from contracts with customers under HKFRS 15 by timing of revenue recognition:</b>				
Services transferred over time	1,664,508	149,122	22,822	1,836,452
Services transferred at a point in time	—	—	93,639	93,639
	<b>1,664,508</b>	<b>149,122</b>	<b>116,461</b>	<b>1,930,091</b>

The following table shows the amounts of revenue from contracts with customers under HKFRS 15 recognised in the current Reporting Period that were included in the contract liabilities at the beginning of each Reporting Period:

	<b>2025 RMB'000</b>	2024 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of year:		
Short-term advances received from game publishing and IP licensing income	<b>35,555</b>	23,859
Sales of game points in self-developed games	<b>43,607</b>	99,127
	<b>79,162</b>	<b>122,986</b>

(b) Performance obligations of revenue from contracts with customers under HKFRS 15

Information about the Group's performance obligations is summarised below:

*Publishing services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 180 days from the date of billing.

*Game development related services*

The performance obligation from self-developed and self-operating games is satisfied over the estimated Player Relation Period. The performance obligation from licensing self-developed games to other publishers as customer is satisfied over time during the licence period for granting the customer a right to access, or at a point in time for granting the customer a right to use.

*Intellectual property licensing services*

The performance obligation is satisfied over the licence period (for a right to access) or at the point in time when the customer can first use the licenced intellectual property (for a right to use). Payment is generally due within 180 days from delivery.

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

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one to two years	<b>82,623</b>	117,834

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one to two years. The amounts disclosed above do not include variable consideration which is constrained.

(c) Other income and gains, net

	2025 RMB'000	2024 RMB'000
Bank interest income	<b>87</b>	773
Government grants*	<b>4,130</b>	5,631
Foreign exchange differences, net	<b>2,489</b>	—
Fair value adjustment of contingent consideration for business combination	—	100,000
Dividend income from financial assets at fair value through profit or loss	<b>1,755</b>	—
Others	<b>3,395</b>	1,864
	<b><u>11,856</u></b>	<b><u>108,268</u></b>

\* Various government grants have been received from local government authorities. There are no unfulfilled conditions and other contingencies relating to these grants.

## 5. LOSS BEFORE TAX

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

	2025 RMB'000	2024 RMB'000
Commissions charged by publishing channels and third-party game developers <sup>(a)</sup>	697,881	1,027,361
Commissions charged by IPs owners	42,262	81,314
Promotion expenses	476,286	468,317
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	160,275	267,396
Equity-settled share-based expense	—	24,618
Pension scheme contributions (defined contribution scheme) <sup>(b)</sup>	14,968	31,789
	<u>175,243</u>	<u>323,803</u>
Depreciation of property and equipment	2,260	4,505
Depreciation of right-of-use assets	12,398	15,317
Amortisation of other intangible assets		
– included in cost of sales	100,588	121,922
– included in administrative expenses	1,247	5,102
– included in research and development costs	27	—
	<u>101,862</u>	<u>127,024</u>
Research and development costs	136,270	344,541
Less: Amounts capitalised in intangible assets	—	(100,286)
	<u>136,270</u>	<u>244,255</u>
Lease payments not included in the measurement of lease liabilities	1,294	3,544
Foreign exchange differences, net	(2,489)	1,925
Loss on disposal of an investment in an associate <sup>(d)</sup>	—	30,900
Impairment of an investment in an associate <sup>(d)</sup>	17,817	4,589
Impairment of trade receivables, net	202,996	175,843
Impairment of financial assets included in prepayments, other receivables and other assets	26,486	79,730
	<u>229,482</u>	<u>255,573</u>
Write-off of prepayments <sup>(c)</sup>	607,639	211,827
Impairment of goodwill	58,273	546,759
Impairment of other intangible assets	27,640	211,557
Loss on disposal of items of property and equipment <sup>(d)</sup>	701	40
Loss on disposal of items of intangible assets <sup>(d)</sup>	9,510	—
Gain on lease modification	(130)	(2,205)
Auditor's remuneration	6,121	6,100
Fair value losses on financial assets at fair value through profit or loss	336,154	696,299

- (a) Zhejiang Century Huatong Group Co., Ltd (“**Century Huatong**”), a listed company on the Shenzhen Stock Exchange (SZSE:002602), and a wholly-owned subsidiary of Century Huatong is a limited partner of Changpei (Shanghai) Investment Centre (Limited Partnership) (“**Changpei Shanghai**”). Pursuant to the partnership agreement of Changpei Shanghai, the general partner shall have the exclusive and sole right of management of the affairs of the partnership and limited partners shall have no power to conduct the business of the partnership nor shall limited partners represent the partnership. Also, limited partners shall not participate in the management or control of the investment business of the partnership. As Century Huatong does not have any voting rights in the Company through its holding vehicles or significant influence on the Company, the directors of the Company believe that Century Huatong is an independent third party to the Group. Century Huatong provided publishing channel services to the Group, which amounted to RMB9,332,000 during the year ended 31 December 2025 (2024: RMB44,941,000), and the balance of trade receivables from Century Huatong as at 31 December 2025 was RMB210,000 (2024: RMB465,000).
- (b) There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.
- (c) Write-off of prepayments is presented as separate line item in the consolidated statement of profit or loss. These prepayments are related to certain mobile game projects which the Group had decided to terminate or the relevant prepaid licenses were expired during the year.
- (d) Loss on disposal of an investment in an associate, impairment of an investment in an associate, loss on disposal of items of property and equipment and loss on disposal of items of intangible assets are included in “other expenses” in the consolidated statement of profit or loss.

## 6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the BVI and the Cayman Islands (the “**Cayman**”), the Group is not subject to any income tax in the BVI and Cayman.

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Taxes on profits assessable in Mainland China have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. Pursuant to the PRC Corporate Income Tax Law (the “**PRC Tax Law**”) effective on 1 January 2008, the PRC corporate income tax rate of the Group’s subsidiaries operating in Mainland China during the Reporting Period was 25% of their taxable profits.

Shenzhen Douyue Network Technology Co., Ltd. (“**Shenzhen Douyue**”) and China Mobile Games and Entertainment Group Limited Shenzhen (“**Shenzhen Zhongshouyou**”) were accredited as High and New Technology Enterprises (“**HNTE**”) in 2020 under relevant PRC laws and regulations. Accordingly, Shenzhen Douyue and Shenzhen Zhongshouyou were entitled to a preferential Corporate Income Tax (“**CIT**”) rate of 15%. The certificate was valid for three years since its renewal in 2023.

Chengdu Zhouxing Technology Co., Ltd. (“**Chengdu Zhouxing**”) was accredited as HNTE in 2025 under relevant PRC laws and regulations. Accordingly, Chengdu Zhouxing was entitled to a preferential CIT rate of 15% from 2025 to 2028.

Beijing Wenmai Hudong Technology Company Limited (“**Wenmai Hudong**”) was accredited as a HNTE in 2025 under relevant PRC laws and regulations. Accordingly, it was entitled to a preferential CIT rate of 15% from 2025 to 2028.

Shengyue Software (Shenzhen) Co., Ltd. was accredited as HNTE in 2022 under relevant PRC laws and regulations. Accordingly, it was entitled to a preferential CIT rate of 15% from 2022 to 2025.

Tibet Jichuang Internet Technology Co., Ltd. (“**Tibet Jichuang**”) was established in Lhasa, Tibet. According to the applicable regulations promulgated by the State Council and relevant authorities, the applicable tax rate for Tibet Jichuang was 15% for the years ended 31 December 2024 and 2025.

Hainan Chuangyue Technology Company Limited (“**Hainan Chuangyue**”) and Hainan Zhanshen Internet Technology Company Limited (“**Hainan Zhanshen**”) were established in the Hainan Free Trade Port. According to the applicable regulations promulgated by the State Council and relevant authorities, the applicable tax rate for Hainan Chuangyue and Hainan Zhanshen was 15% each for the years ended 31 December 2024 and 2025.

Shanghai Fanying Network Technology Co., Ltd. was accredited as a “software enterprise” in 2021 under relevant PRC laws and regulations. According to relevant policies, it was entitled to tax exemption from 2021 to 2022 and is entitled to a preferential CIT rate of 12.5% from 2023 to 2025.

Shenzhen Fansheng Network Technology Co., Ltd. was accredited as a “software enterprise” in 2021 under relevant PRC laws and regulations. According to relevant policies, it was entitled to tax exemption from 2023 to 2024 and is entitled to a preferential CIT rate of 12.5% from 2025 to 2027.

## Super Deduction

On 26 March 2023, the State Tax Bureau of the PRC issued the Public Notice 2023 No.7, announcing that the enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses in determining tax assessable profits from 2023 onwards. Certain qualified subsidiaries of the Group have claimed such super deduction in ascertaining their tax assessable profits/(losses) for the years ended 31 December 2025 and 2024 respectively.

The major components of the income tax credit for the year are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Current tax expense		
PRC	<b>88</b>	22,624
Hong Kong		
Under-provision in prior years	—	1,091
Elsewhere	<b>29</b>	505
	<hr/>	<hr/>
Total	<b>117</b>	24,220
	<hr/>	<hr/>
Deferred tax credit		
PRC	<b>(136,821)</b>	(56,283)
	<hr/>	<hr/>
Total tax credit for the year	<b>(136,704)</b>	(32,063)
	<hr/> <hr/>	<hr/> <hr/>

Pursuant to the PRC Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10% and may be reduced to 5% if certain criteria could be met under the Double Taxation Arrangement (Hong Kong). The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2025, no deferred tax (2024: Nil) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and associates established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries and associates in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB36,857,000 (2024: RMB166,990,000).

## 7. DIVIDENDS

The board of directors of the Company has resolved not to recommend payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

## 8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the years attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

The Group had no dilutive potential ordinary shares in issue during the years ended 31 December 2025 and 2024 for the exercise price of the share options exceeds the average market price of the ordinary shares during the respective period. Therefore, both basic and diluted loss per share are the same.

The calculations of basic and diluted loss per share are based on:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	<u><b>(1,471,341)</b></u>	<u><b>(2,105,005)</b></u>
	<b>Number of shares</b>	
	<b>2025</b>	2024
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u><b>2,995,413,777</b></u>	<u><b>2,823,325,000</b></u>

## 9. GOODWILL

	<b>RMB'000</b>
<b>At 1 January 2024:</b>	
Cost	1,147,749
Accumulated impairment	(88,445)
Net carrying amount	<u>1,059,304</u>
Cost at 1 January 2024, net of accumulated impairment	1,059,304
Impairment during the year (note 5)	(546,759)
Net carrying amount at 31 December 2024	<u><u>512,545</u></u>
<b>At 31 December 2024 and 1 January 2025:</b>	
Cost	1,147,749
Accumulated impairment	(635,204)
Net carrying amount	<u>512,545</u>
Cost at 1 January 2025, net of accumulated impairment	512,545
Impairment during the year (note 5)	(58,273)
Net carrying amount at 31 December 2025	<u><u>454,272</u></u>
<b>At 31 December 2025:</b>	
Cost	1,147,749
Accumulated impairment	(693,477)
Net carrying amount	<u><u>454,272</u></u>

### Game development operation of Wenmai Hudong CGU

During the year ended 31 December 2025, management of the Group has provided impairment loss on goodwill of RMB58,273,000 (2024: RMB529,915,000) allocated to game development operation of Wenmai Hudong CGU to write down their carrying amounts to RMB59,000,000 (2024: RMB140,768,000), since the annual results of Wenmai Hudong CGU have underperformed with loss results.

### Game development operation of Shanghai Zhoujing Network Technology Co., Ltd. (“Shanghai Zhoujing”) CGU

During the year ended 31 December 2024, management of the Group has provided impairment loss on goodwill of RMB16,844,000 allocated to game development operation of Shanghai Zhoujing CGU to write down their recoverable amounts to nil due to their closure of business under the Group’s latest strategy.

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	RMB'000	RMB'000
<b>Non-current assets</b>		
Listed equity investments, at fair value	30,468	63,296
Unlisted equity investments, at fair value	788,395	883,656
Convertible loans, at fair value	203,681	291,557
	<u>1,022,544</u>	<u>1,238,509</u>

In April 2018, CMGE Group Limited transferred the investment in China Prosperity Capital Mobile Internet Fund L.P. (“CPC Fund”) to the Group. In June 2018, the Group injected cash of US\$8,300,000 (equivalent to RMB54,442,000) to CPC Fund. The Group acted as a limited partner and held 25.65% of its limited partnership interests. The fair value of the investment in CPC Fund was RMB233,892,000 (2024: RMB227,526,000) as at 31 December 2025.

In February 2020, Guohong Jiaxin (Shenzhen) Angel Venture Capital Enterprise (L.P.) (“Angel Venture”) has been set up after obtaining all the related licences and approval documentation. The fair value of the investment in Angel Venture was RMB227,000,000 (2024: RMB211,000,000) as at 31 December 2025.

The Group holds 25.65% and 39.01% limited partnership interests in CPC Fund and Angel Venture, respectively. Pursuant to the relevant agreements of these two funds, the Group is entitled to investment return, but has no right or power to participate in the management or control of the funds. Therefore, the Group has neither control nor significant influence on CPC Fund and Angel Venture and they are treated as financial instruments at fair value through profit or loss.

## 11. TRADE AND BILLS RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables	830,413	1,254,339
Allowance for impairment	(495,927)	(436,808)
Trade receivables, net	<u>334,486</u>	<u>817,531</u>
Bills receivable	<u>1,433</u>	<u>28,814</u>
Trade and bills receivables, net	<u>335,919</u>	<u>846,345</u>

Trade receivables mainly represent amounts receivable from third-party publishing channels. The Group normally allows credit terms of 180 days for established channels and other counterparties and extends credit terms up to 270 days for major channels and other major counterparties. Bills receivables are received from independent customers under the ordinary course of business. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing.

The Group's bills receivable of RMB1,433,000 as at 31 December 2025 (2024: RMB28,814,000) were transferred to banks by discounting on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount and has recognised the cash received on the transfer as a collateralised borrowing. These financial assets are carried at amortised cost in the consolidated statement of financial position.

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the billing date and net of loss allowance, is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within 6 months	<b>119,738</b>	365,996
6 months to 1 year	<b>44,008</b>	180,511
1 year to 18 months	<b>82,201</b>	136,640
18 months to 2 years	<b>44,148</b>	117,213
Over 2 years	<b>44,391</b>	17,171
	<u><b>334,486</b></u>	<u>817,531</u>

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

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
At beginning of year	<b>436,808</b>	263,408
Provision for impairment losses, net (note 5)	<b>202,996</b>	175,843
Receivable written off during the year as uncollectible	<b>(143,877)</b>	(2,443)
At end of year	<u><b>495,927</b></u>	<u>436,808</u>

The Group applies the simplified approach in calculating expected credit losses (“ECL”) under HKFRS 9, and the provision rates are based on days past due for groupings of various customer segments with similar loss patterns. For certain trade receivables for which the counterparty failed to make demanded repayment, the Group has made a 100% provision (“default receivables”). Except for default receivables, the Group used the calculation which reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

**As at 31 December 2025**

	Amount RMB'000	Expected credit loss rate	Impairment RMB'000
Default receivables	1,071	100.0%	1,071
Other trade receivables aged:			
Current	136,140	12.0%	16,402
Past due for less than 6 months	67,433	34.7%	23,425
Past due for 6 months to 1 year	175,312	53.1%	93,111
Past due for 1 year to 18 months	116,943	62.2%	72,795
Past due for 18 months to 24 months	189,750	76.6%	145,359
Past due for over 24 months	143,764	100.0%	143,764
	<u>830,413</u>		<u>495,927</u>

**As at 31 December 2024**

	Amount RMB'000	Expected credit loss rate	Impairment RMB'000
Default receivables	3,526	100.0%	3,526
Other trade receivables aged:			
Current	404,529	9.5%	38,531
Past due for less than 6 months	238,574	24.3%	58,063
Past due for 6 months to 1 year	198,233	31.1%	61,594
Past due for 1 year to 18 months	190,164	38.3%	72,951
Past due for 18 months to 24 months	53,937	68.2%	36,767
Past due for over 24 months	165,376	100.0%	165,376
	<u>1,254,339</u>		<u>436,808</u>

## 12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Non-current portion		
Prepayments*	299,413	887,365
Other receivables**	13,869	15,042
	<u>313,282</u>	<u>902,407</u>
Current portion		
Prepayments*	280,714	479,658
Deposits and other receivables**	115,809	121,222
Contract costs***	17,235	37,635
	<u>413,758</u>	<u>638,515</u>
	<u><u>727,040</u></u>	<u><u>1,540,922</u></u>

\* During the process of developing and publishing mobile games, certain prepayments are agreed to be and have been made by the Group pursuant to the relevant game production contracts entered into with the game developers or licensors of the relevant IP rights. These prepayments are commonly known in the industry as prepaid minimum guarantees and prepaid licence fees.

Prepaid minimum guarantees are made by the Group as game publishers to game developers before the release of the games. Prepaid minimum guarantees serve as an incentive to encourage game developers to devote resources into the research and development of certain games and are used to guarantee the collaboration between the Group (as game publishers) and the game developers in relation to the publishing of the games.

Prepaid licence fees are fixed fees made by the Group as game publishers to game developers or licensors as consideration for acquiring the rights to use the IP, the dealership rights or the distribution rights of certain games.

Prepayments as at 31 December 2025 mainly included prepaid minimum guarantees of approximately RMB265,954,000 (2024: RMB443,293,000) and prepaid licence fees of approximately RMB299,413,000 (2024: RMB737,550,000).

\*\* Deposits and other receivables as at 31 December 2025 mainly included receivable from disposal of investments of approximately RMB28,036,000 (2024: RMB36,083,000), deductible Input VAT of approximately RMB47,575,000 (2024: RMB26,449,000) and deposit for expense mainly including marketing of approximately RMB2,054,000 (2024: RMB14,304,000).

\*\*\* Contract costs relate to commissions charged by the platforms which meet the contract acquisition cost capitalisation criteria. They are capitalised as contract acquisition costs and amortised over the Player Relation Period, which is consistent with the pattern of recognition of the associated revenue. The Group had no impairment losses recognised on contract costs.

### 13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the billing date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	45,349	92,507
3 to 6 months	29,654	51,434
6 months to 1 year	21,855	25,450
Over 1 year	40,682	49,192
	<hr/>	<hr/>
Total	<b>137,540</b>	<b>218,583</b>

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

By order of the Board  
**CMGE Technology Group Limited**  
**Xiao Jian**  
*Chairman*

Hong Kong, 27 March 2026

*As at the date of this announcement, the Board comprises Mr. Xiao Jian, Mr. Sin Hendrick M.H., J.P. and Mr. Fan Yingjie as executive Directors; Mr. Zhang Shengyan, Mr. Jiang Yukai and Mr. Liu Shanshan as non-executive Directors; and Ms. Ng Yi Kum, Mr. Tang Liang and Mr. Ho Orlando Yaukai as independent non-executive Directors.*