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## **ARCHOSAUR GAMES INC.**

**祖龙娱乐有限公司**

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

**(Stock Code: 9990)**

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

The board (the “**Board**”) of directors (the “**Directors**”) of Archosaur Games Inc. (the “**Company**”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 (the “**Results Announcement**”). The annual results have been audited by PricewaterhouseCoopers, the Company’s auditor, in accordance with International Standards on Auditing.

## FINANCIAL PERFORMANCE HIGHLIGHTS

	For the year ended 31 December		
	2024	2023	Change
	(RMB million)	(RMB million)	%
<b>Revenue</b>	<b>1,141.1</b>	908.5	25.6%
Cost of revenue	<u>(315.1)</u>	<u>(258.1)</u>	<u>22.1%</u>
<b>Gross profit</b>	<b>826.0</b>	650.4	27.0%
Research and development expenses	<b>(532.1)</b>	(582.2)	(8.6%)
Selling and marketing expenses	<b>(565.0)</b>	(274.5)	105.8%
Administrative expenses	<b>(100.1)</b>	(105.1)	(4.8%)
Net impairment losses on financial assets	<b>(0.8)</b>	(15.3)	(94.8%)
Other income	<b>8.1</b>	7.6	6.6%
Other gains/(losses), net	<u><b>22.5</b></u>	<u>(37.9)</u>	<u>(159.4%)</u>
<b>Operating loss</b>	<b>(341.4)</b>	(357.0)	(4.4%)
Finance income	<b>53.1</b>	51.6	2.9%
Finance costs	<u><b>(2.4)</b></u>	<u>(4.3)</u>	<u>(44.2%)</u>
Finance income, net	<b>50.7</b>	47.3	7.2%
Share of results of investments accounted for using the equity method	<u><b>3.6</b></u>	<u>(18.1)</u>	<u>(119.9%)</u>
<b>Loss before income tax</b>	<b>(287.1)</b>	(327.8)	(12.4%)
Income tax (expense)/credit	<u><b>(0.1)</b></u>	<u>12.2</u>	<u>(100.8%)</u>
<b>Loss for the year</b>	<u><b>(287.2)</b></u>	<u>(315.6)</u>	<u>(9.0%)</u>
<b>Non-IFRS measure:</b>			
Adjusted net loss <sup>(1)</sup>	<u><b>(270.0)</b></u>	<u>(282.9)</u>	<u>(4.6%)</u>

*Note:*

- (1) We define adjusted net loss as loss for the year adjusted by adding back share-based compensation expenses. We eliminate the impact of the item that our management does not consider it to be indicative of our operating performance as it is non-cash in nature.

## CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2024.

### Whole-Year Review and Outlook

Archosaur Games is a leading mobile gaming company in China with more than twenty years of research and development experience. We hold the vision of being a top-class gaming company in the world, serving global game players by continuously creating industry-leading games of various genres with excellent online entertainment experience. As at 31 December 2024, we have launched 23 mobile games with multiple regional versions available in more than 170 regional markets in 14 languages. Our product matrix includes MMORPG, SLG, female-oriented, strategy card and other genres.

In 2024, Archosaur Games had never forgotten its original intention in pursuing long-term goals. In the ever-changing market, the Company continued to polish its products with the artisan spirit of perfectionism and advanced various businesses in a solid manner, demonstrating outstanding resilience and innovation, thus winning wide market recognition with high-quality products. Guided by a determined attitude and enterprising spirit, the Company’s self-developed and self-published project, Dragon Raja: Cassell Gate (龍族: 卡塞爾之門), has achieved outstanding results in the brand-new card game genre, becoming another self-published product of Archosaur Games with gross billings of more than RMB100 million generated in the first month of launch. We firmly believe that continuously delivering high-quality products to the market through embracing cutting-edge technology and capitalizing on strong R&D capability lays the foundation for the Company’s long-term development. With passion for games and respect for players, Archosaur Games is expected to bring more surprises and sensations to global users in the new year.

### Implementing the Strategy of Quality Products and Development of Product Genres

Upholding the core spirit of “polishing products with sincerity and paving the way on innovation”, Archosaur Games is committed to creating a product system with the value of long-term operation. Created for global players, Life Makeover (以閃亮之名), an ultra-free fashionable female-oriented mobile game developed by the Company’s new generation of female production and planning team, is a concrete demonstration of our implementation of the strategy of quality products. After its launch, the game has been continuously updated with quality iterations. In 2024, the Company continued to explore the game creativity with multiple versions such as “Fox Reverie” (夢狐繪卷), “Puppet Chapter” (傀儡之章), “Mermaid’s Song” (人魚幻歌) and “Cosmos Radiance” (永曜蒼穹). At the same time, adhering to upgrading and optimizing user communication and maintenance has allowed Life Makeover (以閃亮之名) to maintain considerable revenue and an exceptionally high user retention rate, becoming a masterpiece in the high-quality and female-oriented product genres in which the Company has operated for a long time. We creatively transform and innovatively develop Chinese traditional culture. Life Makeover (以閃亮之名), digging deep into the essence of traditional Chinese arts, blends intangible cultural heritage with modern technology so as to perfectly present the singing, reciting, acting and martial arts of Peking opera, the string tricks of

puppet show, the pure white glaze of Dehua porcelain, the dazzling colours of Kirgiz embroidery and others in the game. Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) is also tied with Jintan paper carving, a national intangible cultural heritage, with the romantic Chinese legends on paper being integrated into the game. A number of our launched products such as Dragon Raja (龍族幻想) and Fantasy Zhuxian (夢幻誅仙) have maintained excellent long-term operating results. Our meticulous attention to product quality and our long-term operation of product planning will showcase to global players the sincerity and perseverance of Archosaur Games in implementing the strategy of high-quality products.

Sublimating the sense of innovation into corporate instinct, Archosaur Games continuously expands its business territory with innovation as the sail. Dragon Raja: Cassell Gate (龍族: 卡塞爾之門), which was launched in September 2024, topped the Top Free Games Chart of the iOS App Store on the first day of launch and continued to top the chart for a week. It entered top 10 of the Bestseller Games Chart for several consecutive days, becoming a successful product of the Company in the exploration of the card game genre. The launch and iteration of multiple genres and products have reflected the strong game development and publishing capabilities of Archosaur Games. The abundant product reserves have also highlighted our pursuit for and belief in broadening product genres and constantly rolling out new products as well as implementing the high-quality game product matrix in multiple fields. While maintaining our existing advantages, we have gradually defined the direction of development in the current market environment – focusing our R&D strength on the sub-segments with competitive advantages to create benchmark products in such segments. We will also continue to actively make attempts in combining genre characteristics of the games themselves, so that products with multi-platform development potential will be developed and operated on multiple platforms simultaneously. We firmly believe that horizontal expansion of product genres coupled with vertical integration of multi-platform operations will inevitably produce a geometric effect and will turn into a continuous driving force for promoting the long-term development of Archosaur Games.

### **Keeping Pace with Cutting-Edge Technology and Driving the Company Forward with Innovative Technology**

In the wave of rapid technological development, we advocate leveraging technological innovation as the engine to drive the Company forward. As a pioneer in the gaming field, we were one of the first companies to introduce the world's leading Unreal Engine technology into the development of mobile games, constantly breaking through technological boundaries and exploring unknown possibilities. We research and explore Large Language Model (LLM) continuously, and promptly initiated the integration and localized deployment of DeepSeek in the games. At the same time, based on the actual needs of the Company's products, our technical team is independently developing a model architecture that can embed highly intelligent NPCs (non-player characters) in the games, so as to realize the upgrade of intelligent technology and the improvement of player experience on the basis of cost control. In addition, we are also actively promoting the frontier attempt of integrative creation of AIGC (Artificial Intelligence Generated Content) with UGC (User Generated Content), striving to make it easier for players to express their creativity in the games. It has been such persistent pursuit of technology and innovative practices that keeps us at the forefront of the industry.

Innovation is the core driving force for the sustainable development of Archosaur Games, and technology is an important pillar for us to continuously improve our competitiveness. We firmly believe that only by keeping pace with cutting-edge technology and strengthening in-depth integration of technology with products can we forge ahead in the rapid development of the game industry and lead the industry trend. In the era of AI (Artificial Intelligence), with a deep

understanding of the value of digitalization, we are devoted to studying combat-related AI behaviours and AI interactions of intelligent NPCs. We are trying to use different technologies in different products to achieve intelligent NPC embedding with high interaction and high emotional connection, which provides players with a richer and more immersive interactive game experience. Through the clever use of new technologies and tools in game development, we make the game world more vibrant.

## **A Global Development Layout Integrating R&D and Operation and Co-Creation of Value Led by Social Responsibility**

R&D and operation integration as well as globalization are the strategic guidelines that Archosaur Games adheres to. In our product matrix, a number of self-developed and self-published products such as Life Makeover (以閃亮之名) and Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) have been successfully launched in Chinese mainland and many other regions, demonstrating our strong R&D capabilities and sophisticated operation strategies. In our globalized layout, we have shifted from simply “going out” to a deeper level of “going in” and “going up”. In each region where our products will be released, we dig deep into the local market characteristics and incorporate the differences among regions into our game development and operation in all respects, so as to discover unique playing methods that suit the local market, thus achieving a higher level of game quality and service.

As a responsible and people-oriented company in the industry, Archosaur Games actively assumes its social responsibility and has achieved remarkable performance in cultural innovation, industry-education integration and other aspects. We are determined to carry out social welfare work and have successfully conducted activities such as the “Honghu Dream Charity Project” (鴻鵠築夢公益計劃) and the “Dragon Walk for the Community” (龍行公益). In mid-2024, we visited the Honghe Hani and Yi Autonomous Prefecture in Yunnan Province and donated supplies to mountainous areas there. Knowing that the Honghe region is densely covered with forests and terraced fields, which makes it difficult for children to go to and from school and walk at night, the charity team of Archosaur Games specially made an additional donation of some street lamps in this activity, hoping that the lamps will help illuminate the way to school for kids in mountainous areas. In 2024, the Company won the “ESG Pioneer Award (ESG 先鋒獎)” at the “Fifth Cailian Press Corporate ESG Forum” organized by Cailian Press and All-China Environment Federation.

## **Prospects**

Archosaur Games has been adhering to the original intention of providing high-quality content to players since its founding, and is committed to continuously launching phenomenal quality games with unremitting enthusiasm and unswerving dedication. Facing a market environment full of volatility and uncertainty, we will further return to the essence and original intention of making games on the basis of maintaining our technical and artistic advantages. We will be fully committed to gameplay design and game innovation with a realistic attitude, so as to organically combine innovation and fun. We will also continue to optimize efficiency to produce cost-effective products. Looking forward into 2025, we will leverage the power of the rapid development of AI technology, drive innovation with intelligence, and actively promote self-developed model architectures and intelligent NPCs and other application forms, so as to take the lead in the wave of digital transformation. In terms of products, the ingenuity of the Company’s long-term operation, Life Makeover (以閃亮之名), continues to explode, bringing more surprises to the market; the

strategy card game Dragon Raja: Cassell Gate (龍族:卡塞爾之門) is expected to be launched in more countries and regions around the world after its launch in Chinese mainland in 2024 with outstanding results; two works brimming with the aesthetics of traditional Chinese style, Immortal Skywalker (踏風行) and Project Code: Free and Unfettered (項目代號: 逍遙) are to be released, and more blockbuster are worth looking forward to. Archosaur Games has always been at the forefront of the gaming industry in terms of technological exploration. As China's leading game developer and operator, we will continue to adhere to the core strategy of quality, multi-genre, R&D and operation integration, and globalization, and continuously develop industry-leading quality games of various genres. In the field of culture and entertainment, we will continue with our exploration and thinking aiming at gaining a deeper understanding of the market as well as user positioning, player preferences, promotion strategies, etc. We will adopt a practical attitude and set out bravely to create excellent online entertainment experiences for players worldwide.

## **Appreciation**

The Board would like to take this opportunity to express our heartfelt gratitude to all the management and employees for their dedicated efforts in 2024. We would also like to express our gratitude to investors and people from all sectors for their long-term trust and support. We will continue to focus on improving the Company's intrinsic value and the efficiency of the resources utilization, thereby creating value steadily and efficiently for users, investors and the overall gaming industry.

**Li Qing**

*Chairman of the Board*

Archosaur Games Inc.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Our mission is to be a top-class gaming company in the world, serving global game players by continuously creating industry-leading games of various genres with excellent online entertainment experience.

We are a pioneer in China's mobile game industry focusing on developing high-quality mobile MMORPGs, SLGs, female-oriented, strategy card games and other genres, and our strength in research and development has been proven over and over again. We continue to provide superior game content to players and have won excellent market reputation.

We always adhere to the spiritual core of refining products with sincerity and opening up the road with innovation, actively practice the strategy of high-quality products, and make every effort to explore product tracks. Our carefully crafted 3A life simulation game, Life Makeover (以閃亮之名), continues to be updated with high quality, digging deep into the essence of Chinese traditional art and integrating traditional intangible cultural heritage and modern technology, thus becoming the Company's excellent product in long-term operation and the masterpiece of female-oriented genre. Dragon Raja: Cassell Gate (龍族: 卡塞爾之門), which was launched in September 2024, has also achieved remarkable results, highlighting the Company's achievements of the card game genre. At the same time, Archosaur Games keeps up with cutting-edge technology and takes the lead in introducing Unreal Engine technology to deeply explore the application of AI in game development and enhance the dynamic vitality of games. In terms of the integration of R&D and operation in global development, we have shifted from the traditional "going out" to a deeper level of "going in", and refined unique ways of playing according to different markets. In addition, the Company actively fulfills its social responsibilities and carries out a number of public welfare activities, showing its responsibility and commitment in the industry.

#### *Our Existing Games*

As at the date of this Results Announcement, we had launched 23 mobile games with multiple regional versions in 14 languages available in more than 170 regional markets. The cumulative number of global registered players of the launched game had surpassed 200 million, the aggregated global gross billings exceeded RMB22 billion, among which (i) the global cumulative gross billings generated by 2 mobile games had exceeded RMB4 billion; (ii) the global cumulative gross billings generated by a mobile game had been between RMB3 billion to RMB4 billion; (iii) the global cumulative gross billings generated by 4 mobile games had been between RMB1 billion to RMB3 billion; and (iv) the gross billings generated by 9 mobile games had exceeded RMB100 million in the first month after they were launched in Chinese mainland.

Life Makeover (以閃亮之名) is an ultra-free fashionable female-oriented game which was developed by new generation of female production and planning team of the Company. Since its launch, the game has ranked among top 10 of the Bestsellers Games Chart for iOS in Chinese mainland more than ten times with strong strength, and its monthly profit in January 2025 was the highest ever for the game. With the kick-off of the two-year anniversary celebration, the game not only jumped to the eighth on the Bestsellers Games Chart for iOS on 4 March 2025, but also ranked second on the Bestsellers Chart for iPad with its high-quality and accurate large-screen effects, and the gross billings of the same day climbed to its highest level since the first anniversary. Looking back on 2024, the game continued the high-quality updates, carrying out joint events with China Post, Shanghai Haichang Ocean Park, Desert Post Office and others. It also integrated the customized content of Chinese intangible cultural heritage such as Sichuan embroidery (蜀繡), Quanzhou string puppet show, Dehua white porcelain, Peking Opera, Kirghiz embroidery, Tibetan and Qiang ethnic group embroidery. It showed the unparalleled charm of Chinese traditional art while meeting the personalized needs of players. With the extreme hair movement of a single pet having up to 30 million hair as well as the unique rendering and dyeing process, the pet system superimposed with a variety of pet interaction, which has gained the attention of a wide range of players once launched. In the future, the game will also unlock more gameplay such as the great map and simulation of operation, bringing players a richer and more diverse game experience. The official Weibo account of Life Makeover (以閃亮之名) has accumulated more than 17 million retweets, comments and likes, and the TapTap platform has a consistently high rating of 8.9 points. As at 31 December 2024, the cumulative number of global registered players of Life Makeover (以閃亮之名) exceeded 20 million.

Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) is a strategy card game adapted and developed based on the Dragon Raja (龍族) series of novels and animations and powered by Unreal Engine 4. On 12 September 2024, it was officially launched in Chinese mainland. On the first day of its launch, it topped the Top Free Games Chart of the iOS App Store and has dominated the Chart for a week. It has been in top 10 of the Bestsellers Games Chart for consecutive days, becoming another self-published game of Archosaur Games with the gross billings of more than RMB100 million in the first month, and won the “Strength Game of the Year Award” (年度實力遊戲獎) of the “Next World 2024 Style Award” (Next World 2024 年度風采獎). On 26 November 2024, the game launched the “Autumn Scissors” (憑秋剪意) joint event with Jintan Paper Engraving, showing the players the unique charm of intangible cultural heritage treasures integrated with game elements.

What is particularly noteworthy is that the Company launched the MMORPG mobile game Dragon Raja (龍族幻想) powered by Unreal Engine 4 in July 2019 and the turn-based MMORPG mobile game Fantasy Zhuxian (夢幻誅仙) in November 2016, which have been in operation for more than 5 and 8 years respectively since their launch. In order to continuously improve the user experience, the operation teams have implemented a multi-dimensional operation strategy: on the one hand, we actively carry out crossover with various IPs, covering cultural tourism projects such as Tang Paradise (大唐芙蓉園) and the Laojun Mountain (老君山), as well as film and television works such as The Legend of Shen Li (《與鳳行》) and Dashing Youth (《少年白馬醉春風》); on the other hand, the operation teams have built a three-dimensional user communication system through diversified operational means such as holding regular offline player meetings and carrying out live game interactions. These measures have effectively achieved long-term stable operation of the product and maintained continuous and stable revenue.



For a number of classic games under operation such as Sango Heroes: The Hegemony (三國群英傳: 鴻鵠霸業), Under the Firmament (鴻圖之下), World of Kings (萬王之王 3D), Love & Sword (御劍情緣) and Loong Craft (六龍爭霸), the Company continued to invest and maintain, and built a healthy long-term ecosystem of the games through events such as anniversary celebrations and version updates, with the performance of each game being relatively stable and continuing to contribute to the Group's revenue.

### ***Our Game Pipeline***

To build up a diversified game portfolio across a wide range of genres, 8 game products are expected to be launched globally over the period from 2025 to 2027, covering different genres of games.

As at the date of this Results Announcement, the table below sets out certain information regarding our new games which are expected to be launched for the periods indicated, including title, genre, IP source, development stage, expected launch year and major markets.

Title <sup>(1)</sup>	Genre <sup>(1)</sup>	IP source <sup>(1)</sup>	Development stage as at the date of this Results Announcement <sup>(1)</sup>	Expected launch year <sup>(1)</sup>	Major markets <sup>(1)(2)</sup>
<b><i>2025</i></b>					
Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) <sup>(3)</sup>	Strategy Card Game	Licensed IP	Game Testing	2025	Worldwide (except Chinese mainland)
Immortal Skywalker (踏風行)	Idle RPG	Original IP	Game Testing	2025	Asia
Project Code: Free and Unfettered (逍遙)	MMORPG	Original IP	Game Production	2025	Chinese mainland
<b><i>2026</i></b>					
Project Code: Odin	MMORPG+	Licensed IP	Game Production	2026	Worldwide
Project G	Numerical Card Game	- <sup>(4)</sup>	Game Proposal	2026	Worldwide
Project I	Female-oriented Game	- <sup>(4)</sup>	Game Proposal	2026	Worldwide
<b><i>2027</i></b>					
Project Code: One	Action Shooting Game	Original IP	Game Proposal	2027	Worldwide
Project H	MMORPG	- <sup>(4)</sup>	Game Proposal	2027	Worldwide

#### ***Notes:***

- (1) The game pipeline is for indicative purpose only as at the date of this Results Announcement. The title, genre, IP source, development stage, expected launch year, major markets and other information of each game in the pipeline may be subject to further changes according to their respective development and pre-approval status.
- (2) The major markets refer to target publishing markets. The games will be launched successively in different regions according to their respective publishing plans.
- (3) Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) has been launched in Chinese mainland on 12 September 2024.
- (4) As at the date of this Results Announcement, the IP status of the relevant games was still pending.

The introduction of several new games in our game pipeline is provided as follows:

Immortal Skywalker (踏風行) is a mobile Chinese-style idle RPG game in cultivation themes powered by Unreal Engine 4, and has two turn-based battle modes of both PvP (Player-vs-Player) and GvG (Group-vs-Group), realizing true 3D flight combat. Relying on Chinese-style aesthetic audio-visual system and dynamic battle strike feedback mechanism, the game creates a cultivation battlefield with both strategic depth and immersion. In the development of the game, it continues to expand the boundaries of gameplay, launching innovative modules such as Immortal Alliance Siege (仙盟攻城戰) and Realm Battle (界域爭霸賽), and actively optimizing the content of the version based on players' feedback. The game is planned to be released mainly by the way of self-publishing. It started a new round of paid testing in March 2025. It is expected to be officially launched in Chinese mainland in the first half of 2025.

Project Code: Free and Unfettered (逍遙) is a turn-based MMORPG game. It combines Chinese style and cartoon aesthetics, dedicating to creating an immersive turn-based experience for players. Through its meticulously designed cultivation system and rich worldview, the game leads players into a fantastical world brimming with emotions and adventures. The external test of the game is scheduled to be carried out in 2025.

Project Code: Odin is an open-world MMORPG+ game adapted from the Dragon Raja (龍族) series of novels and powered by Unreal Engine 5. It is our sincere work of using innovative technology to develop the classic IP in depth. Players can freely switch between urban exploration and scenario adventure, and immerse themselves in the Dragon Raja (龍族) worldview. The game is currently under development, and we hope to present the spiritual core of the game in our advantageous MMORPG track, revive the story of the Dragon Raja (龍族), and present the ultimate aesthetic effect and gameplay experience to players around the world.

During the Reporting Period, we recorded revenue of RMB1,141.1 million, representing an increase of 25.6% as compared with RMB908.5 million for the same period in 2023, which was primarily attributable to the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) in Chinese mainland and the sustained performance of Life Makeover (以閃亮之名). In the future, with the expansion of our product genres from MMORPGs, SLGs and female-oriented, strategy cards to idle RPG and other more diversified games, and with a variety of styles and the continuous improvement of our organic model of integrating R&D and operation, the lifecycle of our games is expected to be further extended, which will make a more stable and sustainable contribution to the Group's revenue.

## FINANCIAL REVIEW

### REVENUE

The following table sets forth the breakdown of our revenue by business segment for the years indicated:

	For the year ended 31 December			
	2024		2023	
	(RMB million)	% of total revenue	(RMB million)	% of total revenue
Development and licensing	105.5	9.2%	185.9	20.4%
– Revenue share	101.9	8.9%	146.5	16.1%
– Non-refundable fixed licensing fees	3.6	0.3%	39.4	4.3%
Integrated game publishing and operation	1,035.0	90.7%	709.3	78.1%
Others	0.6	0.1%	13.3	1.5%
<b>Total</b>	<b>1,141.1</b>	<b>100.0%</b>	<b>908.5</b>	<b>100.0%</b>

For the year ended 31 December 2024, our revenue from development and licensing was RMB105.5 million, representing a decrease of 43.2% from RMB185.9 million for the year ended 31 December 2023, and our revenue from integrated game publishing and operation was RMB1,035.0 million, representing an increase of 45.9% from RMB709.3 million for the year ended 31 December 2023.

The following table sets forth the breakdown of our revenue segment by geography for the years indicated:

	For the year ended 31 December			
	2024		2023	
	(RMB million)	% of total revenue	(RMB million)	% of total revenue
Chinese mainland	884.5	77.5%	592.1	65.2%
Areas outside Chinese mainland	256.6	22.5%	316.4	34.8%
<b>Total</b>	<b>1,141.1</b>	<b>100.0%</b>	<b>908.5</b>	<b>100.0%</b>

For the year ended 31 December 2024, our revenue generated from Chinese mainland was RMB884.5 million, representing an increase of 49.4%, from RMB592.1 million for the year ended 31 December 2023, and our revenue generated from areas outside Chinese mainland was RMB256.6 million, representing a decrease of 18.9%, from RMB316.4 million for the year ended 31 December 2023.

The increase in total revenue was mainly attributable to the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) in Chinese mainland and the sustained performance of Life Makeover (以閃亮之名) during the Reporting Period.

## COST OF REVENUE

The following table sets out a breakdown of our cost of revenue by nature in absolute amounts and as percentages of our total cost of revenue for the years indicated:

	For the year ended 31 December			
	2024		2023	
	(RMB million)	% of total cost of revenue	(RMB million)	% of total cost of revenue
Commissions charged by distribution channels and payment channels	239.2	75.9%	175.3	67.9%
Revenue share to the IP holders	28.4	9.0%	15.2	5.9%
Bandwidth and servers custody fee	26.1	8.3%	23.5	9.1%
Allowance for impairment on intangible assets	–	–	22.3	8.6%
Employee benefit expenses	12.4	3.9%	13.0	5.0%
Depreciation and amortization charges	4.0	1.3%	2.2	0.9%
Others	5.0	1.6%	6.6	2.6%
<b>Total</b>	<b>315.1</b>	<b>100.0%</b>	<b>258.1</b>	<b>100.0%</b>

Our cost of revenue primarily consisted of (i) commissions charged by distribution channels and payment channels; (ii) revenue share to the IP holders; and (iii) bandwidth and servers custody fee. Our cost of revenue increased to RMB315.1 million for the year ended 31 December 2024 as compared with RMB258.1 million for the year ended 31 December 2023, which was mainly attributable to the increase in commissions charged by distribution channels and payment channels, as well as revenue sharing payments to IP holders, in relation to the increase in the revenue of the integrated game publishing and operation business.

## GROSS PROFIT AND GROSS PROFIT MARGIN

For the year ended 31 December 2024, the gross profit of the Group increased by 27.0% to RMB826.0 million as compared with RMB650.4 million for the year ended 31 December 2023, which was primarily attributable to the increase in revenue resulting from the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) in Chinese mainland and the sustained performance of Life Makeover (以閃亮之名) during the Reporting Period. The gross profit margin of the Group increased to 72.4% for the year ended 31 December 2024 from 71.6% for the year ended 31 December 2023, remaining largely consistent with the comparable period.

## **RESEARCH AND DEVELOPMENT EXPENSES**

Our research and development expenses primarily consisted of (i) employee benefit expenses; (ii) outsourced technical services; and (iii) depreciation and amortization charges. For the year ended 31 December 2024, our research and development expenses decreased by 8.6% to RMB532.1 million as compared with RMB582.2 million for the year ended 31 December 2023, mainly attributable to better cost control in employee benefit expenses and outsourced technical services.

## **SELLING AND MARKETING EXPENSES**

Our selling and marketing expenses primarily consisted of (i) promotion and advertising expenses; and (ii) employee benefit expenses. For the year ended 31 December 2024, our selling and marketing expenses increased by 105.8% to RMB565.0 million as compared with RMB274.5 million for the year ended 31 December 2023, primarily due to (i) the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) in Chinese mainland during the Reporting Period; and (ii) the increased promotion and advertising expenses for Life Makeover (以閃亮之名) aimed at continuously enhancing player engagement.

## **ADMINISTRATIVE EXPENSES**

Our administrative expenses primarily consisted of (i) employee benefit expenses; and (ii) auditors' remuneration and other professional consulting fees. For the year ended 31 December 2024, our administrative expenses decreased by 4.8% to RMB100.1 million as compared with RMB105.1 million for the year ended 31 December 2023, remaining relatively stable during the comparable period.

## **OTHER INCOME**

For the year ended 31 December 2024, our other income increased by 6.6% to RMB8.1 million as compared with RMB7.6 million for the year ended 31 December 2023, due to the interest income generated from the other financial assets at amortized cost held by the Group during the Reporting Period, which was partially offset by a decrease in government grants.

## **OTHER GAINS/(LOSSES), NET**

Our net other gains/(losses) primarily consisted of (i) gains/(losses) on financial assets at fair value through profit or loss; and (ii) foreign exchange losses. For the year ended 31 December 2024, our net other gains amounted to RMB 22.5 million as compared with net other losses amounted RMB37.9 million for the year ended 31 December 2023, mainly attributable to the gains on financial assets at fair value through profit or loss, which was partially offset by an increase in foreign exchange losses.

## **FINANCE INCOME, NET**

Finance income represented interest income from bank deposits, including bank balance and term deposits. Finance costs primarily consisted of interest expenses accrued from our lease liabilities. For the year ended 31 December 2024, the net finance income increased by 7.2% to RMB50.7 million as compared with RMB47.3 million for the year ended 31 December 2023, remaining relatively stable during the comparable period.

## **INCOME TAX (EXPENSE)/CREDIT**

Our income tax (expense)/credit consisted of current income tax expense and deferred income tax. For the year ended 31 December 2024, our income tax expense was RMB0.1 million, as compared with income tax credit of RMB12.2 million for the year ended 31 December 2023, mainly attributable to the reversal of deferred income tax assets related to unrealized investment losses in prior periods, resulting from the increase in the fair value of financial asset investments during the Reporting Period.

## **ADJUSTED NET LOSS**

The adjusted net loss for the year ended 31 December 2024 amounted to RMB270.0 million as compared with adjusted net loss of RMB282.9 million for the year ended 31 December 2023. Such decrease of loss was primarily attributable to (i) revenue growth driven by the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) in Chinese mainland and the sustained performance of Life Makeover (以閃亮之名), and (ii) gains on financial asset investments during the Reporting Period. However, these positive factors were partially offset by the increased promotional and advertising expenses, which were incurred to the launch of the new games and to enhance player engagement of the existing games.

The Company believes that adjusted net loss for the year ended 31 December 2024, as compared with loss for the year ended 31 December 2024 as reported under the IFRS, can provide additional information to investors and others in understanding and evaluating the Group's consolidated results of operations as well as facilitate year to year comparison. However, the use of these non-IFRS measures has limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following table sets forth the reconciliations of the Group's non-IFRS financial measures for the years ended 31 December 2024 and 2023 to the nearest measures prepared in accordance with IFRS:

	<b>For the year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>
<b>Reconciliation of loss for the year to adjusted net loss for the year:</b>		
<b>Loss for the year</b>	<b>(287.2)</b>	<b>(315.6)</b>
Add back:		
Share-based compensation expenses	<u>17.2</u>	<u>32.7</u>
<b>Adjusted net loss for the year</b>	<b><u>(270.0)</u></b>	<b><u>(282.9)</u></b>

## **LIQUIDITY AND FINANCIAL RESOURCES**

We have historically funded our cash requirements principally from cash generated from operations, and to a lesser extent, equity financing. We adopt a prudent treasury management policy to ensure that our Group maintains a healthy financial position. Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, cash generated from operations and available facilities of the Group, and the net proceeds from the issuance of ordinary shares relating to the initial public offering, and after diligent and careful investigation, the Directors are of the view that the Group has sufficient working capital required for the Group's operations at present.

As at 31 December 2024, the Group has net current assets of RMB1,355.7 million and cash and cash equivalents, term deposits and restricted cash of RMB1,139.2 million, which were mainly denominated in RMB, US\$ and HK\$.

As at 31 December 2024, the Group's total equity attributable to owners of the Company amounted to RMB2,105.3 million, compared with RMB2,333.9 million as at 31 December 2023, representing a decrease of 9.8%. The decrease was mainly attributable to the operating loss for the year ended 31 December 2024.

The following table sets out our cash flows for the years indicated:

	<b>For the year ended 31 December</b>		
	<b>2024</b>	2023	Change
	<b>(RMB</b>	(RMB	%
	<b>million)</b>	million)	
Net cash used in operating activities	<b>(188.0)</b>	(79.5)	136.5%
Net cash generated from/(used in) investing activities	<b>122.5</b>	(589.1)	(120.8)%
Net cash used in financing activities	<b>(60.2)</b>	(19.2)	213.5%
	<hr/>	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(125.7)</b>	(687.8)	(81.7)%
Cash and cash equivalents at the beginning of the year	<b>555.0</b>	1,233.0	(55.0)%
Exchange gains on cash and cash equivalents	<b>4.4</b>	9.8	(55.1)%
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<b><u>433.7</u></b>	<u>555.0</u>	<u>(21.9)%</u>

### **Operating Activities**

For the year ended 31 December 2024, net cash used in operating activities was RMB188.0 million, compared with RMB79.5 million for the year ended 31 December 2023, representing an increase of 136.5%. The increase was mainly attributable to the increase in cash outflows for promotion and advertising expenses, which offset the growth in cash inflows from the gaming business.

### **Investing Activities**

For the year ended 31 December 2024, net cash generated from investing activities was RMB122.5 million, compared with RMB589.1 million used in investing activities for the year ended 31 December 2023, mainly attributable to the redemption of term deposits and wealth management products during the Reporting Period to support the Group's operating activities.

### **Financing Activities**

For the year ended 31 December 2024, net cash used in financing activities was RMB60.2 million, compared with RMB19.2 million for the year ended 31 December 2023, representing an increase of 213.5%. The increase was mainly attributable to the repurchase of shares by the Company during the Reporting Period, as well as advance payments made to stockbrokers for future shares repurchase arrangements.



## GEARING RATIO

As at 31 December 2024, our gearing ratio, which is calculated as total liabilities divided by total assets, was 19.0%, as compared with 14.9% as at 31 December 2023.

## CAPITAL EXPENDITURE

Our capital expenditure comprised expenditures on purchases of intangible assets and purchases of property, plant and equipment. For the years ended 31 December 2024 and 2023, total capital expenditure amounted to RMB20.8 million and RMB4.4 million respectively, representing an increase of 372.7%. The increase was mainly attributable to the payment for intangible assets.

## SIGNIFICANT INVESTMENTS HELD/FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

### Subscription of Wealth Management Products

On 3 July 2024, Archosaur Entertainment Limited, a wholly-owned subsidiary of the Company, subscribed for the wealth management products (i.e. the notes in the principal amount of US\$9.8 million and the bonds in the principal amount of US\$10.1 million) through Morgan Stanley Bank Asia Limited (“**Morgan Stanley Asia**”). As at 31 December 2024, none of such wealth management products had expired.

During the year ended 31 December 2024, the Group held the following significant investments which represent 5% or more of the total assets of the Group as at 31 December 2024 and are measured at amortized cost:

Name of investment	Investment date	Nature of product	Cost (RMB million)	Carrying	Expected annualized yield %	Dividends received (RMB million)	Gains	Percentage to
				amount as at 31 December 2024 (RMB million)			incurred for the year 2024 (RMB million)	the Company's total assets as at 31 December 2024 %
<b>Relevant Financial Products of Morgan Stanley Asia</b>								
STEP-DOWN FIXED RATE CALLABLE NOTES	9 January 2024	Fixed-rate notes	70.4	74.2	1st year: 5.68%, 2nd year: 5.38%, 3rd year: 5.08%, 4th year: 4.78%, 5th year: 4.48%	N/A	3.8	2.9%
US TREASURY NOTE	3 July 2024	US Treasury Note	72.3	72.7	4.43%	N/A	1.5	2.8%
<b>Total</b>			<b>142.7</b>	<b>146.9</b>			<b>5.3</b>	<b>5.7%</b>

*Note:*

- (1) These investments are held for collection of contractual cash flows and the contractual cash flows of these investments qualify for solely payments of principal and interest, hence they are measured at amortized costs.

## ***Description of Relevant Financial Products of Morgan Stanley Asia***

In 2024, the Group subscribed for relevant financial products of Morgan Stanley Asia, including STEP-DOWN FIXED RATE CALLABLE NOTES and US TREASURY NOTE. Among them, the carrying amount of the STEP-DOWN FIXED RATE CALLABLE NOTES, measured at amortized cost was approximately RMB74.2 million as at 31 December 2024. The expected annualized yields of the products are 5.68% in the first year, 5.38% in the second year, 5.08% in the third year, 4.78% in the fourth year and 4.48% in the fifth year. The carrying amount of US TREASURY NOTE was measured at amortized cost approximately RMB72.7 million as at 31 December 2024, with an expected annualized yield of 4.43%. The sources of funds for the investment in the relevant financial products of Morgan Stanley Asia are the Company's internal resources.

## ***Significant Investment Strategy***

The Board believes that reasonable and effective utilization of temporary idle funds will enhance the capital gain of the Company, which accords with the core objectives of the Company to ensure capital safety and liquidity and meets the working capital requirements of the Group's daily operations. Having considered the level of risk involved in the subscriptions of wealth management products and compared different price quotes, the Company is of the view that such subscriptions will deliver relatively stable returns. The subscriptions of wealth management products have been made on the premise that the Group has the working capital requirements for the daily operations. The Group has fully assessed and measured the risks and returns of the subscriptions of wealth management products as well as the future capital requirements, which will not affect the normal operation of the daily working capital and the development of our principal business operations.

For further details, please refer to the announcement of the Company dated 3 July 2024.

Save as disclosed in this Results Announcement, as at 31 December 2024, there was no significant investment held by the Group or future plans for significant investments or capital assets, and none of each individual investment held by the Group constituted 5% or above of the total assets of the Group as at 31 December 2024.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

### **Subscription of the Fund**

On 13 December 2024, Beihai Loong Venture Capital Co., Ltd. (北海祖龍創業投資有限公司) (the "**Subscriber**"), an indirect wholly-owned subsidiary of the Company, Dinghui Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司) (as the General Partner) and the other limited partners entered into the limited partnership agreement (the "**Limited Partnership Agreement**"), pursuant to which the Subscriber has agreed to subscribe for the limited partnership interest in the Tianjin Dinghui Yuanju Equity Investment Partnership (Limited Partnership) (天津鼎暉源聚股權投資合夥企業(有限合夥)) (the "**Fund**") in the amount of RMB50,000,000, which accounts for approximately 6.25% of the total capital contribution to the Fund as at the date of the Limited Partnership Agreement.

For further details, please refer to the announcements of the Company dated 13 December 2024 and 2 January 2025.

Save as disclosed in this Results Announcement, for the year ended 31 December 2024, there was no material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **CHARGE ON ASSETS**

As at 31 December 2024, no property, plant and equipment was pledged.

## **CONTINGENT LIABILITIES**

As at 31 December 2024, we did not have any unrecorded significant contingent liabilities against us.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2024, we employed 1,083 full-time staff in total, approximately 77.65% of whom are research and development personnel. Substantially all of our employees are based in China, primarily at our headquarters in Beijing, with the remainder in Chengdu, Changchun, Shanghai and Hainan. For the year ended 31 December 2024, cost of employees' remuneration and benefit was approximately RMB551.2 million as compared with RMB589.8 million for the year ended 31 December 2023.

We are committed to establishing a competitive and fair remuneration and benefits environment for our employees. To effectively motivate our business development team through remuneration incentives and ensure that our employees receive competitive remuneration packages, we continually refine our remuneration and incentive policies through market research and comparisons with our competitors. We conduct monthly performance evaluations to provide employee performance feedback, and report conduct quarterly selections to affirm and encourage outstanding employees. Remuneration for our employees typically consists of a base salary and performance-based and year-end bonuses. To incentivize our Directors, senior management and employees of the Group for their contribution to the Group, the Company adopted the Pre-IPO RSU Scheme, the RSU Scheme and the Share Option Scheme.

As required by PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing provident fund, pension insurance, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance.

We provide regular and specialized training tailored to the needs of our employees in different departments. We regularly organize training sessions conducted by senior employees or external consultants, covering various aspects of our business operations, including overall management, legislations and statutory regulations, project execution and technical know-how. We constantly review the content of training and follow up with employees to evaluate the effect of such training. Through the training, we help our employees to stay up to date with both industry development, skills and technologies. We also organize workshops, from time to time, to discuss specific topics.

## FOREIGN CURRENCY EXCHANGE RISKS

For the year ended 31 December 2024, most of transactions of the Group and our cash and cash equivalents were denominated in RMB, US\$ and HK\$. The management team closely monitors foreign currency exchange risks to ensure that appropriate measures are implemented in a timely and effective manner. For the year ended 31 December 2024, the Group has not incurred any significant foreign currency exchange losses in its operations. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

## USE OF NET PROCEEDS FROM GLOBAL OFFERING

On 15 July 2020, the Company successfully completed its initial public offering of 187,400,000 Shares at HK\$11.60 per Share, and its Shares were listed on the Main Board of the Stock Exchange. On 11 August 2020, the over-allotment option described in the Prospectus was fully exercised by the Sole Global Coordinator on behalf of the International Underwriters as defined in the Prospectus in respect of an aggregate of 28,110,000 offer shares (the “**Over-allotment Shares**”). The Over-allotment Shares have been allotted and issued by the Company at HK\$11.60 per Share. The net proceeds raised from the Global Offering (after taking account of the exercise of over-allotment option), after deduction of the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the Global Offering, were approximately HK\$2,358.5 million.

The table below sets forth the proposed and actual applications of the net proceeds from the Listing Date to 31 December 2024:

Use of net proceeds	Percentage	Net proceeds from the Global Offering (HK\$ million)	The amount utilized during the year ended 31 December 2024	As at 31 December 2024		Expected timeline for utilizing the remaining net proceeds <sup>(1)</sup>
			(HK\$ million)	Utilized amount (HK\$ million)	Unutilized amount (HK\$ million)	
Enhancing the development capabilities and technology and expanding our game portfolio	40%	943.5	–	943.5	–	–
Expanding game publishing and operation business, particularly in markets outside of Chinese mainland	20%	471.7	–	471.7	–	–
Funding strategic acquisition of and investment in upstream and downstream businesses along the industry value chain and investment in investment funds focusing on pan-entertainment or technology, media and telecom	20%	471.7	31.4	225.6	246.1	2025.01-2026.12
Expanding the IP reserve and enriching our content offerings	10%	235.8	21.5	235.8	–	–
Working capital and general corporate uses	10%	235.8	–	235.8	–	–
<b>Total</b>	<b>100%</b>	<b>2,358.5</b>	<b>52.9</b>	<b>2,112.4</b>	<b>246.1</b>	

*Note:*

- (1) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to changes based on the current and future development of the market conditions.

Since the Listing Date and up to 31 December 2024, approximately HK\$2,112.4 million out of net proceeds from the Global Offering had been used.

As disclosed in the 2024 interim report of the Company, the previous expected timeline of utilizing the remaining net proceeds in respect of funding strategic acquisition of and investment in upstream and downstream businesses along the industry value chain and investment in investment funds focusing on pan-entertainment or technology, media and telecom was July 2025. The further delay in the use of such net proceeds was mainly attributable to additional time required for and the more cautious approach taken by the Group to look for suitable acquisition and investment targets due to the unstable and uncertain external factors. As at 31 December 2024, the net proceeds in respect of expanding the IP reserve and enriching our content offerings had been completely used.

Apart from the above-mentioned adjustments, as at the date of this Results Announcement, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

To the extent that net proceeds are not immediately used for the intended use, the Company currently intends to place such proceeds in short-term interest bearing instruments, such as liquid fixed income securities, short-term bank deposits, short-term and low risk wealth management products or money market instruments with licensed commercial banks or other authorized financial institutions so long as it is deemed to be in the best interests of the Company.

## **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

As at the date of this Results Announcement, the Group did not have any important events after the Reporting Period.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in Part 2 of the Corporate Governance Code during the Reporting Period, except for the code provision as set out below.

Under code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Qing is currently the chairman and chief executive officer of the Company. In view of his substantial contribution to the Group since its establishment and his extensive experience in the game industry, the Board considers that vesting the roles of chairman and chief executive officer in the same individual provides the Group with strong and consistent leadership in the development and execution of long term business strategies and does not impair the balance of power and authority between the Board and the management of the Company. The Board currently comprises two executive Directors (including Mr. Li Qing), two non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board will continue to review the effectiveness of the corporate governance structure in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code during the year ended 31 December 2024.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code. As at the date of this Results Announcement, the Audit Committee consists of three independent non-executive Directors, namely Mr. Zhu Lin, Ms. Wang Jing and Mr. Ding Zhiping. Mr. Zhu Lin is the chairman of the Audit Committee. The Audit Committee together with the Auditor, has reviewed the consolidated financial information of the Group for the year ended 31 December 2024 and this Results Announcement. The Audit Committee has no disagreement with the accounting treatment in the financial statements and this Results Announcement, and discussed auditing, risk management, internal control and financial reporting matters.

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

During the year ended 31 December 2024, the Board considered the repurchases of Shares could enhance the net value of the Group and improve the return on equity and will benefit the Company and the Shareholders as a whole, thus the Company repurchased a total of 6,563,000 Shares on the Stock Exchange at a total consideration of HK\$8,935,950, of which 2,192,000 repurchased Shares were yet to be cancelled as at 31 December 2024.

Details of the aforementioned repurchases are set out as follows:

<b>Month of repurchase</b>	<b>Total number of Shares repurchased</b>	<b>Highest price paid per Share (HK\$)</b>	<b>Lowest price paid per Share (HK\$)</b>	<b>Total purchase price paid (HK\$)</b>
January 2024	2,961,000	1.36	1.15	3,686,790
February 2024	1,410,000	1.48	1.23	1,847,870
August 2024	802,000	1.52	1.25	1,098,970
September 2024	524,000	1.61	1.43	790,890
October 2024	866,000	1.84	1.66	1,511,430
<b>Total</b>	<b><u>6,563,000</u></b>			<b><u>8,935,950</u></b>

Save as disclosed above, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. As at 31 December 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

#### **FINAL DIVIDENDS**

The Board has resolved not to recommend payment of any final dividend for the year ended 31 December 2024.

#### **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the annual general meeting to be held on Friday, 13 June 2025 (the "AGM"), the register of members of the Company will be closed from Tuesday, 10 June 2025 to Friday, 13 June 2025 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the AGM, all share certificates with completed transfer forms must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 9 June 2025 for registration of share transfer.

## **AUDITOR’S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT**

The figures in respect of the Group’s consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of comprehensive income, condensed consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2024 as set out in this Results Announcement have been agreed by the Company’s Auditor to the amounts set out in the Group’s audited consolidated financial statements for the year. The Company’s Auditor made no comments as to the reasonableness or appropriateness of those assumptions of the “Adjusted net loss” as presented in this Results Announcement. The work performed by the Company’s Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s Auditor on this Results Announcement.

## **PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE**

This Results Announcement is published on the websites of the Company ([www.zulong.com](http://www.zulong.com)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for the year ended 31 December 2024 will be sent to the Shareholders, if required, and published on the above websites in due course.



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	Year ended 31 December	
		2024 RMB'000	2023 RMB'000
<b>Revenue</b>	3	<b>1,141,079</b>	908,489
Cost of revenue	5	<u>(315,075)</u>	<u>(258,082)</u>
<b>Gross profit</b>		<b>826,004</b>	650,407
Research and development expenses	5	(532,074)	(582,208)
Selling and marketing expenses	5	(564,980)	(274,490)
Administrative expenses	5	(100,139)	(105,101)
Net impairment losses on financial assets	5	(830)	(15,273)
Other income		8,150	7,552
Other gains/(losses), net	4	<u>22,473</u>	<u>(37,916)</u>
<b>Operating loss</b>		<b>(341,396)</b>	(357,029)
Finance income	6	53,137	51,561
Finance costs	6	<u>(2,446)</u>	<u>(4,271)</u>
Finance income, net	6	50,691	47,290
Share of results of investments accounted for using the equity method		<u>3,616</u>	<u>(18,105)</u>
<b>Loss before income tax</b>		<b>(287,089)</b>	(327,844)
Income tax (expense)/credit	7	<u>(157)</u>	<u>12,283</u>
<b>Loss for the year</b>		<b>(287,246)</b>	(315,561)
<b>Loss attributable to:</b>			
– Owners of the Company		(287,246)	(315,561)
– Non-controlling interests		<u>–</u>	<u>–</u>
		<b>(287,246)</b>	(315,561)
<b>Loss per share attributable to owners of the Company for the year (in RMB/share)</b>	8		
– Basic		(0.37)	(0.40)
– Diluted		<u>(0.37)</u>	<u>(0.40)</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss for the year</b>	<u>(287,246)</u>	<u>(315,561)</u>
<b>Other comprehensive income, net of tax:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>8,139</u>	<u>7,301</u>
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	<u>41,454</u>	<u>22,554</u>
<b>Total comprehensive loss for the year</b>	<u><b>(237,653)</b></u>	<u><b>(285,706)</b></u>
<b>Attributable to:</b>		
– Owners of the Company	<u>(237,653)</u>	<u>(285,706)</u>
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u><b>(237,653)</b></u>	<u><b>(285,706)</b></u>

**CONSOLIDATED BALANCE SHEET**  
*AS AT 31 DECEMBER 2024*

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2024</b>	2023
		<b>RMB'000</b>	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>9,404</b>	17,904
Right-of-use assets		<b>18,361</b>	42,703
Intangible assets		<b>102,590</b>	111,500
Investments accounted for using the equity method		<b>64,598</b>	60,982
Prepayments, other receivables and other assets		<b>14,651</b>	14,136
Term deposits		<b>170,885</b>	115,616
Financial assets at fair value through profit or loss		<b>235,317</b>	150,146
Other financial assets at amortized cost		<b>142,705</b>	–
Deferred tax assets		<b>17,770</b>	13,780
		<hr/> <b>776,281</b> <hr/>	<hr/> 526,767 <hr/>
<b>Current assets</b>			
Trade receivables	<i>10</i>	<b>120,023</b>	110,081
Prepayments, other receivables and other assets		<b>119,389</b>	99,967
Financial assets at fair value through profit or loss		<b>443,508</b>	790,271
Term deposits		<b>705,470</b>	635,105
Restricted cash		–	26,399
Cash and cash equivalents		<b>433,689</b>	555,033
		<hr/> <b>1,822,079</b> <hr/>	<hr/> 2,216,856 <hr/>
<b>Total assets</b>		<hr/> <b>2,598,360</b> <hr/> <hr/>	<hr/> 2,743,623 <hr/> <hr/>

**CONSOLIDATED BALANCE SHEET**  
*AS AT 31 DECEMBER 2024 (CONTINUED)*

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2024</b>	<b>2023</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>11</i>	55	55
Share premium	<i>11</i>	6,980,625	6,964,953
Other reserves		(1,588,338)	(1,631,263)
Accumulated losses		(3,287,058)	(2,999,812)
		<u>2,105,284</u>	<u>2,333,933</u>
<b>Non-controlling interests</b>		<u>—</u>	<u>—</u>
<b>Total equity</b>		<u><u>2,105,284</u></u>	<u><u>2,333,933</u></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Contract liabilities		23,697	9,915
Lease liabilities		—	15,002
Deferred income tax liabilities		3,021	1,233
		<u>26,718</u>	<u>26,150</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	192,883	154,320
Contract liabilities		251,721	194,187
Current income tax liabilities		6,205	5,740
Lease liabilities		15,549	29,293
		<u>466,358</u>	<u>383,540</u>
<b>Total liabilities</b>		<u><u>493,076</u></u>	<u><u>409,690</u></u>
<b>Total equity and liabilities</b>		<u><u>2,598,360</u></u>	<u><u>2,743,623</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2024</b>	<b>2023</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Net cash used in operating activities</b>		<u><b>(188,009)</b></u>	<u><b>(79,537)</b></u>
<b>Net cash generated from/(used in) investing activities</b>		<u><b>122,463</b></u>	<u><b>(589,097)</b></u>
<b>Net cash used in financing activities</b>		<u><b>(60,202)</b></u>	<u><b>(19,159)</b></u>
<b>Net decrease in cash and cash equivalents</b>		<u><b>(125,748)</b></u>	<u><b>(687,793)</b></u>
Cash and cash equivalents at the beginning of the year		<b>555,033</b>	1,232,999
Exchange gains on cash and cash equivalents		<u><b>4,404</b></u>	<u><b>9,827</b></u>
<b>Cash and cash equivalents at the end of the year</b>		<u><u><b>433,689</b></u></u>	<u><u><b>555,033</b></u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Archosaur Games Inc. (the “**Company**”) was incorporated in the Cayman Islands on 2 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the development and operating of mobile games in the People’s Republic of China (the “**PRC**”) and other countries and regions (the “**Group’s Business**”).

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 15 July 2020 (“**Listing**”, “**IPO**”).

The consolidated financial statements for the year ended 31 December 2024 are presented in Renminbi and all values are rounded to the nearest thousand (RMB’000) unless otherwise indicated. The consolidated financial statements for the year ended 31 December 2024 have been approved on 21 March 2025.

## 2 BASIS OF PREPARATION

### (a) Compliance with IFRS Accounting Standards

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance (Cap.622). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

**(b) New and amended standards adopted by the Group**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024:

<b>Standards and amendments</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 on Non-current Liabilities with Covenants	1 January 2024
Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to IAS 7 and IFRS 7 – Supplier finance Arrangements	1 January 2024

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

**(c) New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting period and on foreseeable future transactions.

<b>Standards and amendments</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 21 on Lack of Exchangeability	1 January 2025
Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	To be determined

**3 SEGMENT INFORMATION AND REVENUE**

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker. As a result of this evaluation, the directors of the Company consider that the Group's operations are operated and managed as a single segment and no segment information is presented, accordingly.

As at 31 December 2024 and 2023, substantially all of the non-current assets of the Group are located in the PRC.

Revenue for the years ended 31 December 2024 and 2023 are as follows: the Group considered itself as an agent in arrangements of “development and licensing business”, and recorded revenue on a net basis; whereas, the Group considered itself as a principal in arrangements of “integrated game publishing and operation business”, and recorded revenue on a gross basis.

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Online game revenue		
– Development and licensing		
<i>Revenue share</i>	<b>101,879</b>	146,470
<i>Non-refundable fixed licensing fees</i>	<b>3,617</b>	39,426
– Integrated game publishing and operation	<b>1,034,972</b>	709,300
– Others	<b>611</b>	13,293
	<b><u>1,141,079</u></b>	<b><u>908,489</u></b>
Timing of revenue recognition		
– At a point in time	<b>101,879</b>	173,520
– Over time	<b>1,039,200</b>	734,969
	<b><u>1,141,079</u></b>	<b><u>908,489</u></b>

Revenues of approximately RMB105,027,000 and RMB185,706,000 for the years ended 31 December 2024 and 2023 respectively were derived from five largest single external customers.

During the year ended 31 December 2024, the revenue from the group’s largest customer amounted to approximately RMB81,769,000 (2023: RMB145,144,000), representing 7.2% (2023: 16.0%) of the total revenue.

The amount of its revenue from external customers broken down by location of the customers is shown in the table below.

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Revenue segment by geography</b>		
Chinese mainland	<b>884,536</b>	592,142
Areas outside Chinese mainland	<b>256,543</b>	316,347
	<b><u>1,141,079</u></b>	<b><u>908,489</u></b>



The Group has recognized the following assets and liabilities related to contracts with customers:

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Contract costs</b>		
<b>Current</b>		
Costs to fulfil contracts for online game revenue	<u>54,377</u>	<u>45,225</u>
<b>Contract liabilities</b>		
<b>Current</b>		
Unamortized revenue from sales of in-game virtual items	233,201	176,869
Revenue share received in advance	5,093	4,577
Unamortized balance of the non-refundable fixed licensing fees	<u>13,427</u>	<u>12,741</u>
	<u>251,721</u>	<u>194,187</u>
<b>Non-Current</b>		
Unamortized balance of the non-refundable fixed licensing fees	<u>23,697</u>	<u>9,915</u>
	<u><b>275,418</b></u>	<u><b>204,102</b></u>

Contract costs are mainly related to contract fulfilment costs, which primarily consist of unamortized commissions charged by the distribution channels. They are capitalized as contract fulfilment costs and amortized over their respective playing period of paying players (“**Player Relationship Periods**”), which is consistent with the pattern of recognition of the associated revenue.

Contract liabilities primarily represented the unamortized revenue from sales of in-game virtual items in the Group’s online game services, the non-refundable fixed licensing fees and revenue share received in advance from customers, which the Group continued to have obligations as at the reporting date.

#### 4 OTHER GAINS/(LOSSES), NET

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Gains/(losses) on financial assets at fair value through profit or loss	<b>46,638</b>	(30,049)
Foreign exchange losses, net	<b>(27,329)</b>	(6,088)
Others	<b>3,164</b>	(1,779)
	<b>22,473</b>	<b>(37,916)</b>

#### 5 EXPENSES BY NATURE

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	<b>551,220</b>	589,812
Promotion and advertising expenses	<b>500,666</b>	208,791
Commissions charged by distribution channels and payment channels	<b>239,213</b>	175,288
Outsourced technical services	<b>70,764</b>	74,729
Depreciation and amortization charges	<b>51,088</b>	58,843
Revenue share to the IP holders	<b>28,471</b>	15,221
Bandwidth and servers custody fee	<b>26,055</b>	23,537
Utilities and office expenses	<b>21,359</b>	22,885
Other professional consulting fees	<b>6,517</b>	7,737
Travelling expenses	<b>4,492</b>	4,852
Auditors' remuneration	<b>3,350</b>	3,800
– Audit services	<b>3,300</b>	3,800
– Non-audit services	<b>50</b>	–
VAT input transfer out and tax surcharges	<b>4,494</b>	5,854
Net impairment losses on financial assets	<b>830</b>	15,273
Allowance for impairment on intangible assets	<b>–</b>	22,304
Others	<b>4,579</b>	6,228
	<b>1,513,098</b>	<b>1,235,154</b>

## 6 FINANCE INCOME, NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
<b>Finance income</b>		
Interest income	<u>53,137</u>	<u>51,561</u>
<b>Finance costs</b>		
Interest expenses on lease liabilities	(1,545)	(3,394)
Interest expense on bank borrowings	–	(334)
Others	<u>(901)</u>	<u>(543)</u>
	<u>(2,446)</u>	<u>(4,271)</u>
<b>Finance income, net</b>	<u><u>50,691</u></u>	<u><u>47,290</u></u>

## 7 INCOME TAX EXPENSE/(CREDIT)

The income tax expense/(credit) of the Group for the years ended 31 December 2024 and 2023 is analyzed as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax expense	2,359	1,097
Deferred income tax	<u>(2,202)</u>	<u>(13,380)</u>
	<u><u>157</u></u>	<u><u>(12,283)</u></u>

### (a) Cayman Islands and BVI Income Tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Group entities established under the International Business Companies Acts of BVI are exempted from BVI income taxes.

### (b) Hong Kong Income Tax

The entity incorporated in Hong Kong is subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits in the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million for the years ended 31 December 2024 and 2023, based on the existing legislation, interpretations and practices in respect thereof.

(c) **Enterprise Income Tax (“EIT”)**

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

Tianjin Loong Technology Co., Ltd. (“**Tianjin Loong**”) is qualified as a “High and New Technology Enterprise” (“**HNTE**”) under the EIT law in 2017. In November 2023, Tianjin Loong renewed its qualification. Tianjin Loong is entitled to a preferential income tax rate of 15% on its assessable profits for three-year periods from November 2023 to November 2026.

Huai’an Loong Technology Co., Ltd. (“**Huai’an Loong**”) is qualified as a HNTE for a three-year period since 2018 and renewed its qualification in November 2021 for another three-year period. Huai’an Loong is entitled to a preferential income tax rate of 15% on its assessable profits for a three-year period from November 2021 to November 2024. In December 2024, Huai’an Loong no longer applies for the HNTE, and the applicable corporate income tax rate has therefore been set at 25%.

Shanghai Zu Yun Technology Co., Ltd. is qualified as small and micro enterprise in 2024. According to the Announcement of the Ministry of Finance and the Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (Cai Shui [2023] No. 12), the assessable profits shall be calculated at a reduced rate of 25%, and the enterprise income tax shall be paid at a tax rate of 20%.

Beijing Fantasy Mermaid Technology Limited (“**Beijing Fantasy Mermaid**”) is qualified as a HNTE for a three-year period since 2019 and renewed its qualification in December 2022 for another three-year period. Beijing Fantasy Mermaid is entitled to a preferential income tax rate of 15% on its assessable profits for a three-year period from December 2022 to December 2025.

Chengdu Fantasy Mermaid Technology Limited, Beihai Loong Venture Capital Co., Ltd. and Beihai Longhao Venture Capital Co., Ltd. met the requirements of the revised catalogue of industries whose development are to be encouraged in the country’s western regions. They are entitled to a preferential income tax rate of 15% on their assessable profits.

According to a policy promulgated by the Ministry of Finance and State Taxation Administration of the PRC that was effective from 2023 onwards, 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 (“**Super Deduction**”). The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the year.

## 8 LOSS PER SHARE

### (a) Basic

Basic loss per share is calculated by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years.

	Year ended 31 December	
	2024	2023
Loss attributable to owners of the Company (RMB'000)	(287,246)	(315,561)
Weighted average number of ordinary shares in issue (in thousands)	785,532	785,142
Less: weighted average number of treasury shares (in thousands)	(627)	–
Weighted average number of issued ordinary shares for calculating basic loss per share (in thousands)	<u>784,905</u>	<u>785,142</u>
Basic loss per share (in RMB/share)	<u>(0.37)</u>	<u>(0.40)</u>

### (b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the years ended 31 December 2024 and 2023, the Company has two categories of dilutive potential ordinary shares: the restricted share units (“RSUs”) and the Share Options as described in Note 12.

For the purpose of calculating diluted loss per share for the years ended 31 December 2024 and 2023, RSUs and Share Options are assumed to have been converted into ordinary shares with no corresponding change in net loss attributable to ordinary shareholders. This potential adjustment resulted in an anti-dilutive effect in the calculation of diluted loss per share for the years ended 31 December 2024 and 2023.

## 9 DIVIDENDS

No dividend has been declared or paid by the Company for the years ended 31 December 2024 and 2023.

## 10 TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables	134,377	121,971
Less: allowance for impairment of trade receivables	<u>(14,354)</u>	<u>(11,890)</u>
Trade receivables – net	<u>120,023</u>	<u>110,081</u>

The following table sets forth the gross carrying amount of trade receivables by customer types:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Related parties	24,130	42,654
Third parties	110,247	79,317
	<u>134,377</u>	<u>121,971</u>

The gross carrying amount of the Group's trade receivables is dominated in the following currencies:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	89,529	62,419
United States dollars ("US\$")	40,034	54,279
Hong Kong dollars ("HK\$")	4,739	5,173
Others	75	100
	<u>134,377</u>	<u>121,971</u>

The Group allows a credit period of 90 – 150 days to its customers. An aging analysis of trade receivables based on revenue recognition date is as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 months	106,562	84,254
3 to 6 months	7,821	11,755
6 months to 1 year	421	24,851
Over 1 year	19,573	1,111
	<u>134,377</u>	<u>121,971</u>

Movements on the Group's provision for impairment of trade receivables are as follows:

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Beginning of the year	<b>(11,890)</b>	(2,510)
Provision for impairment	<b>(2,464)</b>	(9,421)
Reversal of impairment	<b>—</b>	41
	<b>—————</b>	<b>—————</b>
End of the year	<b><u><u>(14,354)</u></u></b>	<b><u><u>(11,890)</u></u></b>

The creation and release of provision for impaired receivables have been included in “Net impairment losses on financial assets” in the consolidated statement of profit or loss.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables. The Group does not hold any collateral as security.

## 11 SHARE CAPITAL AND SHARE PREMIUM

	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares <i>US\$</i></b>
<b>Authorized</b>		
<b>At 1 January and 31 December 2024</b>	<b><u><u>5,000,000,000</u></u></b>	<b><u><u>50,000</u></u></b>
<b>Authorized</b>		
<b>At 1 January and 31 December 2023</b>	<b><u><u>5,000,000,000</u></u></b>	<b><u><u>50,000</u></u></b>

	Number of ordinary shares	Nominal value of ordinary shares <i>US\$'000</i>	Equivalent Nominal value of ordinary shares <i>RMB'000</i>	Share premium <i>RMB'000</i>
<b>Issued</b>				
<b>At 1 January 2024</b>	<b>786,651,812</b>	<b>8</b>	<b>55</b>	<b>6,964,953</b>
Vesting of RSUs ( <i>Note (a)</i> )	3,968,380	–	–	20,728
Cancellation of treasury shares	(4,371,000)	–	–	(5,056)
	<u>786,249,192</u>	<u>8</u>	<u>55</u>	<u>6,980,625</u>
<b>At 31 December 2024</b>				
	<u>786,249,192</u>	<u>8</u>	<u>55</u>	<u>6,980,625</u>
<b>Issued</b>				
<b>At 1 January 2023</b>	788,368,470	8	55	6,946,624
Vesting of RSUs ( <i>Note (a)</i> )	4,674,342	–	–	36,854
Cancellation of treasury shares	(6,391,000)	–	–	(18,525)
	<u>786,651,812</u>	<u>8</u>	<u>55</u>	<u>6,964,953</u>
<b>At 31 December 2023</b>				
	<u>786,651,812</u>	<u>8</u>	<u>55</u>	<u>6,964,953</u>

*Note:*

- (a) During the year ended 31 December 2024, 3,968,380 ordinary shares of the Company were transferred to the share awardees upon vesting of the awarded shares under the scheme which is disclosed in Note 12(b) (2023: 4,674,342).

## 12 SHARE-BASED PAYMENTS

### (a) Share Option Scheme

The Company adopted the share option scheme at the extraordinary general meeting on 5 February 2021 (“**the Adoption Date**”) (“**the Share Option Scheme**”). The purpose of the Share Option Scheme is to provide incentive or reward to employees (excluding any director) of the Group for their contribution to, and continuing efforts to promote the interests of, the Group, and to incentive them to remain with the Group.

Upon the Share Option Scheme, the aggregate number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not exceed 40,775,500 shares representing 5% of the total number of shares in issue as at the Adoption Date.

On 14 April 2021, 8,155,100 share options were granted to eligible grantees under the Share Option Scheme. Pursuant to the Share Option Scheme, subject to grantees’ employment or service to the Group through the applicable vesting date, the share options shall become vested with respect to 40%, 30% and 30% of the share options on each of the first trading day after 12, 24 and 36 months from the grant date. Each share option entitles the holder to subscribe for one share upon exercise of such share option at an exercise price of HK\$14.756 per share.



On 7 January 2022 (“**modification date**”), the Company cancelled the existing 6,764,377 exercisable share options (the “**Outstanding share options**”) and offered to grant 6,764,377 new share options to the existing holders to subscribe for 6,764,377 ordinary shares at a lower exercise price, which are served as replacement of the cancelled Outstanding share options under the Share Option Scheme. The exercise price was reduced from HK\$14.756 to HK\$8.72. The terms of the original share options are otherwise the same. This arrangement is treated as if the original share options had been modified. As a result, the incremental fair value granted should be expensed over the new vesting period since the modification date in addition to the Company continuing to charge for the original share options over the original vesting period.

The options may be exercised at any time after they have vested subject to the terms and conditions described in the offer letter until the last day of the 10-year period after the modification date.

Movements in the number of share options granted are as follows:

	<b>Number of share options</b>
<b>Outstanding as at 1 January 2024</b>	<b>1,318,163</b>
Vested	(1,251,533)
Forfeited	<u>(66,630)</u>
<b>Outstanding as at 31 December 2024</b>	<b><u>–</u></b>
	<b>Number of share options</b>
<b>Outstanding as at 1 January 2023</b>	3,079,845
Vested	(1,434,925)
Forfeited	<u>(326,757)</u>
<b>Outstanding as at 31 December 2023</b>	<b><u>1,318,163</u></b>

No share option was expired or exercised during the year ended 31 December 2024 and the remaining contractual life of the share options was 7 years as at 31 December 2024.

The Company used binomial pricing model to determine the fair value of the share option granted, which is to be expensed over the vesting period.

Management estimated the risk-free interest rate based on the yield of Hong Kong government bond with a maturity life equal to the remaining time to maturity of the share options. Volatility was estimated at grant date and modification date based on the average of historical volatilities of the comparable companies with length commensurable to the remaining time to maturity of the share options. Dividend yield is based on management estimation at the grant date and modification date.

Key parameters and results in applying the binomial model on original grant date and modification date of share options are summarized as below:

	<b>Grant date As at 14 April 2021</b>	<b>Modification date As at 7 January 2022</b>	
		<b>Before modification</b>	<b>After modification</b>
Risk-free interest rate	1.30%	1.74%	1.81%
Volatility	56.00%	55.73%	55.54%
Dividend yield	0.52%	0.85%	0.85%
Fair value per share option (HK\$)	6.02	2.22	3.38

**(b) Restricted Share Unit Scheme**

On 1 April 2020, to incentivize directors, senior management and employees, a RSU scheme was approved and adopted by the Company (“**Pre-IPO RSU Scheme**”). Smooth Ebony Limited (“**Smooth Ebony**”) was incorporated to hold 5,000,000 ordinary shares (in equivalent to 29,400,000 underlying shares upon the completion of the Capitalization Issue). Smooth Ebony acts as the holding company to hold the shares on trust under the Pre-IPO RSU Scheme. Smooth Ebony was consolidated by the Company as to the Company is able to execute power over the control and management over Smooth Ebony.

On 1 April 2020 and 24 June 2020, in exchange for employee services to the Group, 3,180,700 RSUs in equivalent to 3,180,700 shares, or 18,702,516 underlying shares after taking into account the Capitalization Issue, were granted to certain eligible employees selected by the Board of Directors. Pursuant to the Pre-IPO RSU Scheme, subject to grantee’s employment or service to the Group through the applicable vesting date, the RSUs shall become vested with respect to 40%, 30% and 30% of the RSUs on each of the first trading day after 12, 24 and 36 months from the Listing date of the Company.

On 1 February 2021, 29 March 2021, 25 August 2021, 25 March 2022 and 30 August 2022, the Company granted RSUs representing an aggregate of 2,521,200 underlying shares to certain eligible employees pursuant to the Pre-IPO RSU Scheme. Subject to grantee's employment or service to the Group through the applicable vesting date, the RSUs shall become vested with respect to 40%, 30% and 30% of the RSUs on each of the first trading day after 12, 24 and 36 months from a certain date.

On 22 December 2022, the new RSU scheme of the Company was approved and adopted by the shareholders ("**RSU Scheme**").

On 6 April 2023 and 29 August 2023, the Company granted RSUs representing an aggregate of 9,295,000 underlying shares to certain eligible employees pursuant to the RSU Scheme. Subject to grantees' employment or service to the Group through the applicable vesting date, the RSUs shall become vested with respect to 40%, 30% and 30% of the RSUs on each of the first day after 12, 24 and 36 months from a certain date.

On 29 August 2024 and 4 November 2024, the Company granted RSUs representing an aggregate of 350,000 underlying shares to certain eligible employees pursuant to the RSU Scheme. Subject to grantees' employment or service to the Group through the applicable vesting date, the RSUs shall become vested with respect to 40%, 30% and 30% of the RSUs on each of the first day after 12, 24 and 36 months from a certain date.

Movements in the number of underlying shares represented by RSUs under the Pre-IPO RSU Scheme and the RSU Scheme for the years ended 31 December 2024 and 2023 are as follows:

	<b>Number of underlying shares represented by RSUs</b>	<b>Weighted average fair value per RSU (HK\$)</b>
<b>Outstanding as at 1 January 2024</b>	9,702,480	5.640
Granted	350,000	1.489
Vested	(3,968,380)	5.771
Forfeited	(880,000)	4.667
	<u>5,204,100</u>	5.426
<b>Outstanding as at 31 December 2024</b>	<u>5,204,100</u>	5.426
<b>Outstanding as at 1 January 2023</b>	5,888,780	8.696
Granted	9,295,000	5.420
Vested	(4,674,342)	8.741
Forfeited	(806,958)	7.435
	<u>9,702,480</u>	5.640
<b>Outstanding as at 31 December 2023</b>	<u>9,702,480</u>	5.640

As the Group will receive employment or service of these employees in exchange for the grant of RSUs, share-based compensation expenses in respect of the employee services received are to be recognized as an expense over the vesting period. The total amount to be expensed is determined by the fair value of the RSUs granted at the grant date and taking into account the number of RSUs that are expected to be vested.

Prior to the completion of IPO, the Group used the discounted cash flow method to determine the underlying equity fair value of the Company and to determine the fair value of the RSUs granted as at the grant date. Key assumptions, such as discount rate, risk-free interest rate and volatility, are required to be determined by the Group with best estimate.

The fair value of the RSUs granted on 1 February 2021, 29 March 2021, 25 August 2021, 25 March 2022, 30 August 2022, 6 April 2023, 29 August 2023, 29 August 2024, and 4 November 2024 were determined using the market method with reference to the grant date closing share price of the Company. The fair values of the RSUs at the date of grant are HK\$21.50, HK\$15.56, HK\$8.53, HK\$7.63, HK\$3.84, HK\$5.48, HK\$3.45, HK\$1.45, and HK\$1.54 per share.

**(c) Expenses arising from share-based payment transactions**

For the years ended 31 December 2024 and 2023, share-based compensation expenses arising from the share-based awards granted by the Company have been charged to the consolidated statement of profit or loss as follows:

	<b>Year ended 31 December</b>	
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Cost of revenue	<b>438</b>	700
Administrative expenses	<b>3,374</b>	5,956
Selling and marketing expenses	<b>725</b>	2,471
Research and development expenses	<b>12,634</b>	23,597
	<b>17,171</b>	32,724

### 13 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	102,117	67,186
Payroll liabilities	60,731	60,844
Tax payables	16,259	15,564
Asset procurement	1,874	2,841
Others	11,902	7,885
	<u>192,883</u>	<u>154,320</u>

The following table sets forth the carrying amount of trade payables by customer types:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Related parties	20,207	9,728
Third parties	81,910	57,458
	<u>102,117</u>	<u>67,186</u>

The aging analysis of trade payables based on recognition date is as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 6 months	81,648	48,595
6 months to 1 year	7,183	14,383
Over 1 year	13,286	4,208
	<u>102,117</u>	<u>67,186</u>

### 14 SUBSEQUENT EVENTS

There are no material subsequent events undertaken by the Group after 31 December 2024.

## DEFINITIONS

In this Results Announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China
“Company” or “Archosaur Games”	Archosaur Games Inc. 祖龙娱乐有限公司, an exempted company incorporated under the laws of the Cayman Islands with limited liability whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 9990)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Global Offering”	the initial public offering of the Shares for subscription by the public and the institutional, professional, corporate and other investors
“Group”, “we” or “us”	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of certain contractual arrangements, or, where the context so requires, in respect of the period before our Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	IFRS Accounting Standards

“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	the date on which the Shares initially commenced their dealings on the Stock Exchange, i.e. 15 July 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“MMORPG”	massively multiplayer online role-playing game, a genre of games that combine role-playing games and massively multiplayer online games in which a large number of players interact with one another within a virtual world
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Pre-IPO RSU Scheme”	the restricted share unit scheme of the Company approved and adopted by the Board on 1 April 2020, in its present form or as may be amended from time to time
“Prospectus”	the prospectus of the Company dated 30 June 2020
“Reporting Period”	the year ended 31 December 2024
“RMB”	Renminbi, the lawful currency of the PRC
“RSU Scheme”	the restricted share unit scheme of the Company approved and adopted by the Shareholders on 22 December 2022, in its present form or as may be amended from time to time
“Share Option Scheme”	the share option scheme of the Company approved and adopted by the Shareholders on 5 February 2021 and 22 December 2022, in its present form or as may be amended from time to time
“Share(s)”	ordinary share(s) of US\$0.00001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“SLG”	simulation games, a genre of games that attempt to emulate various activities from real life in the game format

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	for the purpose of this Results Announcement, has the meaning ascribed to it in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and includes companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of certain contractual arrangements
“Unreal Engine 4” and “Unreal Engine 5”	game engines developed by Epic Games
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

By order of the Board  
**Archosaur Games Inc.**  
**Mr. Li Qing**  
*Chairman and Executive Director*

Beijing, China, 21 March 2025

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Li Qing as Chairman and an Executive Director, Mr. Bai Wei as an Executive Director, Mr. Li Nachuan and Mr. Lu Xiaoyin as Non-executive Directors, and Ms. Wang Jing, Mr. Zhu Lin and Mr. Ding Zhiping as Independent Non-executive Directors.*