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(Incorporated in the Cayman Islands with limited liabilities)

(Stock code: 2100)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Directors**”) of BAIOO Family Interactive Limited (“**BAIOO**” or the “**Company**” or “**we**”) is pleased to announce the audited consolidated results of the Company, its subsidiaries and its controlled entities in the People’s Republic of China (“**PRC**”) (the “**Group**”) for the year ended 31 December 2025 together with the comparative figures of last year, as follows:

Financial Summary

INCOME STATEMENT HIGHLIGHT

	For the year ended		Year-over-year change %
	2025	2024	
	RMB’000	RMB’000	
Revenue	610,367	545,294	11.9%
Gross profit	300,516	252,062	19.2%
Operating loss	(46,534)	(42,845)	8.6%
Non-International Financial Reporting (“ IFRS ”) Accounting Standards Measures			
— Adjusted Net Loss ⁽¹⁾ (unaudited)	(74,310)	(21,102)	252.1%
— Adjusted EBITDA ⁽²⁾ (unaudited)	(60,791)	(23,070)	163.5%

Notes:

- Adjusted net loss consists of loss for the year plus share-based compensation. Adjusted net loss eliminates the effect on non-cash share-based compensation expenses. The term of adjusted net loss is not defined under the IFRS Accounting Standards. The use of adjusted net loss has material limitations as an analytical tool, as adjusted net loss does not include all items that impact our net loss for the year.
- Adjusted EBITDA means adjusted net loss less finance income-net, plus income tax expenses, depreciation of property and equipment, right-of-use assets and amortization of intangible assets.

BALANCE SHEET HIGHLIGHT

	As of 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Assets		
Non-current assets	597,436	819,906
Current assets	1,161,066	1,055,145
Total assets	<u>1,758,502</u>	<u>1,875,051</u>
Equity and Liabilities		
Total equity	1,494,802	1,599,085
Non-current liabilities	18,353	11,330
Current liabilities	245,347	264,636
Total liabilities	<u>263,700</u>	<u>275,966</u>
Total equity and liabilities	<u>1,758,502</u>	<u>1,875,051</u>

Management Discussion and Analysis

BUSINESS OVERVIEW AND IN-DEPTH ANALYSIS OF RESULTS OF OPERATIONS

Industry environment insights, regulatory compliance and strategic response

In 2025, the game industry in China ushered in a new cycle of recovery and growth after undergoing structural adjustments. According to industry reports, both actual sales revenue and the number of game users in the Chinese game market reached historical highs, and the issuance of game publication numbers returned to normal with a significant increase in quantity, thereby injecting strong confidence into the industry. However, the changing market environment has also revealed significant structural differentiation: on the one hand, leading companies and viral products have become the core drivers of scale expansion, resulting in increasingly fierce market competition; on the other hand, the in-depth application of artificial intelligence (“AI”) technology has been reshaping research and development (“R&D”) and operational efficiency, which has become a crucial element for companies to build competitive advantages. The Group has taken several measures to mitigate this situation. Specifically, the Company has continued to increase investment in the refined operation of core intellectual properties (“IPs”), deepened the construction of user community, and enhanced user stickiness and long-term payment willingness. Simultaneously, the Group has deeply integrated AI technology into the entire game creation process to improve R&D efficiency and operational accuracy, striving to maintain competitive edge amidst technological reforms. Specifically, it has applied in the following aspects: 1) accelerated the construction of AIGC integrated platform, through which enabled rapid conversion of 2D and 3D resources after 2D creative output, and quickly confirmed the approximate implementation effect of the creative work, thereby improving R&D efficiency and allowing art personnel to focus on high-value creative processes; 2) quickly built level testing scenarios and white model environments by using 3D scene objects and character generation technology, thereby improving efficiency by 40%; AI video motion capture technology has also made key progress which significantly reduced the development cost of basic actions. Multimodal AI technology has made NPCs to behave more intelligently and naturally, significantly enhancing players’ immersion and users’ engagement; and 3) intelligent service application: AI customer service has achieved 24-hour rapid response. The mobile game Aobi Island: Dreamland (「奧比島：夢想國度」) has launched the AI assistant “Shiwaxi (史瓦西)” and the ongoing research projects will also integrate intelligent customer service functions to accurately meet players’ needs for immediate response. In the future, the Group will continue to deepen the full-link application of AI, driving continuous improvement in product quality and operational efficiency through technological innovation.

Meanwhile, the users’ pursuit of high-quality and highly immersive gaming experience has become increasingly prominent, prompting companies to continuously improve product quality to win market recognition. Furthermore, regulatory authorities have continued to emphasize the protection of minors and the refinement of content, requiring companies to explore cultural expressions with greater social value while operating in compliance with the regulations. The core resources upon which the Group’s business model relies primarily include a mature and stable user community, long-term accumulated IP assets, and an experienced R&D and operations team. To sustain these core resources and relationships, the Company has enhanced user loyalty and IP vitality through high-frequency content iterations, community activities, and cross-border collaborations. Furthermore, the Company has continuously improved its talent incentive mechanisms, providing competitive remuneration and

benefit packages, and career development paths to ensure the stability and creativity of the core team. Regarding the compliance, the Company has established a comprehensive internal audit mechanism and a system for protecting minors to ensure that business operations develop steadily while complying with regulatory requirements.

In the face of this macro environment, the Company carefully assessed the opportunities and challenges, and determined a sustainable development strategy of consolidating its core foundation through long-term operation of core IPs and driving growth through technological innovation and quality improvement. We deeply recognized that, under the context of the decline of traffic dividends and users' increasing demands for quality, only by adhering to long-term approach, continuously increasing R&D investment, deepening refined operations, and actively embracing technological reforms to improve efficiency can we maintain our leading position amidst the fierce market competition. During the Reporting Period, the Company continued to invest resources in refining product quality and building technological capabilities, aiming to meet users' expectations and achieve sustainable business growth by providing more valuable and high-quality content. At the same time, we regarded compliance as the cornerstone of development, proactively adapting to regulatory requirements and comprehensively upgrading our system for protecting minors, so as to ensure the steady and long-term growth of our business.

Strengthen the protection of minors and build a solid compliance defense

With the in-depth implementation of regulations such as the Regulation on the People's Republic of China on the Protection of Minors in Cyberspace and the Guidelines for the Establishment of Minors' Modes for the Mobile Internet, regulatory authorities' governance on minors' network environment continues to upgrade, and industry compliance standards are moving towards a new stage of refinement and systematization. In 2025, the Company actively responded to the policy call, regarding the protection of minors as the core of its corporate social responsibility and the cornerstone of its business development. The Company constructed a full-link protection system covering "pre-event prevention, ongoing supervision, and post-event services", effectively fulfilling the platform's main responsibilities.

In terms of technical prevention and system construction, the Company strictly implemented real-name authentication and anti-addiction regulations. All of the Company's game products have been connected to the anti-addiction real-name authentication system, and requirements such as disabling "guest mode" and setting age-appropriate prompts have been fully implemented. We strictly followed regulatory requirements, restricting minors to playing games only from 20:00 to 21:00 on Fridays, Saturdays, Sundays, and legal holidays. Regarding payment management, we strictly enforced age-based recharging limits for games, prohibiting users under 8 from making payments, and setting single recharging and monthly cumulative recharging payment limits for users aged 8–16 and 16–18 respectively, thus building a solid consumer security barrier from the payment process.

In terms of ecological governance of content, the Company has established a dual defense line consisting of "AI intelligent recognition + professional manual review". Through the combination of its self-developed filtering system of sensitive words and third-party security services (such as Netease's shield), the Company monitored the text, voice, and image contents within the games around the clock, resolutely blocking the spread of bad information such as pornography, violence, and suggestive content, thereby creating a clean and healthy cyberspace

for minors. At the same time, the Company attaches great importance to the construction of the network ecosystem, actively cooperating with the cyberspace administration to carry out a series of “Clean and Bright (清朗)” special campaign, and regularly conducting internal compliance checks to ensure that the full life cycle of its products complies with regulatory requirements.

For social collaboration and governance, the Company fully supported the “Parent Monitoring Program for Juveniles in Online Games”, setting up a dedicated service page on its official website and opening a monitoring hotline to provide parents with convenient monitoring tools and consultation services. In 2025, based on its systematic practices and innovative measures in the field of protection of minors in cyberspace, the Company was awarded the title of “Leading Unit for Protection of Minors in Cyberspace (未成年人網絡保護先行單位)” by the Guangzhou Game Industry Ecological Governance Base (廣州市遊戲行業生態治理基地), which signifies that our compliance work has been highly recognized by the industry and regulatory authorities.

The specific impacts of the aforementioned regulatory changes on the financial performance and prospects of the Group is analyzed below:

1. With the full implementation and strict enforcement of anti-addiction regulations for minors, the proportion of the Group’s revenue contributed by underage users has dropped to an extremely low level during the Reporting Period, falling within a healthy range generally recognized in the industry. This structural change aligns with the regulatory intent to guide the healthy development of the industry. Although this change has put certain pressure on revenue growth in the short term, it has also driven the Group to further focus on its core adult user group and to optimize its user age structure and revenue model. We believe that a healthier user structure will be conducive to the long-term sustainable development of the Group and reduce potential compliance risks.
2. To continuously meet increasingly stringent regulatory requirements and build a solid foundation for corporate compliance, the Group maintained a strategic investment in building its compliance system during the Reporting Period. Related resources were primarily allocated to upgrading the intelligent review system, building a professional compliance team, and optimizing the content review mechanism. While such investments may have a certain impact on costs in the short term, we consider them as necessary investments for building long-term brand trust and ensuring business continuity. By deeply integrating compliance requirements into the entire product R&D and operation process, we have effectively reduced the risks of potential operational disruptions and regulatory penalties.
3. Positive impact on business models and prospects: in the long run, stringent compliance requirements have accelerated industry clearing and raised the competitive threshold. The Company has transformed compliance pressure into a brand trust advantage, establishing a widely recognized and differentiated responsible brand image among family user groups through continuous optimization of services such as the “Parental Monitoring Program”. These services have become an important link for the Company to connect with user families and convey the concept of healthy gaming.

Meanwhile, the regulatory guidance towards “content refinement” aligns perfectly with the long-term strategy of the Group. We anticipate focusing more on providing in-depth content experiences for our core adult users and actively exploring compliant development paths for family-friendly content in the future. While meeting regulatory requirements, we will continue to expand our product matrix, laying a solid foundation for long-term sustainable growth.

Long-term value of classic IPs unlocking and financial performance

With the dual support of a robust compliance defense and an in-depth technological application, the core IP matrix of the Company has demonstrated a strong commercial momentum and resilience against cycles. Leveraging a deep understanding of user needs, we continuously activate the value of existing users through diverse means such as content innovation, cross-border collaboration, and cultural integration, driving classic IPs to achieve a dual leap in commercial performance and brand influence.

Aobi Island (「奧比島」) IP

The Company’s classic IP, “Aobi Island”, is a community raising game. The mobile game “Aobi Island: Dreamland” was launched in July 2022. This game is a magical world that carries the memories, joy, and dreams of 300 million little Aobis. On Aobi Island, you will become the owner of the island, hosting parties, making friends, enjoying the warm and cheerful community atmosphere. Since its launch, this mobile game has its content continuously innovated and has become popular among players. During the Year, based on in-depth insights into the preferences of younger users, more than 20 cross-industry collaborations were carried out for this product throughout the year, covering diverse formats such as emoji IP collaborations and anniversary creative artist series collaborations. While enhancing the fun of the content, it successfully expanded user boundaries and deepened emotional identification, and successfully rolled out themed versions including Silver Screen Splendor (「影視風華」) and Aobi Dimension (「熊次元」). Leveraging high-quality art design and immersive interactive experiences, the Company achieved growth in revenue throughout the year despite an overall challenging industry environment. During the Year, such mobile gaming revenue contributed 26.2% to the total revenue of the Group, demonstrating the strong resilience of long-term operation.

Legend of Aoqi (「奧奇傳說」) IP

The “Legend of Aoqi” IP centers on collecting spirits and battling. The web game was launched in April 2012, while the mobile game was released in April 2021. During the Year, the “Legend of Aoqi” mobile game launched major versions such as Hero Elegy (「英雄挽歌」) and Final Descent of the Gods (「終湮神臨」), achieving increase in both user engagement and revenue through innovative battle mechanics, popular characters and supporting operational activities. At the same time, the “Legend of Aoqi” IP partnered with the popular IP Nailong (「奶龍」) to launch limited-edition crossover skins and pets, as well as summer-themed character skins and merchandise in conjunction with its summer version update, significantly enhancing user engagement and social media buzz. During the Year, the IP web gaming revenue contributed 19.2% to the total revenue of the Group, while the mobile gaming revenue contributed 20.8% to the total revenue of the Group, demonstrating significant synergy between the two games.

Aola Star (「奧拉星」) IP

“Aola Star” IP, launched in July 2010, is a role-playing web game in the genre of pet raising. Players will play the role of an “Aola Star” trainer, leading the magic pets to jointly explore the vast universe and the world of stars. After experiencing battles and challenges, they will gradually grow into the guardians of the universe, and take on the mission of protecting the world and keeping the peace. The Aola Star IP focused on the expression of cultural value through coordinated development across its web game and mobile game. It collaborated successively with national intangible cultural heritage Xiangyunsha (香雲紗) and the classic domestic animation Legend of Nezha (《哪咤傳奇》) and enhanced the depth of game content while effectively strengthening the brand cultural identity and community engagement through organic integration of traditional cultural elements into gameplay and narrative. During the Year, this web gaming revenue contributed 11.0% to the total revenue of the Group, consolidating our competitiveness and IP vitality in the pet raising game genres.

OUTLOOK FOR 2026 AND SOCIAL RESPONSIBILITY

Deepen our global footprint, build a future with both responsibility and growth

Looking ahead to 2026, BAIOO will build upon its existing achievements, seize key opportunities presented by industry recovery and technological innovation, and embark on a new journey of high-quality development. Leveraging its mature R&D system and operational experience, the Company will steadily advance its overseas market layout with dual themes of “cultivation of IP value” and “breakthroughs in global markets”.

In terms of IP distribution and reshaping, the Company will drive the evolution of core IPs from single products to a global content ecosystem. Through refined distribution strategies and brand collaborations, we will achieve deep penetration of IP influence in overseas markets. Regarding content creation, we will continue to empower high-quality content production with cutting-edge technologies such as AIGC, combining localized narratives and user co-creation mechanisms to create premium content that not only conveys the charm of Chinese culture but also resonates with global users. In terms of character development, we will leverage multimodal AI technology to create characters with greater emotional tension and universal appeal, break through cultural barriers with deeply-portrayed character personalities, and strengthen the emotional bond between global players and the IPs.

Through refined localization optimization and cultural adaptation strategies, we accurately reach global users, not only delivering high-quality gaming experience but also conveying the charm of Chinese culture, thus building a long-term growth momentum that transcends national borders.

For new product development, the Company plans to launch two self-developed major products in 2026: the trendsetting card mobile game series (「亂塗彩世界」) and the content-based card mobile game (「夜幕之下」). Both products currently have entered the late stage of R&D, and have received positive feedback from multiple rounds of testing during the Year. With a distinctive artistic style, innovative gameplay mechanics, and solid content construction, these games continuously build a strong reputation among core users. We will continue to refine the product quality, striving to make these two new products as the new drivers for future performance growth and inject strong momentum into the Company’s long-term development.

While pursuing commercial value, BAIOO has always regarded fulfilling social responsibility as a core principle of its corporate development. Through the “BAIOO Public Welfare” platform, the Company has continuously invested in three major areas: education assistance, public welfare, and green advocacy, thereby actively giving back to the society. In the education sector, we continue to advance the “BAIOO Encouragement Grants” project, subsidizing students with financial difficulties in Meizhou, Maoming, and other areas, and conducting education grant activities in rural primary schools to ignite their dreams of education. For public welfare, the Company visited disadvantaged families in the community during important holidays to convey warmth and support of the Company. In the field of environmental protection, the Company initiated tree-planting charitable activity, organized employee volunteers to plant “BAIOO loving forests (百奧愛心林)”, actively advocating for low-carbon and environmental-friendly concepts. In the future, the Group will continue to deepen its public welfare practices, expand the breadth and depth of the boundaries of its responsibilities, and collaborate with all sectors of the society to jointly create a beautiful blueprint for the coordinated development of the Company and the society.

OPERATION INFORMATION

The following table sets out average quarterly active accounts (“QAAs”), average quarterly paying accounts (“QPAs”) and average quarterly average revenue per quarterly paying accounts (“ARQPA”) for our online virtual worlds for the years indicated below:

	For the year ended		
	31 December 2025 ⁽¹⁾	31 December 2024	Year-over-year change
	<i>(QAA & QPA in millions, ARQPA in RMB)</i>		
average QAA ⁽²⁾	7.7	6.3	22.2%
average QPA ⁽³⁾	0.9	0.8	12.5%
average quarterly ARQPA ⁽⁴⁾	167.1	163.0	2.5%

Notes:

1. As of 31 December 2025, our online virtual worlds under commercial operation mainly included Aobi Island, Aola Star, Dragon Knights, Light of Aoya, Legend of Aoqi, Shiwuyu (「食物語」), Aola Star Mobile (「奧拉星手遊」), Legend of Aoqi Mobile (「奧奇傳說手遊」) and Aobi Island Mobile (「奧比島手遊」).
2. The average QAA for online virtual worlds was approximately 7.7 million for the year ended 31 December 2025, representing an increase of approximately 22.2% compared with the year ended 31 December 2024. The increase was primarily due to some of the games with a longer launch period maintain a good operating momentum as well as a new game was launched in the year, which drove the expansion of the number of the game users.
3. The average QPA for online virtual worlds was approximately 0.9 million for the year ended 31 December 2025, representing an increase of approximately 12.5% compared with the year ended 31 December 2024. The increase was primarily due to the increase of QAA.
4. The average quarterly ARQPA for online virtual worlds was approximately RMB167.1 for the year ended 31 December 2025, representing an increase of approximately 2.5% compared with the year ended 31 December 2024. The increase was primarily due to the users were attracted by good contents in games and increased willingness of users paying.

OVERALL BUSINESS AND FINANCIAL PERFORMANCE

The following table sets forth our consolidated statements of comprehensive income for the years ended 31 December 2025 and 2024, respectively:

	For the year ended			
	31 December 2025 <i>RMB'000</i>	% of Revenue	31 December 2024 <i>RMB'000</i>	% of Revenue
Revenue	610,367	100.0	545,294	100.0
Online entertainment business	607,058	99.5	545,130	100.0
Other businesses	3,309	0.5	164	—
Cost of revenue	(309,851)	(50.8)	(293,232)	(53.8)
Gross profit	300,516	49.2	252,062	46.2
Selling and marketing expenses	(77,496)	(12.7)	(57,508)	(10.5)
Administrative expenses	(59,076)	(9.7)	(57,762)	(10.6)
Research and development expenses	(192,006)	(31.5)	(177,042)	(32.5)
Net impairment losses on financial assets	(16,375)	(2.7)	(3,804)	(0.7)
Other income	—	—	1,106	0.2
Other (losses)/gains — net	(2,097)	(0.3)	103	—
Operating loss	(46,534)	(7.6)	(42,845)	(7.9)
Finance income — net	15,067	2.5	24,453	4.5
Impairment loss on investment in an associate	(26,527)	(4.3)	—	—
Share of loss of an associate	(9,374)	(1.5)	(7,797)	(1.4)
Loss before income tax	(67,368)	(11.0)	(26,189)	(4.8)
Income tax expense	(7,747)	(1.3)	(1,767)	(0.3)
Loss for the year	(75,115)	(12.3)	(27,956)	(5.1)

The following table sets forth our consolidated statement of comprehensive income for the years ended 31 December 2025 and 2024 respectively:

	31 December 2025 RMB'000	For the year ended % of Revenue	31 December 2024 RMB'000	% of Revenue
Loss for the year	(75,115)	(12.3)	(27,956)	(5.1)
Other comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive loss for the year	<u>(75,115)</u>	<u>(12.3)</u>	<u>(27,956)</u>	<u>(5.1)</u>
Other financial data				
Adjusted net loss ⁽¹⁾ (unaudited)	(74,310)	(12.2)	(21,102)	(3.9)
Adjusted EBITDA ⁽²⁾ (unaudited)	<u>(60,791)</u>	<u>(10.0)</u>	<u>(23,070)</u>	<u>(4.2)</u>

Notes:

- Adjusted net loss consists of loss for the year plus share-based compensation. Adjusted net loss eliminates the effect on non-cash share-based compensation expenses. The term of adjusted net loss is not defined under the IFRS accounting standards. The use of adjusted net loss has material limitations as an analytical tool, as adjusted net loss does not include all items that impact our net loss for the year.
- Adjusted EBITDA consists of adjusted net loss less finance income-net, plus income tax expenses, depreciation of property and equipment and right-of-use assets and amortization of intangible assets.

Revenue

Our revenue for the year ended 31 December 2025 was RMB610.4 million, representing a 11.9% increase from RMB545.3 million for the year ended 31 December 2024.

Online Entertainment Business: Our online entertainment business revenue for the year ended 31 December 2025 was RMB607.1 million, an 11.4% increase from RMB545.1 million for the year ended 31 December 2024. The increase was primarily due to the outstanding performance of existing games through launched new themed versions and consistently updated content to enriched gaming experience to boost in user payment intention to drive revenue growth, and increase of the new overseas game operated by third party.

Other Businesses: Revenue from other businesses for the year ended 31 December 2025 was RMB3.3 million, a 1,550.0% increase from RMB0.2 million for the year ended 31 December 2024. The increase was mainly due to the increase of the sales of peripheral products.

Cost of Revenue

Our cost of revenue for the year ended 31 December 2025 was RMB309.9 million, a 5.7% increase from RMB293.2 million for the year ended 31 December 2024.

Online Entertainment Business: Our online entertainment business cost for the year ended 31 December 2025 was RMB309.1 million, a 5.5% increase from RMB293.1 million for the year ended 31 December 2024. The increase was mainly driven by the increase of third-party revenue sharing.

Other Businesses: Cost of other businesses for the year ended 31 December 2025 was RMB0.8 million, a 788.9% increase from RMB0.09 million for the year ended 31 December 2024. The increase primarily reflected an increase of peripheral products cost.

Gross Profit

As a result of the foregoing, our gross profit for the year ended 31 December 2025 was RMB300.5 million, compared with RMB252.1 million for the year ended 31 December 2024. Gross profit margin was 49.2% for the year ended 31 December 2025, compared with 46.2% for the year ended 31 December 2024. The gross profit margin increased was mainly due to the proportion of revenue from entrusted third parties mobile games with high revenue sharing decreased.

Selling and Marketing Expenses

Our selling and marketing expenses for the year ended 31 December 2025 were RM77.5 million, a 34.8% increase from RMB57.5 million for the year ended 31 December 2024. This was primarily due to the increase in promoting and advertising expenses.

Administrative Expenses

Our administrative expenses for the year ended 31 December 2025 were RMB59.1 million, a 2.2% increase from RMB57.8 million for the year ended 31 December 2024. This increase was primarily due to the increase in office expenses resulting from moving into a new office building.

Research and Development Expenses

Our research and development expenses for the year ended 31 December 2025 were RMB192.0 million, a 8.5% increase from RMB177.0 million for the year ended 31 December 2024. This increase was primarily driven by the increase in content production expenses.

Net Impairment Losses on Financial Assets

We recorded net impairment losses of financial assets of RMB16.4 million for the year ended 31 December 2025, which compared to RMB3.8 million net impairment losses of financial assets for the year ended 31 December 2024. The net impairment losses was primarily due to the impairment of receivables from an associate of RMB18.4 million which is related to the unrecoverable prepayment for the year ended 31 December 2025.

Other Income

The Company recognized no other income for the year ended 31 December 2025, representing a decrease by 100% from RMB1.1 million for the year ended 31 December 2024. The other income was generated from our fulfilment of certain performance, conditions related to government grants.

Other (Losses)/Gains — net

The Company recognized net other losses of RMB2.1 million and it was primarily due to the losses on termination of lease contract for the year ended 31 December 2025 compared with the net other gain of RMB0.1 million for the year ended 31 December 2024.

Operating Loss

As a result of the foregoing, our operating losses for the year ended 31 December 2025 was RMB46.5 million, compared with our operating loss of RMB42.8 million for the year ended 31 December 2024.

Finance Income — net

We had net finance income of RMB15.1 million for the year ended 31 December 2025, compared with net finance income of RMB24.5 million for the year ended 31 December 2024. Net finance income for the year ended 31 December 2025 was primarily consisted of interest income on term deposit and cash and cash equivalents, which was partly offset by foreign exchange loss on cash and bank balance as well as interest expenses on lease liabilities.

Impairment Loss on Investment in an Associate

The investment in an associate was impaired by RMB26.5 million for the year ended 31 December 2025, primarily due to the associate encountering operational difficulties which eventually led to a cessation of operations.

Share of Loss of an Associate

The Company recognized share of loss of an associate of RMB9.4 million for the year ended 31 December 2025, compared with share of loss of an associate of RMB7.8 million for the year ended 31 December 2024.

Loss before Income Tax

As a result of the foregoing, we had a loss of RMB67.4 million for the year ended 31 December 2025, compared with a loss of RMB26.2 million for the year ended 31 December 2024.

Income Tax Expense

Our income tax expenses for the year ended 31 December 2025 was RMB7.7 million, compared with the income tax expense of RMB1.8 million for the year ended 31 December 2024. The change was primarily due to the derecognition of deferred tax assets for tax loss of Guangzhou Tianti Network Technology Co., Ltd during the year.

Loss for the Year

As a result of the foregoing, we had a loss of RMB75.1 million for the year ended 31 December 2025, compared with a loss of RMB28.0 million for the year ended 31 December 2024.

Non-IFRS Measure — Adjusted Net Loss/EBITDA

Our adjusted net loss for the year ended 31 December 2025 was RMB74.3 million, representing a 252.1% increase from net loss of RMB21.1 million for the year ended 31 December 2024. Our adjusted EBITDA for the year ended 31 December 2025 was loss of RMB60.8 million, representing an 163.2% increase from loss of RMB23.1 million for the year ended 31 December 2024.

The following table reconciles our adjusted net loss and adjusted EBITDA for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is net loss:

	Unaudited	
	For the year ended	
	31 December	
	2025	2024
	RMB'000	RMB'000
Loss for the year	(75,115)	(27,956)
Add:		
Share-based compensation	<u>805</u>	<u>6,854</u>
Adjusted net loss	(74,310)	(21,102)
Add:		
Depreciation and amortization	20,839	20,718
Finance income — net	(15,067)	(24,453)
Income tax expenses	<u>7,747</u>	<u>1,767</u>
Adjusted EBITDA	<u>(60,791)</u>	<u>(23,070)</u>

LIQUIDITY AND CAPITAL RESOURCES

In 2025, we met our working capital and other capital requirements principally from cash flow generated from our operating activities.

The Group's gearing ratios as of the dates below were as follows:

	As of	As of
	31 December	31 December
	2025	2024
	RMB'000	RMB'000
Total liabilities	263,700	275,966
Total assets	1,758,502	1,875,051
Gearing ratio ⁽¹⁾	<u>15%</u>	<u>15%</u>

Note:

(1) Gearing ratio is calculated by dividing total liabilities by total assets.

Cash and Cash Equivalents, Short-Term Deposits and Long-Term Deposits

As of 31 December 2025, our cash and cash equivalents consisted of cash in bank and cash on hand, which amounted to RMB490.3 million, compared with RMB495.7 million as of 31 December 2024. We had short-term deposits of RMB551.0 million as of 31 December 2025, compared with RMB449.0 million as of 31 December 2024, representing bank deposits which we intend to hold for over three months but less than one year. We had long-term deposits of RMB60.0 million as of 31 December 2025, compared with RMB245.0 million as of 31 December 2024, representing bank deposits which we intend to hold for over one year but less than three years.

As of 31 December 2025, the Group had no restricted cash.

The effective interest rate per annum for cash in bank balances and deposits as of 31 December 2025 was 1.64%, compared with 1.88% as of 31 December 2024. Our policy is to place our cash in interest-bearing principal-protected call deposits or deposits with reputable domestic or international banks.

Our cash and cash equivalents, short-term deposits and long-term deposits are denominated in the following currencies:

Group	As of 31 December 2025 RMB'000	As of 31 December 2024 RMB'000
RMB	922,349	1,035,547
US\$	108,088	80,999
HK\$	70,755	73,053
Others	109	76
	<u>1,101,301</u>	<u>1,189,675</u>

Bank Loans and Other Borrowings

The Group had no bank loans or other borrowings as of 31 December 2025.

Treasury Policies

As of 31 December 2025, the Group had conservative treasury policies in terms of cash and financial management. The Group does not use any financial instruments for hedging purposes.

Foreign Currency Risk

As of 31 December 2025, RMB179.0 million of our financial resources were held in deposits in non-RMB currencies. Since there are no cost-effective hedges against the fluctuations of the RMB, there is a risk that we may experience a loss as a result of any foreign currency exchange rate fluctuations in connection with our cash in bank balances.

Capital Expenditures and Investments

Our capital expenditures consist of payment of construction in progress and purchases of property and equipment, such as servers and computers and intangible assets, such as computer software. For the year ended 31 December 2025, our total capital expenditures were RMB70.1 million, compared with RMB86.6 million for the year ended 31 December 2024. The following table sets out our expenditures for the periods indicated:

	For the year ended	
	31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Capital Expenditures		
— Payment of construction in progress	57,619	84,114
— Purchase of property and equipment	8,758	569
— Purchase of intangible assets	3,755	1,916
	<hr/>	<hr/>
Total	70,132	86,599
	<hr/> <hr/>	<hr/> <hr/>

Contingent Liabilities

As of 31 December 2025, the Group did not have any material contingent liabilities, guarantees or litigation against it.

Charges on Assets

As of 31 December 2025, there were no charges on the Group's assets.

Material Acquisitions and Future Plans for Major Investment

As of 31 December 2025, the Group currently has no specific plans for other major investments or acquisitions for significant capital assets or other businesses. However, the Group will continue to look for new opportunities for business development.

Employees and Staff Costs

As of 31 December 2025, the Group had 761 full-time employees. The following table sets forth the number of full-time employees by function as of 31 December 2025:

	As of 31 December 2025	
	Number of Employees	% of Total
Operations	29	3.8
Operations for R&D	171	22.5
Development and research	433	56.9
Sales and Marketing	67	8.8
General and administration	61	8.0
Total	761	100

In addition to salary, we also provide various incentives, including share-based awards, such as restricted shares units (“RSUs”) granted pursuant to the share incentive schemes of the Company, and performance-based bonuses to better motivate our employees. As required by the PRC law, we contribute to housing funds and maintain mandatory social insurance plans for our employees, covering pension, medical, unemployment, work injury and maternity leave. We are required by the PRC law to make contributions to these social insurance plans at specified percentages of the compensation of each employee, up to a maximum amount as may be specified by the local government from time to time. Such social insurance plans include defined contribution retirement benefit plans organized by the relevant governmental authorities. Forfeited contributions by the Group to these plans may not be used by the Group to reduce the existing level of contributions. The total amount of contributions we made for employee social insurance plans for the year ended 31 December 2025 were approximately RMB61.8 million, compared with RMB66.5 million for the year ended 31 December 2024. We incurred staff costs of approximately RMB280.1 million and RMB281.0 million, for the years ended 31 December 2025 and 2024, representing 45.9% and 51.5% of our revenue for those periods respectively.

We will continue to grant RSUs to our employees to incentivize them pursuant to the restricted share unit plan approved by the shareholders of the Company (the “Shareholders”) on 27 June 2023 (the “2023 RSU Scheme”). The maximum number of Shares of the Company (the “Shares”) which we may grant pursuant to the 2023 RSU Scheme and all other share schemes as adopted by the Company from time to time shall not exceed 282,284,400 Shares, representing approximately 10% of our issued shares capital as of the date of the annual general meeting (“AGM”) in 2023.

Under the previous restricted share unit plan which was terminated on 27 June 2023, there were a total of 4,260,000 RSUs outstanding as of 31 December 2025.

During the Reporting Period, there were no RSUs granted under the 2023 RSU Scheme. As of 31 December 2025, there was no outstanding RSU under the 2023 RSU Scheme.

Dividend

At the Company's AGM on 27 June 2025, the Shareholders approved the Board-recommended special dividend of HK\$0.012 (equivalent to approximately RMB0.011) per share for the year ended 31 December 2024. The special dividend was paid to the Shareholders on 31 July 2025.

The Board is pleased to recommend the payment of a special dividend of HK\$0.012 (equivalent to RMB0.011) per share for the year ended 31 December 2025 out of our share premium account, subject to the approval of the Shareholders at the forthcoming AGM to be held on Friday, 26 June 2026. The proposed special dividend will be payable on Thursday, 30 July 2026 to the Shareholders of whose names appear on the register of members of the Company (the "**Register of Members**") on Tuesday, 14 July 2026.

CHANGES SINCE 31 DECEMBER 2025

There were no other significant changes in the Group's financial position or from the information disclosed under management discussion and analysis in this annual results announcement for the year ended 31 December 2025.

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
Revenue	3	610,367	545,294
Cost of revenue	4	(309,851)	(293,232)
Gross profit		300,516	252,062
Selling and marketing expenses	4	(77,496)	(57,508)
Administrative expenses	4	(59,076)	(57,762)
Research and development expenses	4	(192,006)	(177,042)
Net impairment losses on financial assets	5	(16,375)	(3,804)
Other income		—	1,106
Other (losses)/gains — net		(2,097)	103
Operating loss		(46,534)	(42,845)
Finance income	6	18,821	25,530
Finance costs	6	(3,754)	(1,077)
Finance income — net	6	15,067	24,453
Impairment loss on investment in an associate		(26,527)	—
Share of loss of an associate		(9,374)	(7,797)
Loss before income tax		(67,368)	(26,189)
Income tax expense	7	(7,747)	(1,767)
Loss for the year		(75,115)	(27,956)
Attributable to:			
— Shareholders of the Company		(75,054)	(28,030)
— Non-controlling interests		(61)	74
		(75,115)	(27,956)
Loss per share for loss attributable to shareholders of the Company (expressed in RMB cents per share)	8		
Basic loss per share		(2.74)	(1.03)
Diluted loss per share		(2.74)	(1.03)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(75,115)	(27,956)
Other comprehensive income	<u>—</u>	<u>—</u>
Total comprehensive loss for the year	<u>(75,115)</u>	<u>(27,956)</u>
Attributable to:		
— Shareholders of the Company	(75,054)	(28,030)
— Non-controlling interests	<u>(61)</u>	<u>74</u>
	<u>(75,115)</u>	<u>(27,956)</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2025	2024
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property and equipment		263,963	257,118
Right-of-use assets		235,669	238,354
Intangible assets		6,902	2,878
Prepayments and other receivables		21,150	22,469
Long-term bank deposits		60,000	245,000
Deferred tax assets		5,891	13,186
Investment in an associate		—	35,901
Financial assets at fair value through profit or loss		3,861	5,000
		<u>597,436</u>	<u>819,906</u>
Current assets			
Inventories		538	113
Contract costs		54,159	44,834
Trade receivables	9	39,339	30,979
Prepayments and other receivables		25,729	34,544
Short-term bank deposits		551,000	449,000
Cash and cash equivalents		490,301	495,675
		<u>1,161,066</u>	<u>1,055,145</u>
Total assets		<u><u>1,758,502</u></u>	<u><u>1,875,051</u></u>
EQUITY			
Share capital		8	8
Share premium		1,094,462	1,110,449
Reserves		12,269	25,201
Retained earnings		380,784	456,087
		<u>1,487,523</u>	<u>1,591,745</u>
Equity attributable to Shareholders of the Company		<u>1,487,523</u>	<u>1,591,745</u>
Non-controlling interests		<u>7,279</u>	<u>7,340</u>
Total equity		<u><u>1,494,802</u></u>	<u><u>1,599,085</u></u>

		As at 31 December	
		2025	2024
	<i>Note</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Contract liabilities		<u>18,353</u>	<u>11,330</u>
		<u>18,353</u>	<u>11,330</u>
Current liabilities			
Trade payables	<i>10</i>	18,521	6,471
Other payables and accruals		74,082	100,413
Advances from distributors		15,777	16,581
Contract liabilities		136,931	123,224
Income tax liabilities		36	18
Lease liabilities		<u>—</u>	<u>17,929</u>
		<u>245,347</u>	<u>264,636</u>
Total liabilities		<u>263,700</u>	<u>275,966</u>
Total equity and liabilities		<u><u>1,758,502</u></u>	<u><u>1,875,373</u></u>

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRS Accounting Standards and the disclosure requirements of 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 (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

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

2 Changes in accounting policies and disclosure

2.1 Amended standard adopted by the Group

The Group has applied the following amended standard for the first time for their annual reporting period commencing 1 January 2025:

	Effective for annual periods beginning on or after
Amendments to IAS 21 Lack of Exchangeability	1 January 2025

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

2.2 New and amended standards not yet adopted

		Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature dependent Electricity	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	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
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS18. Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

3 Segment information

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company that make strategic decisions.

The Group determined that it has operating segments as follows:

- Online entertainment business
- Other businesses

The Group's online entertainment business involves development, operation and exclusive distribution of online virtual world business through its own web-based platform and mobile platforms. Other businesses mainly include sales of peripheral products and other services.

The CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and marketing expenses, administrative expenses, research and development expenses, net impairment losses on financial assets, other income, other (losses)/gains — net, finance income — net, impairment loss on investment in an associate, share of loss of an associate and income tax expense are not included in the measure of the segments' performance.

There were no material inter-segment sales during years ended 31 December 2025 and 2024, respectively. The revenues from external customers reported to CODM are measured as segment revenue.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these financial statements. There was no separate segment assets and segment liabilities information provided to the CODM.

The segment information provided to the Group's CODM for the reportable segments for the years ended 31 December 2025 and 2024 are as follows:

	Year ended 31 December 2025		
	Online entertainment business RMB'000	Other businesses RMB'000	Total RMB'000
Segment revenue	607,058	3,309	610,367
Timing of revenue recognition			
At a point in time	289,504	3,309	292,813
Over time	317,554	—	317,554
Gross profit	297,993	2,523	300,516

	Year ended 31 December 2024		
	Online entertainment business <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	545,130	164	545,294
Timing of revenue recognition			
At a point in time	173,095	164	173,259
Over time	372,035	—	372,035
Gross profit	251,985	77	252,062

Out of revenue from online entertainment business, RMB526,241,000 is related to the provision of consumable and durable virtual items for the year ended 31 December 2025 (2024: RMB519,313,000).

Other profit and loss disclosures:

	Year ended 31 December 2025			
	Online entertainment business <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Unallocated item <i>RMB'000</i>	Total <i>RMB'000</i>
Depreciation	15,853	86	956	16,895
Amortization	3,923	21	—	3,944

	Year ended 31 December 2024			
	Online entertainment business <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Unallocated item <i>RMB'000</i>	Total <i>RMB'000</i>
Depreciation	15,870	5	2,482	18,357
Amortization	2,360	1	—	2,361

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the Mainland China and Outside Mainland China. For the years ended 31 December 2025 and 2024, the geographical information on the total revenue is as follows:

	Year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue		
— Mainland China	571,783	509,892
— Outside Mainland China	38,584	35,402
Total	610,367	545,294

Revenue of the Group is mainly derived from online virtual worlds of online entertainment business operations and the Group depends on the success of a limited number of online virtual worlds to generate revenue. As summarized in the table below, the online virtual worlds contributing more than 10.0% of the Group's total revenue account for 77.2% and 71.5% of the total revenue for the years ended 31 December 2025 and 2024, respectively.

The percentage of revenue contributed by the following online virtual worlds is not presented for the years when such amount is less than 10% of the Group's total revenue in a particular period.

	Year ended 31 December	
	2025	2024
Aobi Island Mobile	26.20%	27.90%
Legend of Aoqi Mobile	20.80%	19.00%
Legend of Aoqi	19.20%	24.60%
Aola Star	11.00%	N/A

The Group has a large number of game players, no individual game players generated revenue which exceeded 10% or more of the Group's revenue for the year ended 31 December 2025 (2024: same).

The games were distributed to individual game players through own web-based platform, and Third Party Platforms including Company A. The revenue generated through Company A accounted for 26.2% (2024: 27.9%) of the Group's revenue for the year ended 31 December 2025. Besides those, no revenue through a single company or group exceeded 10% or more of the Group's revenue for the reporting period.

As at 31 December 2025, the total non-current assets, other than financial assets and deferred tax assets, located in Mainland China were RMB506,536,000 (31 December 2024: RMB534,983,000).

4 Expenses by nature

Year ended 31 December

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	280,133	281,039
Distribution costs and payment handling fees	212,507	193,672
Promotion and advertising expenses	49,421	35,079
Content expenses	34,085	18,309
Depreciation of right-of-use assets	9,073	11,867
Bandwidth and server custody fees	10,201	10,565
Depreciation of property and equipment and amortization of intangible assets	11,766	8,851
Professional fees	6,857	6,850
Utilities and office expenses	8,706	5,747
Auditor's remuneration	3,921	3,772
— Audit services	3,774	3,635
— Non-audit services	147	137
Travelling and entertainment expenses	3,483	3,828
Others	8,276	5,965
	<hr/>	<hr/>
Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses	638,429	585,544
	<hr/> <hr/>	<hr/> <hr/>

5 Net impairment losses on financial assets

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Increase in loss allowance of other receivables	15,723	3,048
Increase in loss allowance on trade receivables	652	756
	<hr/>	<hr/>
Net impairment losses on financial assets	16,375	3,804
	<hr/> <hr/>	<hr/> <hr/>

6 Finance income — net

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income:		
— Interest income from term bank deposits	14,343	13,405
— Interest income from cash and cash equivalents	4,478	10,192
— Net foreign exchange gain	—	1,933
	<u>18,821</u>	<u>25,530</u>
Finance costs:		
— Net foreign exchange loss	(3,565)	—
— Interest charge for lease liabilities	(189)	(1,077)
	<u>(3,754)</u>	<u>(1,077)</u>
Finance income — net	<u><u>15,067</u></u>	<u><u>24,453</u></u>

7 Income tax expense

The income tax expense of the Group for the years ended 31 December 2025 and 2024 is analyzed as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax expense	(452)	(130)
Deferred income tax expense	(7,295)	(1,637)
	<u>(7,747)</u>	<u>(1,767)</u>

The tax on the Group’s loss before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December	
	2025	2024
	RMB’000	RMB’000
Loss before income tax	<u>(67,368)</u>	<u>(26,189)</u>
Tax calculated at income tax rates applicable to profits of the consolidated entities in their respective jurisdictions	9,992	3,246
Tax effects of:		
Tax losses and temporary differences for which no deferred tax asset was recognized (Note (a))	(23,878)	(22,081)
Super deduction for research and development expenses (Note (b))	12,113	18,489
Expense not deductible for income tax purposes	(5,972)	(2,037)
Others	<u>(2)</u>	<u>616</u>
Income tax expense	<u>(7,747)</u>	<u>(1,767)</u>

(a) Tax losses and temporary differences for which no deferred tax asset was recognized

Deferred tax assets relating to certain tax losses and temporary differences are recognized as management considers it is probable that future taxable profit will be available against which the tax losses or temporary difference can be utilized. As at 31 December 2025, the tax losses for which no deferred tax asset was recognized amounted to RMB410,052,000 and temporary differences for which no deferred tax asset was recognized amounted to RMB95,107,000.

As at 31 December 2025, the balance of unused tax losses is RMB449,322,000. The tax losses under the PRC enterprise income tax law will expire at various dates up to and including 2035, while the others have no expiry date.

(b) PRC corporate income tax

Guangzhou Baitian Information Technology Ltd. (“Guangzhou Baitian”)

Guangzhou Baitian was qualified as “High and New Technology Enterprise” in 2022 and was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the year ended 31 December 2025 (2024: same).

Guangzhou Tianti Network Technology Co., Ltd. (“Guangzhou Tianti”)

Guangzhou Tianti was qualified as “High and New Technology Enterprise” and was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the year ended 31 December 2024, and is subject to corporate income tax at the rate of 25% for the year ended 31 December 2025.

Baiduo (Guangzhou) Information Technology Limited (“Guangzhou WFOE”), Juyu (Guangzhou) Internet Technology Limited (“Juyu”) and Guangzhou Xiaoyunxiong Information Technology Limited (“Xiaoyunxiong”)

Guangzhou WFOE, Juyu and Xiaoyunxiong were qualified as “Small Low-Profit Enterprise” in 2025 and 2024, and the provision for income tax was calculated in accordance with the two-tiered tax rates regime.

Under the two-tiered tax rates regime, the first RMB3 million of profits of qualifying corporations were taxed at 5% and profits above RMB3 million were taxed at 20% for the year ended 31 December 2025.

Other Subsidiaries

Except for subsidiaries of the Group mentioned above, the Group’s subsidiaries in mainland China are subject to corporate income tax at the rate of 25%.

Super Deduction

According to a policy promulgated by the State Tax Bureau of the PRC that was effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% of their research and development (“**R&D**”) expenses incurred as tax deductible expenses in determining tax assessable profits (“**Super Deduction**”). Certain qualified subsidiaries of the Group have claimed such Super Deduction in ascertaining its tax assessable profits/(losses) for the years ended 31 December 2025 and 2024.

Based on Public Notice [2023] No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises eligible for 100% deduction of eligible R&D expenses since 1 January 2023. Certain qualified subsidiaries of the Group have claimed such additional super deduction in 2025 and 2024.

(c) Cayman Islands income tax

The Company was 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.

(d) Hong Kong profits tax

The provision for Hong Kong profits tax for the year ended 31 December 2025 are calculated in accordance with the two-tiered profits tax rates regime (2024: same). Under the two-tiered profits tax rates regime, the first HKD2 million of profit of a qualifying corporation is taxed at 8.25%, and profit above HKD2 million is taxed at 16.5%.

(e) *PRC withholding tax (“WHT”)*

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between Mainland China and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

As at 31 December 2025, no deferred tax liability had been provided for in respect of the PRC withholding tax that would be payable on the unremitted earnings of approximately RMB1,258,087,000 (2024: RMB1,224,512,000). Such earnings are expected to be retained by the subsidiaries in Mainland China and not to be remitted to a foreign investor in the foreseeable future based on management’s estimation of overseas funding requirements.

8 Loss per share

(a) *Basic*

Basic loss per share for profit attributable to shareholders of the Company

Basic loss per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue less treasury shares and shares held for Share Option Scheme and RSU Scheme during the year.

	Year ended 31 December	
	2025	2024
Loss attributable to shareholders of the Company (<i>RMB’000</i>)	(75,054)	(28,030)
Weighted average number of ordinary shares in issue less treasury shares and shares held for RSU Scheme	<u>2,738,283,729</u>	<u>2,720,543,062</u>
Basic loss per share (<i>in RMB cents/share</i>)	<u>(2.74)</u>	<u>(1.03)</u>

(b) *Diluted*

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

For the year ended 31 December 2025, the Company had potential ordinary shares, the RSUs which had to be considered for calculating diluted loss per share. No adjustment was made to basic loss per share to derive the diluted losses per share for the year ended 31 December 2025 as potential ordinary shares was anti-dilutive (2024: same).

9 Trade receivables

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Receivables from third parties	41,101	32,089
Less: allowance for impairment	(1,762)	(1,110)
	<u>39,339</u>	<u>30,979</u>

- (a) The credit period for trade receivables was generally 30 days from the date of billing. Ageing analysis based on recognition date of the gross trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
0–30 days	27,746	22,843
31–60 days	8,706	6,533
Over 60 days	4,649	2,713
	<u>41,101</u>	<u>32,089</u>

- (b) The Group applies the simplified approach to provide for expected credit losses (“ECL”) prescribed by IFRS 9. For the year ended 31 December 2025, increase in impairment RMB652,000 was made for the gross amounts of trade receivables (2024: increase in impairment RMB756,000).
- (c) As at 31 December 2025, trade receivables were mainly denominated in RMB and their fair value approximated their carrying amounts (2024: same).
- (d) The maximum exposure to credit risk is the carrying amount of the net receivable balance. The Group does not hold any collateral as security.
- (e) The concentration risk with respect to trade receivables comes from Company A accounted for 49.9% (2024: 41.2%) of the Group’s trade receivables as at 31 December 2025.
- (f) Classification as trade receivables:

Trade receivables are amounts due from online payment channels and platforms for services performed to customers in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

10 Trade payables

Trade payables primarily relate to the purchase of services for server custody, distribution costs and the revenue sharing collected by the Group which is payable to cooperated game developers according to the respective cooperation agreements.

The credit period for trade payables was generally 30 days from the date of billing. The ageing analysis of trade payables based on recognition date is as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
0–30 days	11,867	6,280
Over 30 days	6,654	191
	<u>18,521</u>	<u>6,471</u>

As at 31 December 2025 and 2024, the fair value of trade payables approximated their carrying amounts.

11 Dividend

The dividends paid in 2025 and 2024 amounted RMB29,973,000 and RMB29,775,000, respectively. The Board of Directors of the Company proposed on 26 March 2026 a special dividend of HK\$0.012 (equivalent to approximately RMB0.011) per ordinary share, which will be debited to the share premium account, totalling approximately RMB30,170,000. Such dividend is to be approved by the shareholders at the annual general meeting to be held on 26 June 2026. These financial statements do not reflect this dividend payable as a liability as at 31 December 2025.

(a) Dividend paid to ordinary shares

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Special final dividend of 2025		
— HK\$0.012 (2024: same), equivalent to approximately RMB0.011 (2024: same), per ordinary share	31,396	31,461
Less: dividend for shares held for the RSU Schemes	<u>(1,423)</u>	<u>(1,686)</u>
	<u>29,973</u>	<u>29,775</u>

(b) Dividend not recognized as at 31 December 2025

	As at 31 December 2025 RMB'000
Proposed special dividend of HK\$0.012, equivalent to approximately RMB0.011 per ordinary share	31,539
Less: dividend for shares held for the RSU Schemes	(1,369)
	<hr/> 30,170 <hr/>

Audit Committee and Review of Financial Statements

The audit committee of the Company (the “**Audit Committee**”) has reviewed the accounting principles and practices adopted by the Group and discussed with the management regarding auditing, risk management, internal control and financial reporting matters. The Audit Committee has also reviewed the Group’s results for the year ended 31 December 2025. Based on its review and discussions with the management, the Audit Committee was satisfied that the Group’s consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the year ended 31 December 2025.

Review of Preliminary Announcement

The figures set out in the preliminary announcement in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto to the consolidated financial statements of the Group for the year ended 31 December 2025 have been agreed by the Company’s external auditor, PricewaterhouseCoopers (“**PwC**”), Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by PwC 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 Engagement issued by the HKICPA and consequently no assurance has been expressed by PwC on the preliminary announcement.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) as its own securities dealing code to regulate Directors’ dealings in the Company’s securities and other matters as covered by the Model Code.

Specific enquiry has been made to all Directors of the Company and all of them have confirmed that they have complied with the Model Code during the year ended 31 December 2025.

The Company has also established written guidelines no less exacting than the Model Code (the “**Employees Written Guidelines**”) to regulate securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by any employee was noted by the Company during the year ended 31 December 2025.

Compliance with the Corporate Governance Code

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Board is committed to achieving high corporate governance standards.

Throughout the year ended 31 December 2025, the Company has applied the principles and complied with all the Code Provisions as set out in Part 2 of the Corporate Governance Code (“**CG Code**”) set forth in Appendix C1 to the Listing Rules, save and except for the Code Provision C.2.1 with details as below.

Code provision C.2.1

Code Provision C.2.1 of Part 2 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. DAI Jian currently acts as the Chairman and the chief executive officer (“**CEO**”) of the Company. Mr. DAI, as one of the founders of the Group, is instrumental to the Group’s growth and business expansion since 2009. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring a consistent leadership within the Group and enables a more effective and efficient overall strategic planning for the Group. The Board further believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

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

During the year ended 31 December 2025, neither the Company nor any member of the Group has purchased, redeemed or sold any of the Company’s listed securities.

Annual General Meeting and Closure of Register of Members

The AGM is scheduled to be held on Friday, 26 June 2026. The notice of AGM will be published and dispatched to the Shareholders in the manner as required by the Listing Rules in due course. The Register of Members will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive, during which period no transfer of shares will be registered, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, unregistered holders of shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong (the "**Hong Kong Share Registrar**"), Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 22 June 2026.

Special Dividend and Closure of Register of Members

The Board is pleased to recommend the payment of a special dividend of HK\$0.012 (equivalent to approximately RMB0.011) per share for the year ended 31 December 2025 out of our share premium account, subject to the approval of the Shareholders at the forthcoming AGM to be held on Friday, 26 June 2026. The proposed special dividend will be payable on Thursday, 30 July 2026 to the Shareholders of whose names appear on the Register of Members on Tuesday, 14 July 2026.

The Register of Members will be closed from Friday, 10 July 2026 to Tuesday, 14 July 2026, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to the proposed special dividend. In order to qualify for the proposed special dividend, all transfers documents accompanied by the relevant share certificates must be lodged for registration with the Hong Kong Share Registrar, Tricor Investor Services Limited, no later than 4:30 p.m. on Thursday, 9 July 2026.

Publication of 2025 Annual Results and Annual Report

The annual results announcement is published on the Company's website (<http://www.baioo.com.hk>) and the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>). The annual report of the Company for the year ended 31 December 2025 will be available on the above websites in due course.

By order of the Board
BAIOO Family Interactive Limited
DAI JIAN

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 26 March 2026

As at the date of this announcement, the executive directors of the Company are Mr. DAI Jian (Chairman and Chief Executive Officer), Mr. WU Lili and Mr. LI Chong; the independent non-executive directors of the Company are Ms. LIU Qianli, Dr. WANG Qing, Mr. MA Xiaofeng and Mr. WEI Kevin Cheng.