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Qingci Games Inc.

青瓷游戏有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6633)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The Board of Directors of Qingci Games Inc. is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2024, together with the comparative figures for the year ended December 31, 2023 as follows:

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		
	2024	2023	Change
	(RMB'000)	(RMB'000)	(%)
Revenue	627,962	905,737	(31)
Gross profit	363,115	557,876	(35)
Net profit/(loss)	47,128	(37,600)	(225)
Profit/(loss) attributable to equity holders of the Company	<u>51,120</u>	<u>(37,371)</u>	<u>(237)</u>

KEY OPERATING INFORMATION

	For the year ended December 31,		
	2024	2023	Change (%)
Average MAUs (in thousands)⁽¹⁾	2,360	2,480	(5)
Average MPUs (in thousands)⁽²⁾	228	401	(43)
ARPPU (RMB)	265	302	(12)
Cumulative registered players (in thousands)	98,276	88,343	11

Notes:

- (1) Our Average MAUs are calculated by dividing (i) the total MAUs of a game; or (ii) the aggregate of the total MAUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of Average MAUs did not consider each game's data before its official launch.
- (2) Our Average MPUs are calculated by dividing (i) the MPUs of a game; or (ii) the aggregate of the total MPUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of Average MPUs did not consider each game's data before its official launch.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

As a well-known mobile game developer and publisher in China, we are committed to offering unparalleled experiences to game players around the world through our landmark captivating games and content.

In 2024, the global and Chinese gaming industries were developing steadily, but faced multiple opportunities and challenges as well. On the one hand, players' quest for high-quality content and the application of emerging technologies continue to bring new opportunities and inject new momentum into the development of the industry; on the other hand, fierce market competition and rising user acquisition costs have also posed higher requirements and challenges to game companies in terms of content creativity, operational efficiency, etc. The Group actively responded to the new industry landscape and optimized its development strategy via focusing more on product quality and operational efficiency, and continued to refine its industrialized production capabilities and comprehensively embraced emerging technologies to lay a more solid foundation for large-scale development in the future. During the Reporting Period, the Group steadily strengthened its core competitiveness in integrated R&D and operations, and continued to promote the globalization of its game products, further expanding its overseas market presence.

In terms of research and development, the Group continued to iterate its existing self-developed games to keep rejuvenating evergreen games. The self-developed flagship game *The Marvelous Snail/SuperSnail* (最強蝸牛) has been launched in many regions abroad, and has ranked high on the free games chart and the bestseller games chart. As of December 31, 2024, the game recorded cumulative gross billings of approximately RMB3,629 million domestically and overseas, and the Group's self-developed capabilities have been recognized by players around the world. During the Reporting Period, the Group also continued to polish its self-developed pipeline game *Project E* (項目E), which is an innovative SLG game that integrates map exploration, backpack management, resource collection and other gameplay. It is expected to further expand the testing scale in 2025, setting a new milestone for the Group's self-developed game matrix. In terms of distribution, the Group continues to improve its long-term operating capabilities on distribution. While a number of games introduced through in-licensing are operating steadily in Mainland China, we are actively exploring overseas distribution areas and have significantly strengthened our global distribution strength. During the Reporting Period, the scale and proportion of overseas revenue of the Group continued to grow, increasing from 28.47% in the same period last year to 43.93%.

During the Reporting Period, in terms of financial data: the Group recorded a revenue of RMB628 million, representing a decrease of 31% over the same period last year. Due to the changes in fair value of investment portfolio and others, the Group recorded a profit attributable to equity holders of the Company of RMB51.12 million, turning around from a loss for the same period last year (a full-year loss attributable to equity holders of the Company of approximately RMB37.37 million was recorded in 2023).

During the Reporting Period, in terms of game operating data: as of December 31, 2024, the Group had 98.28 million cumulative registered players, representing a year-on-year increase of 11.24%; the average number of monthly active users was approximately 2.3601 million, representing a year-on-year decrease of 4.82%; the average number of monthly paying users was approximately 227,800, representing a year-on-year decrease of 43.24%; the ARPPU amounted to RMB265, representing a year-on-year decrease of 12.16%. The main reasons for the changes in the abovementioned game operation data are (i) the growth of registered players due to the launch of new games and the global release of major games; (ii) the decline in active users and paying users as major games are in maturity stage, which is partially offset by the increase in active users and paying users resulting from the launch of new games and the global release of major games.

OUR GAMES

The Group develops, publishes and operates a number of premium mobile games. As of December 31, 2024, we have a number of existing mobile application games, covering idle games, Rogue-like RPG and other RPG, and a number of mini program games.

Below is an overview of our major games:

The Marvelous Snail/SuperSnail (最強蝸牛), launched in June 2020, is our self-developed idle game. As of December 31, 2024, the game recorded cumulative gross billings of approximately RMB3,629 million domestically and overseas, with 29.05 million cumulative registered players. During the Reporting Period, *The Marvelous Snail/SuperSnail (最強蝸牛)* (known as *SuperSnail* in regions including Southeast Asia, Europe and the United States) celebrated the fourth anniversary of its launch in Mainland China, and cooperated with other intellectual property (“IP”) such as *Calabash Brothers (葫蘆娃)*, *Cairo Games (開羅遊戲)*, *Little Red Riding Hood (小紅帽)* and *Jingdezhen Imperial Kiln Ceramic Art Museum (景德鎮皇窯陶瓷藝術博物館)*; celebrated the second anniversary of its launch in Japan, cooperated with *Sanrio (三麗鷗)* and *Cairo Games (開羅遊戲)*, and continued to provide game players with high-quality contents and novel gameplay, as well as celebrated the anniversary of its launch in North America and Australia. The game was also launched in Vietnam in April 2024, and ranked top on the iOS free games chart in the region, and its versions in German, French, Spanish, Portuguese and Italian were launched in June 2024, providing a more comprehensive coverage of the Southeast Asian and European regions. During the Reporting Period, the total domestic and overseas revenue recorded by the game is approximately RMB340 million.

Lantern and Dungeon (提燈與地下城), launched in March 2021, is a Rogue-like RPG that we introduced through in-licensing. In February 2024, the game cooperated with the renowned IP “Ne Zha” (哪吒) to release a remake of the game with brand-new contents and gameplay, which was also the largest version update since its launch in 2021. The game is also being prepared for release in the HMT regions. During the Reporting Period, the game recorded a revenue of approximately RMB13.59 million.

Sword and Fairy: Wen Qing (新仙劍奇俠傳之揮劍問情), launched on June 9, 2023, is a story card mobile game jointly published by the Group and CMGE. The game reproduces the classic single-player storyline in high definition to create a highly restorative sword and fairy experience. With the unique fusion of card + RPG + SLG in its diversified gameplay, it has gained strong popularity among players. The game ranked first on the iOS free games chart and 14th on the iOS bestseller games chart after its launch. In June 2024, the game celebrated its anniversary of its launch. In July 2024, the game was launched in the Southeast Asian region, with versions in English and Thai released, and ranked top on the iOS free games chart in Singapore, Malaysia and Thailand. During the Reporting Period, the game recorded a revenue of approximately RMB97.60 million.

Cardcaptor Sakura: Memory Key (魔卡少女櫻：回憶鑰匙), a mobile game created based on the teenage girl themed animation of *CardCaptor Sakura: Clear Card (庫洛魔法使：透明牌篇)* with genuine licensing. In September 2023, the game was launched in Mainland China and immediately ranked first on the iOS free games chart and obtained the highest ranking of No. 30 on the iOS bestseller games chart; in October 2023, the game was launched in the HMT regions and ranked top on the iOS free games chart in those three regions, highest ranking second on the iOS bestseller games chart in Hong Kong, top on the iOS bestseller games chart in Macao and fourth on the iOS bestseller games chart in Taiwan. During the Reporting Period, the game recorded a revenue of approximately RMB22.99 million.

Fat Goose Gym (肥鵝健身房), launched in Japan in February 2024, is a casual game that we introduced through in-licensing, in which players can build a gym through synthetic gameplay, expand more areas and install equipments and furniture to attract more fat goose customers to visit. The game immediately ranked top on both the iOS free games chart and the Google Play free games chart in Japan after its launch. During the Reporting Period, the game also cooperated with IP *Crayon Shin-chan (蠟筆小新)*, which received continuous attention and favourable feedback from players. During the Reporting Period, the game recorded a revenue of approximately RMB59.74 million.

Lost Light (迷途之光), launched in June 2024, is a pixel style roguelike pop-up game that we introduced through in-licensing. The game is based on action-adventure, combining map exploration and card raising gameplay with a huge number of skills to choose from, and allows players to advance and explore through free combination of skills. During the Reporting Period, the game recorded a revenue of approximately RMB8.51 million.

Ares Virus 2 (阿瑞斯病毒2), launched in August 2024, is an adventure survival RPG that we introduced through in-licensing and a sequel to *Ares Virus (阿瑞斯病毒)* with a top-down perspective and a unique and fresh ballpoint pen style. Players need to resist against the crime syndicate and rebuild their own home. The game features colorful scenes and characters, as well as brain-teasing and fun decryption gameplay, and has received favorable feedback from players since its launch. During the Reporting Period, the game recorded a revenue of approximately RMB23.18 million.

Gumballs & Dungeons (不思議迷宮), launched in August 2016, is our self-developed Rogue-like RPG. Since its launch, over 25 million cumulative registered players were recorded as of December 31, 2024. After eight years, the Group launched a free-to-download remote play version of *Gumballs & Dungeons (不思議迷宮)* in March 2025 on Steam, which has received enthusiastic responses from players, ranked the 6th on the global popular free games chart (Trending Free) and received a “Very Positive” rating, demonstrating the Group’s exceptional ability in long-term IP management. During the Reporting Period, the game recorded a revenue of approximately RMB7.44 million.

Major games such as *Eternal Adventure (無盡大冒險)* (launched in June 2015, our self-developed classic game that combines the features of idle gameplay experience and Diablo-like adventure), *Ares Virus (阿瑞斯病毒)* (launched in August 2018, our survival RPG introduced through in-licensing), *Servitor Project (使魔計劃)* (launched in January 2023, our self-developed strategy card game), *Time Voyager (時光旅行社)* (launched in December 2023, our self-developed infinite stream casual idle game), *Loot Rush (騎士衝呀)* (launched in May 2024, our ACT RPG introduced through in-licensing), and *BloodAge* (launched in September 2024, our card RPG game introduced through in-licensing in Korea) continued to contribute steady revenue to the Group, which amounted to approximately RMB26.02 million in total during the Reporting Period.

The Group also launched a number of self-developed and in-licensed mini-program games, including the mini program game version of *The Marvelous Snail/SuperSnail (最強蝸牛)* and *Sword and Fairy: Wen Qing (新仙劍奇俠傳之揮劍問情)*, etc. During the Reporting Period, the mini program games generated approximately RMB21.52 million in revenue.

PLAYER COMMUNITY

We have nurtured a vibrant community of players on various mobile game forums and social media platforms – QingCi Enthusiasts community. Through the QingCi community, our players can receive the latest information about our games, including recent events that we organize, opportunities to participate in testing our new games and free in-game virtual items.

As of December 31, 2024, our games had accumulated 15.8427 million QingCi Enthusiasts who contacted us through our official accounts and groups on social media platforms, such as Tencent QQ, WeChat, TapTap and Bilibili, representing an increase of 18.59% as compared with the same period last year. Our frequent and close interactions with QingCi Enthusiasts creates a virtuous circle as the feedback from the player community can help us to develop and improve our games, thereby attracting more active players.

OUTLOOK

At present, the Group has a pipeline of multiple mobile games, covering various genres and categories, including RPG, SLG:

Title	Mobile Game Genre	Source	Development Stage as of December 31, 2024	Expected Launch Time
Project W	Card RPG	In-licensed	Game production, testing and optimization	2025
Project E	SLG	Development in-house	Game production, testing and optimization	2026
Project T	SLG	In-licensed	Game production, testing and optimization	2026
Project HA	Card RPG	In-licensed	Game production, testing and optimization	2026
Project F	Survival socialization	In-licensed	Game production, testing and optimization	2026

Note: During the Reporting Period, the Group optimized the allocation of resources according to the progress of the pipeline game projects, and the progress of Project: Totem (項目：圖騰), Project V (項目V) and Project 36Z (項目36Z) has been put on hold.

Looking ahead, the Group will further enhance the long-term operations of existing games both domestic and overseas. Meanwhile, we will continuously polish and actively promote the testing and launch of pipeline games both domestic and overseas. Among these, the Korean version of *The Marvelous Snail/SuperSnail* (最強蝸牛) is currently in testing and is expected to be launched in Korea in 2025. Additionally, *Project W* (項目W), a card game based on the *Great Ruler* (大主宰), a novel written by the renowned author “Tian Can Tu Dou” (天蠶土豆) is also in continuous development and refinement.

The Group will continue to push forward the release plan of our pipeline games, and identify high-quality game projects, so as to create a diversified game portfolio and to bring a high-quality gameplay experience to our players all over the world.

FINANCIAL REVIEW

Revenue

Our revenue decreased by 30.7% from approximately RMB905.7 million for the year ended December 31, 2023 to RMB628.0 million for the year ended December 31, 2024 on a year-on-year basis. In 2024, our revenue from Mainland China was RMB352.1 million, accounting for 56.1% of total revenue, compared to 71.5% in 2023; our revenue from other areas was RMB275.9 million, accounting for 43.9% of total revenue, compared to 28.5% in 2023. Our revenue is mainly derived from (i) game operating business where we generate revenues primarily from the sales of in-game virtual items; (ii) game licensing business where we generate revenues from license fees paid by third-party publishers; (iii) information services business where we generate revenues from providing performance-based in-game marketing and promotion services to advertisers or their agents who promote their customers' products in our games to players; and (iv) other services and sales where we generate revenues from sales of game peripheral products and provision of technical services.

The following table sets forth a breakdown of our revenues by line of business for the years ended December 31, 2023 and 2024.

	For the year ended December 31,				2024 vs.
	2024		2023		2023
	RMB'000	%	RMB'000	%	% Change
Game operating revenues					
Self-developed	365,175	58.2	507,746	56.0	(28.1)
Licensed	<u>228,258</u>	<u>36.3</u>	<u>365,690</u>	<u>40.4</u>	<u>(37.6)</u>
<i>Subtotal</i>	<u>593,433</u>	<u>94.5</u>	<u>873,436</u>	<u>96.4</u>	<u>(32.1)</u>
Game licensing revenue	11,060	1.8	18,948	2.1	(41.6)
Information service revenue	16,261	2.6	9,748	1.1	66.8
Other services and sales	<u>7,208</u>	<u>1.1</u>	<u>3,605</u>	<u>0.4</u>	<u>99.9</u>
Total revenues	<u>627,962</u>	<u>100.0</u>	<u>905,737</u>	<u>100.0</u>	<u>(30.7)</u>

Game Operating Revenues

Our game operating revenues decreased by 32.1% to approximately RMB593.4 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decrease in user spending as certain games are in maturity stage; meanwhile, we have mitigated the decline in revenue by continuously launching new games and global release of games, releasing game version updates, as well as organizing various operating activities, etc. Specifically:

- our revenue from self-developed games decreased by 28.1% to approximately RMB365.2 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decline in revenue from *The Marvelous Snail/SuperSnail* (最強蝸牛) in regions such as Mainland China and Japan and *Servitor Project* (使魔計劃), partially offset by the increase in revenue resulting from the launch of *The Marvelous Snail/SuperSnail* (最強蝸牛) in regions such as Southeast Asia (other than Thailand) and Europe, and the launch of the mini program game version of *The Marvelous Snail/SuperSnail* (最強蝸牛) in Mainland China; and
- our revenue from licensed games decreased by 37.6% to approximately RMB228.3 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decline in revenue from *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情) in Mainland China and *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙), partially offset by the increase in revenue resulting from the launch of new games such as *Fat Goose Gym* (肥鵝健身房), *Ares Virus 2* (阿瑞斯病毒2) and *Lost Light* (迷途之光), and the launch of the remake of *Lantern and Dungeon* (提燈與地下城), etc.

Game Licensing Revenue

Our game licensing revenue decreased by 41.6% to approximately RMB11.1 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decline in gross billings of games as *Gumballs & Dungeons* (不思議迷宮) (launched in August 2016) in Mainland China and *The Marvelous Snail/SuperSnail* (最強蝸牛) (launched in July 2020) in the HMT regions are in maturity stage, which in turn resulted in a decrease in game licensing revenues.

Information Service Revenue

Our information service revenue increased by 66.8% to approximately RMB16.3 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the increase in in-game advertisement views or clicks.

Other Services and Sales

Our other services and sales revenues increased by 99.9% to approximately RMB7.2 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the increase in revenue generated from sales of peripheral products and through marketing and promotion on third-party platforms and others.

Cost of Revenues

Our cost of revenues decreased by 23.9% from approximately RMB347.9 million for the year ended December 31, 2023 to RMB264.8 million for the year ended December 31, 2024 on a year-on-year basis. Our cost of revenues primarily consisted of (i) commissions charged by distribution and payment channels, representing revenue share payments to third-party distribution platforms and payment service providers for our self-published games; (ii) commissions charged by third-party game developers and IP holders; (iii) bandwidth and servers custody fee; (iv) employee benefits expenses related to our system maintenance and customer service personnel, including wages, salaries, bonuses, social insurance contributions and other employee benefits; and (v) others, including outsourced technical service fees for short messaging services, professional service fees, the impairments of prepayments to some game developers which were included in the cost of revenues, and miscellaneous expenses.

The following table sets forth our cost of revenues by nature in absolute amounts and as percentages of our total cost of revenues for the years ended December 31, 2023 and 2024.

	For the year ended December 31,				2024 vs. 2023 % Change
	2024 RMB'000	%	2023 RMB'000	%	
Commissions charged by distribution and payment channels	137,771	52.0	177,344	51.0	(22.3)
Commissions charged by third-party game developers and IP holders	58,061	21.9	82,362	23.7	(29.5)
Bandwidth and servers custody fee	18,016	6.8	21,527	6.2	(16.3)
Employee benefits expenses	14,096	5.3	15,408	4.4	(8.5)
Others	36,903	14.0	51,220	14.7	(28.0)
Total	264,847	100.0	347,861	100.0	(23.9)

Our cost of revenue for commissions charged by distribution and payment channels decreased by 22.3% to approximately RMB137.8 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decreased commissions paid to distribution platforms as a result of the decrease in game operating revenue.

Our cost of revenue for commissions charged by third-party game developers and IP holders decreased by 29.5% to approximately RMB58.1 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decreased commissions paid to third-party developers and IP holders as a result of the decrease in revenue from licensed games brought about by *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情) and *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙), partially offset by increased commissions paid to third-party developers as a result of the increase in revenue from licensed games from the newly launched games, *Ares Virus 2* (阿瑞斯病毒2) and *Lost Light* (迷途之光) etc.

Our cost of revenue for others decreased by 28.0% to approximately RMB36.9 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to (i) the decreased impairment in the prepayments made by the Group to some game developers, and such impairment was included in the cost of revenues; and (ii) the decrease in outsourced technical service fee related to customer service.

Gross Profit and Gross Margin

Our gross profit decreased by 34.9% from approximately RMB557.9 million for the year ended December 31, 2023 to approximately RMB363.1 million for the year ended December 31, 2024. Our gross margin decreased to 57.8% for the year ended December 31, 2024 from 61.6% for the year ended December 31, 2023, primarily due to a decrease of 30.7% in total revenue for the Reporting Period on a year-on-year basis, and (i) a decrease of 22.3% in commissions charged by distribution and payment channels (the “**Channel Commissions**”) in the cost of revenues on a year-on-year basis, resulting in the decrease of gross margin. Further, the proportion of overseas revenue in the total revenue increased from 28.5% in the same period last year to 43.9% in the Reporting Period, and the proportion of overseas Channel Commissions to revenues was higher than that of domestic Channel Commissions. Therefore, the increase in the proportion of overseas revenue led to a higher rate of decline in total revenue than that of Channel Commissions, which in turn led to a drop in gross margin for the Reporting Period; (ii) a decrease of merely 13.0% in the commissions charged by third-party game developers in the cost of revenues on a year-on-year basis, also resulting in a decrease in gross profit margin; and (iii) a decrease of merely 13.1% for the Reporting Period in fixed expenses such as those related to bandwidth and servers, system maintenance and employee benefits of customer service personnel on a year-on-year basis, and such expenses were included in the cost of revenues, which further lowered the gross profit margin.

Selling and Marketing Expenses

Our selling and marketing expenses consisted of (i) marketing and promotion expenses paid to our online and offline marketing service providers, including traffic acquisition and brand marketing and promotion expenses, which represented 88.3% and 76.0% of our total selling and marketing expenses for the years ended December 31, 2023 and 2024, respectively; (ii) employee benefits expenses related to our sales and marketing personnel; and (iii) others, including office expenses incurred for our sales and marketing activities and miscellaneous expenses.

Our selling and marketing expenses decreased by 49.7% from approximately RMB429.2 million for the year ended December 31, 2023 to approximately RMB216.0 million for the year ended December 31, 2024. This was primarily due to the decrease in selling and marketing expenses of *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙), *The Marvelous Snail/SuperSnail* (最強蝸牛) in regions such as Japan and North America, partially offset by the increase in the selling and marketing expenses resulting from the launch of new games such as *Fat Goose Gym* (肥鵝健身房), and the launch of the mini program game version of *The Marvelous Snail/SuperSnail* (最強蝸牛).

R&D Expenses

Our R&D expenses consisted of (i) employee benefits expenses related to our R&D staff; (ii) outsourced technical service fee; and (iii) others, including office expenses incurred for our R&D activities, depreciation of right-of-use assets, rental expenses, utilities and miscellaneous expenses.

Our R&D expenses increased by 0.6% from approximately RMB105.5 million for the year ended December 31, 2023 to approximately RMB106.1 million for the year ended December 31, 2024. This was primarily due to the fact that the expenses related to our employees engaged in R&D activities were generally flat on a year-on-year basis.

General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) employee benefits expenses related to our supporting staff; (ii) depreciation of right-of-use assets on our leases; (iii) tax surcharges, including VAT surcharges and stamp duty; (iv) rental expenses and utilities; and (v) others, including office expenses, depreciation of property, plant and equipment, professional services fee and miscellaneous expenses.

Our general and administrative expenses increased by 24.6% from approximately RMB49.0 million for the year ended December 31, 2023 to approximately RMB61.0 million for the year ended December 31, 2024. This was primarily due to the compensation for staff departure in certain game projects and the increase in supporting staff of the game peripheral products team, which led to an increase in expenses related to our supporting staff on a year-on-year basis.

Fair Value Changes on Investments Measured at Fair Value through Profit or Loss

Our fair value changes on investments measured at fair value through profit or loss reflected changes in the fair value of (i) certain of our long-term equity investments, which were equity investments in private equity funds as limited partners without significant influence, and investments in investee companies; and (ii) our short-term investments, primarily consisting of investment funds and wealth management products.

Our fair value changes on investments measured at fair value through profit or loss recorded a turnaround from losses of approximately RMB9.0 million for the year ended December 31, 2023 to gains of approximately RMB60.9 million for the year ended December 31, 2024, mainly due to the increase in the fair value gains from investment funds and wealth management products resulting from factors such as the higher interest rate environment in the US dollar and strong performance in major global capital markets (e.g., US stocks, A shares and Hong Kong stocks) during the Reporting Period, partially offset by the impairment on investments in game industry chain companies.

Other Income

Our other income primarily consisted of (i) subsidies, mainly including government subsidies granted by local governments to support our R&D activities and in recognition of our contribution to local economic development and (ii) dividend distribution from long-term investments measured at fair value through profit or loss.

Our other income decreased by 53.8% from approximately RMB13.3 million for the year ended December 31, 2023 to approximately RMB6.1 million for the year ended December 31, 2024, mainly due to the decrease in government subsidies, partially offset by the dividend distribution from long-term investments measured at fair value through profit or loss.

Net Other Losses

Our net other losses primarily consisted of (i) net foreign exchange losses arising from revenue and trade receivables denominated in USD and JPY; and (ii) donations to charity organizations.

Our net other losses increased by 3.8% from net losses of approximately RMB4.6 million for the year ended December 31, 2023 to net losses of approximately RMB4.7 million for the year ended December 31, 2024, this change was primarily a result of (i) the appreciation of USD against JPY in 2024 and the depreciation of the Group's JPY holdings; and (ii) partially offset by the appreciation of USD against RMB and the appreciation of the Group's USD holdings.

Income Tax Credit/(Expenses)

Our income tax credit/(expenses) decreased from income tax expenses of approximately RMB12.6 million for the year ended December 31, 2023 to income tax credit of approximately RMB0.1 million for the year ended December 31, 2024, mainly due to (i) the decline in profit of a profit-making subsidiary; and (ii) the further recognition of deferred tax assets by the Group during the Reporting Period.

Profit/(Loss) for the Year

Our profit for the year recorded a turnaround from a net loss of approximately RMB37.6 million for the year ended December 31, 2023 to a net profit of approximately RMB47.1 million for the year ended December 31, 2024, mainly due to the increase in fair value of investments of the Group, partially offset by the impairments on investments in game industry chain companies and prepayments made by the Group to game developers.

	For the year ended December 31,	
	2024	2023
	(RMB'000)	(RMB'000)
Profit/(loss) for the year	<u>47,128</u>	<u>(37,600)</u>

Liquidity, Capital Resources and Gearing Ratio

We fund our operations primarily through cash generated from our operating activities and capital contribution from our Shareholders.

As of December 31, 2024, the Group's total cash and cash equivalents decreased by 16.4% from approximately RMB538.0 million for the year ended December 31, 2023 to approximately RMB450.0 million for the year ended December 31, 2024. The decrease in total cash and cash equivalents during the Reporting Period was primarily due to (i) the usage of proceeds raised from the Global Offering; and (ii) the usage of part of our own funds for short-term investments.

As of December 31, 2024, we had borrowings of RMB20.0 million. As of the same date, we still had a banking credit facility of RMB70 million, and we did not draw down the facility as deposit to secure our obligations under our foreign currency forward contract.

As of December 31, 2024, the current assets of the Group amounted to approximately RMB1,686.9 million, and the current liabilities of the Group amounted to approximately RMB165.5 million (including interest-bearing liabilities of RMB20.0 million). As of December 31, 2023, the Group's current assets amounted to approximately RMB1,680.4 million and the Group's current liabilities amounted to approximately RMB220.8 million. Current ratio is calculated as total current assets divided by total current liabilities. As of December 31, 2024 and 2023, the current ratio of the Group was 1,019% and 761%, respectively.

Gearing ratio is calculated as total liabilities divided by total assets. As of December 31, 2024 and 2023, the gearing ratio of the Group was 9% and 13%, respectively.

Material Acquisitions and Disposals and Significant Investments

As at December 31, 2024, the Group's short-term investments measured at fair value through profit or loss increased by 15.9% from approximately RMB988.9 million as at December 31, 2023 to approximately RMB1,146 million as at December 31, 2024. The short-term investments mainly included investment funds and wealth management products. The increase was mainly attributable to (i) the increase in the fair value gains from investment funds and wealth management products; and (ii) the increase in our allocation to funds and wealth management products in order to improve the Group's utilization of our own funds during the Reporting Period. For the year ended December 31, 2024, no single investment of the Group accounted for more than 5% of the total assets of the Group.

Except for the above, the Group did not have any material acquisitions and disposals and significant investments during the year ended December 31, 2024.

Pledge of Assets

As of December 31, 2024, we did not pledge any of our assets.

Capital Expenditure

For the year ended December 31, 2024, our total capital expenditure was approximately RMB2.4 million, compared to approximately RMB4.0 million for the year ended December 31, 2023. Our capital expenditure primarily included our purchase of property, plant and equipment, mainly related to the purchase of office equipment. We funded these expenditures with cash generated from our operating activities. We plan to fund our future capital expenditures with our cash from operating activities.

Contingent Liabilities

As of December 31, 2024, we did not have any material contingent liabilities.

Foreign Exchange Risk Management

We operate globally through overseas third-party publishers and are exposed to foreign exchange risk arising from various currency exposures, mainly including USD and JPY. Our foreign exchange risk primarily arose from recognized assets and liabilities when receiving or to receive foreign currencies from overseas counterparties. We managed our foreign exchange risk exposures through foreign currency forward contracts during the year ended December 31, 2024.

Employee and Remuneration Policy

As of December 31, 2024, we had 564 full-time employees, substantially all of whom were based in Mainland China and 12 of whom were based overseas.

We recruit talent primarily from job fairs as well as word-of-mouth referrals. We provide regular training to our employees covering various aspects including our culture and technical know-how. We also follow up with the employees to evaluate the effect of the training, which is aimed at enhancing our employees' skillset and helping them stay up-to-date with industry and technology developments. In addition, we discover and incubate future game producers who display strong innovation and game design talent. We encourage and support our employees keen on mobile game development to become our producers. They may form new core project teams with other like-minded employees to develop new games. We compensate our employees with salaries, welfare payments, and performance-based and annual bonuses.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December,	
		2024	2023
	Notes	RMB'000	RMB'000
Revenue	3	627,962	905,737
Cost of sales	4	<u>(264,847)</u>	<u>(347,861)</u>
Gross profit		363,115	557,876
Selling and marketing expenses	4	(215,978)	(429,210)
Research and development expenses	4	(106,142)	(105,524)
General and administrative expenses	4	(61,027)	(48,991)
Net impairment losses on financial assets	4	132	(821)
Fair value changes on investments measured at fair value through profit or loss		60,915	(8,984)
Other income	5	6,123	13,262
Other losses, net	6	<u>(4,746)</u>	<u>(4,574)</u>
Operating profit/(loss)		42,392	(26,966)
Finance income		12,142	15,793
Finance costs		<u>(2,135)</u>	<u>(2,670)</u>
Finance income, net		10,007	13,123
Share of results of investments accounted for using equity method		(397)	(1,814)
Losses on impairment of investments accounted for using the equity method		<u>(4,976)</u>	<u>(9,308)</u>
Profit/(loss) before income tax		47,026	(24,965)
Income tax (credit)/expenses	7	<u>102</u>	<u>(12,635)</u>
Profit/(loss) for the year		<u>47,128</u>	<u>(37,600)</u>
Other comprehensive income:			
Items that may be reclassified to profit or loss			
– Currency translation differences		<u>16,833</u>	<u>21,323</u>
Total comprehensive income for the year		<u><u>63,961</u></u>	<u><u>(16,277)</u></u>

	Year ended 31 December,	
	2024	2023
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the year attributable to:		
Equity holders of the Company	51,120	(37,371)
Non-controlling interests	<u>(3,992)</u>	<u>(229)</u>
	<u>47,128</u>	<u>(37,600)</u>
Total comprehensive income/(loss) for the year attributable to:		
Equity holders of the Company	68,246	(16,098)
Non-controlling interests	<u>(4,285)</u>	<u>(179)</u>
	<u>63,961</u>	<u>(16,277)</u>
Earnings/(loss) per share for profit for the year attributable to the equity holders of the Company		
Basic earnings/(loss) per share (<i>RMB</i>)	<i>8</i> <u>0.07</u>	<u>(0.05)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December,	
		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		14,055	17,141
Right-of-use assets		18,279	22,522
Intangible assets		1,536	–
Deferred tax assets		29,841	23,684
Investments accounted for using the equity method		32,863	38,236
Long-term investments measured at fair value through profit or loss		161,254	168,546
Prepayments, deposits and other assets		<u>36,363</u>	<u>48,293</u>
		<u>294,191</u>	<u>318,422</u>
Current assets			
Trade receivables	9	39,198	68,096
Inventories		1,022	1,327
Prepayments, deposits and other assets		50,459	84,128
Short-term investments measured at fair value through profit or loss		1,146,208	988,852
Cash and cash equivalents		<u>449,975</u>	<u>538,003</u>
		<u>1,686,862</u>	<u>1,680,406</u>
Total assets		<u><u>1,981,053</u></u>	<u><u>1,998,828</u></u>
EQUITY			
Share capital	10	44	44
Share premium	10	5,117,821	5,117,821
Other reserves		(2,893,722)	(2,910,848)
Accumulated deficit		<u>(408,568)</u>	<u>(459,688)</u>
Equity attributable to equity holders of the Company		1,815,575	1,747,329
Non-controlling interests		<u>(8,754)</u>	<u>(4,469)</u>
Total equity		<u><u>1,806,821</u></u>	<u><u>1,742,860</u></u>

		As at 31 December,	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		8,694	15,193
Borrowings		–	19,974
Deferred tax liabilities		21	–
		<u>8,715</u>	<u>35,167</u>
Current liabilities			
Trade payables	<i>11</i>	25,163	78,581
Other payables and accruals		64,723	82,935
Contract liabilities		38,849	42,090
Current income tax liabilities		4,944	318
Lease liabilities		11,864	9,193
Short-term liabilities measured at fair value through profit or loss		–	7,671
Borrowings		19,974	13
		<u>165,517</u>	<u>220,801</u>
Total liabilities		<u>174,232</u>	<u>255,968</u>
Total equity and liabilities		<u>1,981,053</u>	<u>1,998,828</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Qingci Games Inc. (the “**Company**”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 12 March 2021.

The Company is an investment holding company. The Company and its subsidiaries, including consolidated structured entities (together, the “**Group**”) are principally engaged in development and operation of mobile games and provision of information services in the People’s Republic of China (the “**PRC**”) and other areas. For the purpose of preparing the consolidated financial statements, mainland China refers to the PRC excluding Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”), Macau Special Administrative Region of the PRC (“**Macau**”) and Taiwan Province of the PRC.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 16 December 2021.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and requirements of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of the consolidated financial statements in conformity with HKFRS 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. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed.

(a) 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:

Amendments to HKAS 1	Non-current Liabilities with Covenants & Classification of Liabilities as Current or Non-current
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

(b) New standards and amendments not yet adopted by the management of the Group

There are a number of standards, amendments to standards, and interpretations which have been issued by the HKICPA that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning on or after 1 January 2025:

- Lack of Exchangeability (Amendments to HKAS 21)

The following amendments are effective for the period beginning on or after 1 January 2026:

- Classification and Measurement of Financial Instruments (Amendments to HKFRS 9 and HKFRS 7)
- Annual Improvements to HKFRS Accounting Standards – Volume 11 (Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7)
- Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendments to HKFRS 10 and HKAS 28)

The following amendments are effective for the period beginning on or after 1 January 2027:

- HKFRS 18 Presentation and Disclosure in Financial Statements
- HKFRS 19 Subsidiaries without Public Accountability: Disclosures
- HKInt 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except for HKFRS 18 which would affect the presentation and disclosure of the Group's financial statements, these standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. SEGMENT INFORMATION AND REVENUE

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the directors of the Company consider that the Group's operation is operated and managed as a single segment and no segment information is presented, accordingly.

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

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

	Year ended 31 December,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Game operating revenues		
– Self-developed	365,175	507,746
– Licensed	228,258	365,690
Subtotal	593,433	873,436
Game licensing revenue	11,060	18,948
Information service revenue	16,261	9,748
Other revenue	7,208	3,605
Total revenues	627,962	905,737
Cost of revenues	(264,847)	(347,861)
Gross profit	363,115	557,876
Gross margin	58%	62%

Revenues of approximately RMB27 million and RMB24 million for the years ended 31 December 2023 and 2024, respectively, were from five largest single customers.

During the years ended 31 December 2023 and 2024, none of single customers individually exceeded 10% of the Group's revenue.

The table below sets forth a breakdown of the Group's revenue by timing of recognition for the years ended 31 December 2023 and 2024, respectively:

	Year ended 31 December,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Over the time	264,916	418,077
At a point in time	363,046	487,660
	627,962	905,737

The table below sets forth a breakdown of the Group's total revenue by geographical areas for the years ended 31 December 2023 and 2024, respectively:

	Year ended 31 December,	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Mainland China	352,084	647,890
Other areas (a)	<u>275,878</u>	<u>257,847</u>
Total	<u><u>627,962</u></u>	<u><u>905,737</u></u>

(a) Revenue from other areas mainly include revenue from local versions operated in Japan, the United States of America, Canada, Australia, New Zealand, Hong Kong, Macau and Taiwan Province.

4. EXPENSES BY NATURE

	Year ended 31 December,	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Marketing and promotion expenses	164,213	378,891
Employee benefits expenses	191,028	175,414
Commissions charged by distribution channels	136,066	174,535
Commissions charged by game developers and IP holders	58,061	82,362
Impairment of non-financial assets	22,467	29,664
Bandwidth and server custody fee	18,016	21,527
Outsourced technical services	11,282	19,037
Professional services fee	9,374	11,209
Office expenses	10,476	10,357
Depreciation of right-of-use assets	10,464	9,961
Depreciation of property, plant and equipment	5,345	4,868
Amortization of intangible assets	295	–
Auditor remuneration		
– Audit service	2,700	4,340
– Non-audit service	102	347
Commissions charged by payment channel	1,705	2,809
Tax surcharges	1,159	1,903
Rental expenses and utilities	1,382	1,866
Others	<u>3,727</u>	<u>3,317</u>
Total	<u><u>647,862</u></u>	<u><u>932,407</u></u>

5. OTHER INCOME

	Year ended 31 December,	
	2024	2023
	RMB'000	RMB'000
Government subsidies	4,311	13,230
Dividend distribution from long-term investments measured at fair value through profit or loss	<u>1,812</u>	<u>32</u>
Total	<u>6,123</u>	<u>13,262</u>

There are no unfulfilled conditions or contingencies related to the above government subsidies.

6. OTHER LOSSES, NET

	Year ended 31 December,	
	2024	2023
	RMB'000	RMB'000
Foreign exchange losses, net	(4,353)	(2,712)
Donations to charity organizations	(296)	(1,015)
Others	<u>(97)</u>	<u>(847)</u>
Total	<u>(4,746)</u>	<u>(4,574)</u>

7. INCOME TAX

The income tax of the Group for the years ended 31 December 2023 and 2024 is analyzed as follows:

	Year ended 31 December,	
	2024	2023
	RMB'000	RMB'000
Current income tax	6,494	8,396
Deferred income tax	<u>(6,596)</u>	<u>4,239</u>
Total income tax (credit)/expenses	<u>(102)</u>	<u>12,635</u>

8. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to ordinary shareholders of the Company by the weighted average number of outstanding shares during the years ended 31 December 2023 and 2024.

	Year ended 31 December,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) attributable to ordinary shareholders of the Company (<i>RMB'000</i>)	51,120	(37,371)
Weighted average number of outstanding ordinary shares	691,330,500	691,330,500
Basic earnings/(loss) per share (<i>RMB</i>)	<u>0.07</u>	<u>(0.05)</u>

9. TRADE RECEIVABLES

	Year ended 31 December,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Distribution channels	31,826	60,216
Game publishers	4,449	5,872
Information service customers	2,348	1,682
Others	610	362
	39,233	68,132
Less: allowance for impairment	(35)	(36)
	<u>39,198</u>	<u>68,096</u>

Distribution Channels and game publishers and information service customers usually settle the amounts within 30–60 days. Aging analysis of trade receivables based on the recognition date of the gross trade receivables at the respective reporting dates are as follows:

	Year ended 31 December,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	36,785	65,638
3 months to 6 months	1,682	2,342
6 months to 1 year	762	152
1 to 2 years	4	–
	<u>39,233</u>	<u>68,132</u>

10. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares '000	Nominal value of shares USD'000	Equivalent nominal value of shares RMB'000	Share premium RMB'000
Authorised				
As at 31 December 2023 and 2024	<u>5,000,000</u>	<u>50</u>	<u>–</u>	<u>–</u>
Issued				
As at 31 December 2023 and 2024	<u>691,331</u>	<u>7</u>	<u>44</u>	<u>5,117,821</u>

11. TRADE PAYABLES

	As at 31 December,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>25,163</u>	<u>78,581</u>

Trade payables are primarily sharing of proceeds due to game developers and IP holders, advertisement and related to the purchase of services for server custody. The credit terms of trade payables granted to the Group are usually 30 to 90 days.

Aging analysis of trade payables based on the recognition date of the trade payables at the respective reporting dates are as follows:

	As at 31 December,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	19,896	71,284
Over 3 months	<u>5,267</u>	<u>7,297</u>
	<u>25,163</u>	<u>78,581</u>

12. DIVIDEND DISTRIBUTION

	As at 31 December,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Dividend distribution	<u>–</u>	<u>–</u>

No dividend has been paid or declared by the Company during the year ended 31 December 2024.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period (including sale of treasury shares). As of the end of the Reporting Period, no treasury shares were held by the Company.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Group after December 31, 2024 and up to the date of this announcement.

USE OF NET PROCEEDS FROM LISTING

The shares of the Company were listed on the Stock Exchange on December 16, 2021. The net proceeds received from the Global Offering (taking into account the partial exercise of the over-allotment option and after deducting the underwriting fees and commission and other estimated expenses payable by the Company in connection with the Global Offering) was approximately HK\$925.8 million.

The table below sets out the planned usage of the net proceeds from the Global Offering and actual usage up to December 31, 2024:

Use of proceeds	Net proceeds from the Global Offering (after taking into account the partial exercise of the over- allotment option <i>(HK\$ million)</i>)	Utilized amount up to December 31, 2023 <i>(HK\$ million)</i>	Amount utilized during the Reporting Period <i>(HK\$ million)</i>	Utilized amount up to December 31, 2024 <i>(HK\$ million)</i>	Unutilized amount up to December 31, 2024 <i>(HK\$ million)</i>	Expected timeline for fully utilizing the unutilized amount ⁽¹⁾
For expanding our game portfolio and invest in our game R&D capabilities and related technologies	324.0	253.6	55.2	308.8	15.2	By December 2025
For expanding our business in the overseas markets	231.4	231.4	–	231.4	–	N/A
For strengthening our game publication and operation capabilities in China’s mobile game market and the market recognition of our “QingCi” brand and our IPs	138.9	107.3	9.1	116.4	22.5	By December 2025
For pursuing strategic investments in and acquisitions of upstream and downstream companies along the mobile game industry chain	138.9	115.3	23.6	138.9	–	N/A
For working capital and general corporate purposes	92.6	92.6	–	92.6	–	N/A
Total	<u>925.8</u>	<u>800.2</u>	<u>87.8</u>	<u>888.0</u>	<u>37.8</u>	

Note:

- (1) The expected timeline for utilization of the unutilized proceeds disclosed above is based on the best estimation from the Board in accordance with latest information as at the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance.

The Board is of the view that the Company has complied with all code provisions as set out in part 2 of the CG Code for the Reporting Period.

The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the transactions of securities of the Company by its Directors and the relevant employees who would likely possess inside information of the Company. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the Model Code for the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained the prescribed minimum public float under the Listing Rules.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Yuan Yuan (Chairman), Professor Lam Sing Kwong Simon and Ms. Fang Weijin. Mr. Yuan Yuan possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed the results of the Group for the year ended December 31, 2024 together with the Group's auditor, BDO Limited, and has discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

CHANGE OF AUDITOR

PricewaterhouseCoopers (“PwC”) has resigned as the auditor of the Company with effect from November 29, 2024. BDO Limited as the new auditor of the Company was appointed with effect from November 29, 2024 to fill the casual vacancy arising from the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto in this announcement of annual results for the year ended December 31, 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with HKSA, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA, and consequently no assurance has been expressed by the auditor on this announcement of annual results.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the “**2024 AGM**”) will be held on June 6, 2025. The notice of the 2024 AGM will be published on the websites of the Company (www.qcplay.com) and the Stock Exchange (www.hkexnews.hk) in April 2025.

FINAL DIVIDEND

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2024 (for the year ended December 31, 2023: nil).

CLOSURE OF REGISTER OF MEMBERS

In relation to the 2024 AGM

For ascertaining Shareholders’ right to attend and vote at the 2024 AGM, the register of members of the Company will be closed from June 3, 2025 to June 6, 2025, both days inclusive, during which period no transfer of Shares will be effected.

In order to be eligible to attend and vote at the forthcoming 2024 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on June 2, 2025 for registration.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This announcement was published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.qcplay.com). The annual report for the year ended December 31, 2024 will be published on the websites of the Stock Exchange and the Company in April 2025.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2024 AGM”	the forthcoming annual general meeting of the Company to be held on June 6, 2025 or any adjournment thereof
“ARPPU”	average revenue per month per paying user, which is calculated by (i) dividing our revenue from a game for a specified period by the total MPUs of such game for that period; or (ii) dividing our total game revenue for a specified period by the aggregate of the total MPUs of all of our games for that period, as applicable
“A shares”	RMB-denominated stocks of companies incorporated in Mainland China trading on China’s stock exchanges
“Audit Committee”	the audit committee of the Board
“Average MAUs”	calculated by dividing (i) the total MAUs of a game, or (ii) the aggregate of the total MAUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of average MAUs did not consider each game’s data before its official launch
“Average MPUs”	calculated by dividing (i) the MPUs of a game, or (ii) the aggregate of the total MPUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of average MPUs did not consider each game’s data before its official launch
“Board” or “Board of Directors”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules

“CMGE”	CMGE Technology Group Limited, an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 0302)
“Company”	Qingci Games Inc. (青瓷游戏有限公司), an exempted company incorporated in the Cayman Islands with limited liability on March 12, 2021 and whose Shares are listed on the Stock Exchange
“Director(s)”	the director(s) of our Company
“Global Offering”	has the meaning ascribed to it under the Prospectus
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries from time to time
“HK dollar” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HMT”	Hong Kong, Macao and Taiwan
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing”	the listing of Shares on the Main Board of the Stock Exchange on December 16, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macao”	the Macao Special Administrative Region of the PRC
“Main Board”	the Main Board of the Stock Exchange
“MAU(s)”	monthly active users, which represents the number of active users during a specified calendar month
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MPU(s)”	monthly paying users, which represents the number of paying players during a specified calendar month

“PRC”, “Mainland China” or “China”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, Macao and Taiwan
“Prospectus”	the prospectus issued by the Company on December 6, 2021 in connection with the Hong Kong public offering of the Shares
“R&D”	research and development
“Reporting Period”	twelve months from January 1, 2024 to December 31, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Rogue-like RPG”	a type of RPG, which allows players to explore and unlock new content by levels in various adventures that embed randomness and surprises through treasure hunt, map discovery and other unpredictable events. Players acquire a sense of excitement during such adventures and a sense of self-achievement as their game avatars grow through their efforts
“RPG”	the role-playing games
“Shareholder(s)”	holder(s) of Share(s)
“Shares”	ordinary share(s) in the capital of the Company with nominal value of US\$0.00001 each
“SLG”	the simulation games
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan”	Taiwan Province of the PRC
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“USD” or “US\$”	United States Dollars, the lawful currency of the United States of America
"US stocks"	stocks trading on the major stock exchanges in the United States of America

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our Shareholders and business partners for their continued support, and to our employees for their dedication and hard work.

By Order of the Board
Qingci Games Inc.
Liu Siming
Executive Director

Hong Kong, March 27, 2025

As at the date of this announcement, the Board comprises Mr. Yang Xu, Mr. Huang Zhiqiang, Mr. Liu Siming and Mr. Zeng Xiangshuo as executive Directors, and Professor Lam Sing Kwong Simon, Mr. Yuan Yuan and Ms. Fang Weijin as independent non-executive Directors.