



Fulu Holdings Limited 福祿控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2101



2025

ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Fu Xi (符熙) (*Chairman and CEO*)

Mr. Zhang Yuguo (張雨果)

Mr. Zhao Bihao (趙筆浩)

Independent Non-executive Directors

Mr. Li Wai Chung (李偉忠)

Ms. Wang Yuyun (王雨雲)

(alias Wang Yuyun (王雨蘊))

Mr. Wong Sincere (黃誠思)

AUDIT COMMITTEE

Mr. Li Wai Chung (李偉忠) (*Chairman*)

Ms. Wang Yuyun (王雨雲)

Mr. Wong Sincere (黃誠思)

REMUNERATION COMMITTEE

Ms. Wang Yuyun (王雨雲) (*Chairman*)

Mr. Fu Xi (符熙)

Mr. Wong Sincere (黃誠思)

NOMINATION COMMITTEE

Mr. Fu Xi (符熙) (*Chairman*)

Mr. Li Wai Chung (李偉忠)

Ms. Wang Yuyun (王雨雲) (*appointed on June 27, 2025*)

Mr. Wong Sincere (黃誠思) (*resigned on June 27, 2025*)

COMPANY SECRETARIES

Mr. Chow Tsz Ho (周梓浩) (*appointed on August 28, 2025*)

Ms. Ng Ka Man (吳嘉雯) (*resigned on August 28, 2025*)

AUTHORISED REPRESENTATIVES

Mr. Fu Xi (符熙)

Mr. Chow Tsz Ho (周梓浩) (*appointed on August 28, 2025*)

Ms. Ng Ka Man (吳嘉雯) (*resigned on August 28, 2025*)

AUDITOR

HLB Hodgson Impey Cheng Limited

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As to Cayman Islands law:

Harney Westwood & Riegels
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PRINCIPAL BANKERS

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Wuhan Qingshan Sub-branch
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Qingshan District
Wuhan
Hubei Province
The PRC

STOCK CODE

2101

COMPANY’S WEBSITE

www.fulu.com

Financial Summary

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended December 31,				
	2025 (RMB'000)	2024 (RMB'000)	2023 (RMB'000)	2022 (RMB'000)	2021 (RMB'000)
Revenue	330,964	359,790	560,406	479,863	399,283
Gross profit	258,791	254,217	416,175	359,236	295,244
Profit before tax	42,433	26,029	95,362	86,279	75,197
Profit and total comprehensive income for the year	19,875	19,408	80,129	90,726	68,222
Attributable to:					
Owners of the parent	27,303	20,164	91,614	97,881	68,222
Non-controlling interests	(7,428)	(756)	(11,485)	(7,155)	–
Non-IFRS measure adjusted profit attributable to owners of the parent for the year	28,478	26,163	99,962	115,078	170,380



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at December 31,				
	2025 (RMB'000)	2024 (RMB'000)	2023 (RMB'000)	2022 (RMB'000)	2021 (RMB'000)
Assets					
Non-current assets	41,139	58,125	86,991	87,638	33,585
Current assets	1,555,949	1,705,900	1,675,642	1,487,839	1,343,723
Total assets	1,597,088	1,764,025	1,762,633	1,575,477	1,377,308
Equity attributable to owners of the parent					
Share capital	278	278	278	277	275
Reserves	1,220,264	1,298,072	1,271,761	1,216,675	1,163,654
	1,220,542	1,298,350	1,272,039	1,216,952	1,163,929
Non-controlling interests	(22,250)	(16,846)	(14,687)	(6,570)	–
Total equity	1,198,292	1,281,504	1,257,352	1,210,382	1,163,929
Liabilities					
Non-current liabilities	1,973	1,970	4,977	8,773	5,945
Current liabilities	396,823	480,551	500,304	356,322	207,434
Total liabilities	398,796	482,521	505,281	365,095	213,379
Total equity and liabilities	1,597,088	1,764,025	1,762,633	1,575,477	1,377,308



Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of the Group for the financial year ended December 31, 2025.

In 2025, the macroeconomic environment remained complex and volatile, while the competitive landscape of the industry underwent profound reshaping. The accelerated integration of the digital economy and physical consumption drove continued expansion of China's digital consumption market. As digital products serve as a vital bridge connecting digital services with physical consumption, the industry has entered a new phase characterized by "standardization, refinement, and value orientation". The overall market exhibited a development trend marked by "coexisting challenges and opportunities, alongside parallel differentiation and growth".

For the Group, 2025 was a year of confronting challenges and pursuing deep transformation. Amid a highly uncertain external environment and increasingly fierce industry competition, profit margins for the market came under dual pressure, with operational strains persisting throughout the year. Nevertheless, we remained steadfast in navigating change, evolving through competition, and forging ahead despite adversity.

At present, we face multiple challenges: industry competition has fully escalated from mere price rivalry to a multidimensional contest of comprehensive value, with pronounced market homogenization and intensifying price competition. Budgets among certain industry clients continued to tighten, while both brand owners and platforms scaled back marketing investments, accompanied by ongoing adjustment of collaboration models.

At the same time, the industry also welcomed numerous development opportunities: continuous breakthroughs in digital technologies empowered the sector, with deeper integration of artificial intelligence (AI) and other technologies into digital goods driving the transformation of digital entitlements from "single goods format" toward "scenario-based entitlement portfolios." Integrated virtual-physical entitlement services and customized digital solutions emerged as new growth drivers in the market. The structure of consumer demand accelerated its optimization, with household consumption shifting toward high-frequency, practical, and experiential categories. Demand for digital entitlements in areas such as local life services, dining and entertainment, and livelihood services continued to expand, while the digital consumption habits of consumer groups such as Generation Z and silver-haired generation further matured, generating additional consumption increments for the industry. Corporate clients' service needs also upgraded, with a growing number of enterprises adopting digital entitlements as key instruments for employee benefits, customer engagement, and brand promotion. Demand for third-party service providers shifted from "simple goods procurement" toward "one-stop digital entitlement solutions", creating greater market space for companies equipped with full-chain service capabilities and refined operational expertise. Against the backdrop of deepening online-offline commercial integration, major platforms intensified their investments in local life services, providing additional vehicles for the scenario-based deployment and traffic monetization of digital entitlement goods, thereby fostering continuous innovation in the industry's business models.

In the face of industry transformation, we have come to a profound understanding: the current market competition is by no means a short-lived sprint for speed, but rather a marathon that tests comprehensive strength. Only by steadfastly adhering to compliant operations, enhancing operational management efficiency, deepening the quality of customer service, and maintaining strategic focus can we secure a firm foothold and seize the initiative amidst intense market competition. This understanding has become the core direction guiding our response to industry changes and pursuit of long-term development.

Over the past year, we have concentrated our efforts internally, continuously optimizing internal management and development strategies. We largely completed the establishment of an independent operational management system for our subsidiaries, effectively enhancing business flexibility and market responsiveness while fully stimulating team vitality and innovation momentum. Alongside strengthening organizational agility, we continuously refined our risk management framework to ensure the Company's steady progress. Our cost-reduction and efficiency-enhancement strategies delivered tangible results: by optimizing business and personnel structures, rigorously controlling various expenses, and improving capital utilization efficiency and return on investment, we further strengthened the Group's operational resilience and risk resistance capabilities.

During the Reporting Period, the Group achieved total revenue of RMB330,964 thousand, representing a year-on-year decrease of 8.0%; profit attributable to owners of the parent for the year amounted to RMB27,303 thousand, representing a year-on-year increase of 35.4%. Amid a complex and challenging market environment, the Group steadily improved its profitability, which was an achievement made possible by the unity and dedication of all colleagues, and the unwavering support of each shareholder.

We deeply recognize that every accomplishment under the current circumstances is hard-won. While pursuing medium-to-long-term sustainable operations, we have consistently placed high importance on delivering returns to our Shareholders. Following a prudent assessment of our financial position and development prospects, the Board declared a special dividend on November 7, 2025, payable to eligible Shareholders on December 5, 2025, as an expression of gratitude for their enduring trust and commitment, and to share the interim results of the Company's operational development.

We firmly believe that behind technological progress and industry transformation lies a reordering of value-creation capabilities. Only by continuously advancing organizational evolution, strengthening professional service capabilities, and deepening focus on customers' core value can we maintain a competitive edge in the market and achieve simultaneous enhancement of corporate and Shareholder value.

FINANCIAL SUMMARY

In 2025, we recorded total revenue of RMB330,964 thousand, representing a year-on-year decrease of 8.0%.

By business segment: for 2025, revenue from the lifestyle segment saw a significant year-on-year increase of 55.0% to RMB136,461 thousand; revenue from the leisure and entertainment, games, telecommunications and corporate welfare segments experienced a year-on-year decrease of 9.8%, 25.3%, 68.0% and 53.7% to RMB104,859 thousand, RMB48,329 thousand, RMB1,659 thousand and RMB39,656 thousand, respectively.

By business nature: for 2025, revenue from digital goods-related services decreased by 1.0% year-on-year to RMB205,653 thousand; revenue from physical goods-related services decreased by 47.0% year-on-year to RMB22,159 thousand; revenue from value-added services decreased by 6.4% year-on-year to RMB103,152 thousand.

In terms of profit: for 2025, the profit for the year increased by 2.4% year-on-year to RMB19,875 thousand; profit attributable to owners of the parent for the year increased by 35.4% year-on-year to RMB27,303 thousand; the adjusted profit attributable to owners of the parent for the year increased by 8.8% year-on-year to RMB28,478 thousand.

In 2025, the Group's cash and cash equivalents amounted to RMB324,299 thousand, providing a solid foundation for working capital.

BUSINESS OVERVIEW

In 2025, our GMV was RMB8,437,282 thousand, representing a year-on-year decrease of 8.7%. Among them, GMV from the lifestyle segment increased by 50.4% year-on-year to RMB4,976,302 thousand; GMV from the leisure and entertainment segment decreased by 48.3% year-on-year to RMB1,614,548 thousand; GMV from the games segment decreased by 30.1% year-on-year to RMB1,270,018 thousand; GMV from the telecommunications segment decreased significantly by 82.2% year-on-year to RMB55,966 thousand; and GMV from the corporate welfare segment decreased by 23.6% year-on-year to RMB520,448 thousand.

Lifestyle segment

In 2025, GMV from the lifestyle segment increased by 50.4% year-on-year to RMB4,976,302 thousand; revenue increased by 55.0% year-on-year to RMB136,461 thousand, accounting for 41.2% of the Company's total revenue and establishing itself as the Group's core income pillar; gross profit increased by 65.5% year-on-year to RMB104,810 thousand, and the gross profit margin improved by 4.9% year-on-year.

During the Reporting Period, benefiting from the continued deepening of the digital economy, accelerated digital transformation of enterprises, evolving consumer habits, and the sustained national pro-consumption policies (including digital consumption vouchers issued by multiple local governments, which effectively stimulated online demand for digital entitlements and other products), demand for services in sectors such as local dining, local entertainment, hotel and travel, and doorstep services accelerated its release, further expanding market space.

Against this backdrop, we continued to expand our brand portfolio within the lifestyle segment during the year, broadening industry coverage among corporate clients and achieving a dual enhancement in both customer quantity and quality. We focused on building a membership entitlement ecosystem spanning diverse lifestyle scenarios, upgrading our business from "single dining entitlements" to "full lifestyle coverage." We continuously innovated in the forms of vouchers and entitlement goods combinations, refined digital marketing solutions and business models, and strengthened refined operational capabilities, effectively unlocking business value.

We will further consolidate core capabilities, enhance product innovation and service levels, deepen cross-scenario resource integration, and continue to build out our presence in lifestyle sectors. We will increase resource investment and team development, solidify our operational foundation and competitive moats, promote diversified development of this segment, and sustain the Group's core growth momentum.

Leisure and entertainment segment

In 2025, GMV from the leisure and entertainment segment decreased by 48.3% year-on-year to RMB1,614,548 thousand; revenue decreased by 9.8% year-on-year to RMB104,859 thousand, accounting for 31.7% of the Company's total revenue; gross profit increased by 5.7% year-on-year to RMB81,928 thousand, and the gross profit margin increased by 11.4% year-on-year.

During the Reporting Period, competition in the leisure and entertainment segment remained intensely fierce, with consumer behavior becoming increasingly rational and market price competition notably pronounced. At the same time, brand owners tightened cooperation policies and raised partnership requirements, while marketing budgets across sales channels contracted, posing multiple challenges to the segment's operations.



Leveraging our mature operational systems, we proactively adapted to market changes and maintained relatively stable gross profit for the leisure and entertainment segment, demonstrating strong business resilience. Despite a slight decline in revenue under the influence of industry price competition, we adhered to refined operations and optimized cost control, alleviating profitability pressures while safeguarding service quality.

With the rapid iteration and widespread application of AI technologies, various productivity tools and AI-enabled membership entitlement products continue to emerge, bringing new opportunities to this segment. We will align with technological trends, focusing particularly on productivity tools and AI membership products, exploring new cooperation models with membership brands, continuously improving operational standards, and optimizing service and product structures. Leveraging our market adaptability and sustained innovation capabilities, we will stabilize the business development of the leisure and entertainment segment.

Telecommunications segment

In 2025, GMV from the telecommunications segment decreased by 82.2% year-on-year to RMB55,966 thousand; revenue decreased by 68.0% year-on-year to RMB1,659 thousand, accounting for 0.5% of the Company's total revenue; gross profit decreased by 16.5% year-on-year to RMB1,037 thousand, and the gross profit margin improved by 38.5% year-on-year.

In light of the policy environment affecting the upstream and downstream of the telecommunications segment, and in line with the Group's business structure adjustment plan aimed at enhancing capital return rates, we proactively scaled down the telecommunications segment's business scale in 2025, which led to significant year-on-year declines in the segment's GMV, revenue and gross profit.

Games segment

In 2025, GMV from the games segment decreased by 30.1% year-on-year to RMB1,270,018 thousand; revenue decreased by 25.3% year-on-year to RMB48,329 thousand, accounting for 14.6% of the Company's total revenue; gross profit decreased by 3.3% year-on-year to RMB35,224 thousand, and the gross profit margin improved by 16.6% year-on-year.

In 2025, although demand in the entertainment consumption market grew, macroeconomic conditions led game developers to generally reduce marketing budgets and adjust agency cooperation policies. Meanwhile, intensified homogenized competition in the games market and heightened consumer price sensitivity further compressed profitability, resulting in year-on-year declines across various operational indicators.

In response, we actively advanced business structure optimization during the year. Following a comprehensive assessment of return on investment, we discontinued the live-streaming business for games-related digital goods in the second half of 2025, reallocating capital and resources toward the sales and operation of more stable digital goods such as game recharge cards and gaming tools, thereby achieving optimized resource allocation.

As the games industry evolves and new games and products are progressively launched, we will, on the basis of stabilizing existing business, actively expand cooperation with new brand manufacturers, enrich channel presence, and make every effort to enhance the operational quality and market competitiveness of the games segment.

Corporate welfare segment

In 2025, the GMV of the corporate welfare segment decreased by 23.6% to RMB520,448 thousand on a year-on-year basis; revenue decreased by 53.7% year-on-year to RMB39,656 thousand, accounting for 12.0% of the Company's total revenue; gross profit decreased by 52.7% year-on-year to RMB35,792 thousand, while the gross profit margin increased by 1.8% year-on-year.

In 2025, the Group focused on its overall development strategy and continued to optimize the business strategies and structure of the corporate welfare segment. With a core emphasis on enhancing profitability, the Group balanced scale development and risk management and control. A strict client screening process was added for client onboarding to avoid receivables risks arising from client bad debts. Meanwhile, the Group proactively reduced risk-related investments, leading to a phased adjustment in the segment's GMV, revenue and gross profit.

Despite the impact of the macroeconomic environment, which led to tightened employee welfare budgets among certain clients, the domestic employee incentives and welfare management industry as a whole maintained stable development, reflecting the industry's resilience. Currently, the employee welfare market is accelerating its transformation from fragmentation to centralization, with group-based centralized procurement platform models becoming increasingly prevalent. State-owned and central enterprises' e-procurement platforms are continuously deepening their coverage of welfare and marketing products, while digitalization has emerged as a core pathway for enterprises to optimize procurement processes, reduce costs and improve efficiency. The industry presents significant medium and long-term development opportunities.

After four years of continuous and in-depth development, the Group has established a first-mover advantage in the corporate welfare sector: it has completed the development of digital capabilities and the reserve of professional talents, built a mature operation system in the conventional trade union market, and its service capabilities have been widely recognized in the market. It has accumulated a wealth of benchmark cases in the procurement market of state-owned and central enterprises, with mature experience in project implementation and service delivery. Meanwhile, it has formed core advantages in technology R&D, operation services and supply chain management, with strong large-scale client servicing capabilities, thereby creating a differentiated competitive edge.

Looking ahead, we will leverage our core strengths to continuously increase our participation in the e-procurement platforms of state-owned and central enterprises, deepen strategic cooperation with industry partners to achieve resource complementarity and synergies of advantages, and further strengthen our digital capabilities and end-to-end service standards. We will steadily enhance our market share and profitability, seize opportunities arising from structural changes in the industry, and inject sustained impetus into the high-quality development of our corporate welfare business.



OUTLOOK

In 2026, global geopolitical conflicts will continue to escalate, the economic environment will become more complex and volatile, and the intensified internal competition in the market will persist. The combination of multiple external uncertainties and fiercer industry competition will pose various challenges to corporate operation and development. Meanwhile, the digital process will accelerate across the board, AI technologies will be deeply integrated into all sectors, and new scenarios and models will keep emerging in the digital consumption sector. These will not only inject new impetus into industrial development but also drive the industry to accelerate its transformation toward value-oriented and high-efficiency development. Enterprises with core service capabilities and digital operation capabilities will gain a competitive edge in the market.

Faced with the rapidly changing market landscape, the Group will adhere to the business strategy of “Steady Operation, In-depth Value Creation, Innovation-driven Development, and Refined Services”, and promote higher-quality and sustainable development through multi-dimensional measures: continuously optimize internal management, improve organizational operation efficiency, deepen all-round cost control, and strengthen talent echelon development and risk prevention and control system construction; keep optimizing business structure and formulate differentiated development strategies for each business segment; gain insights into evolving customer demands, iterate and optimize customer structure, focus on projects with superior return on investment, and improve profit structure; seize opportunities in the local lifestyle sector, prudently expand into synergistic business areas, and further broaden market boundaries. At the same time, keeping abreast of digital and AI technological trends, the Group will actively explore digital commerce and AI application, empower business processes with AI technologies, and enhance operational efficiency and service value.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all Shareholders, partners and colleagues for standing with us all along. Your enduring trust and firm support have provided solid strength for us to navigate through market cycles and address various challenges. Over the year, we have grown through perseverance and achieved breakthroughs via innovation. Every achievement is attributed to your understanding, tolerance and expectations. We will cherish this profound trust, continue to strive for excellence and forge ahead. We will deliver more steady development and long-term value to repay Shareholders and all stakeholders, and share the fruits of the Group's growth with you.

Chairman

Fu Xi

March 27, 2026

Management Discussion and Analysis

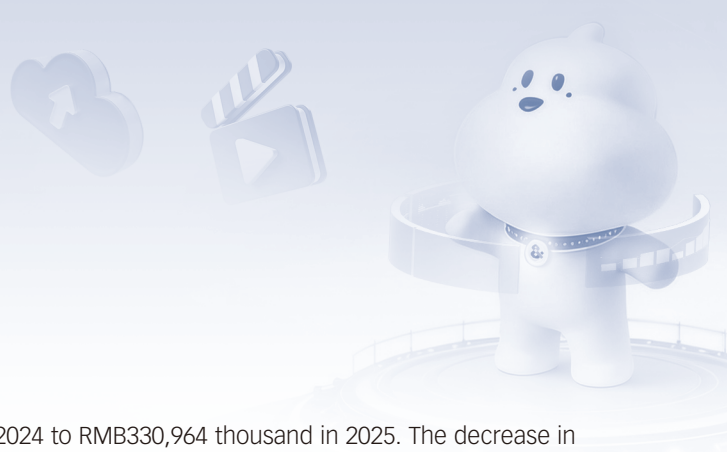
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth the consolidated statement of profit or loss and other comprehensive income comparative figures for the years ended December 31, 2025 and 2024:

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Revenue	330,964	359,790
Cost of sales	(72,173)	(105,573)
Gross profit	258,791	254,217
Other income and gains	11,389	15,709
Selling and distribution expenses	(70,276)	(93,500)
Administrative expenses	(88,863)	(97,010)
Research and development costs	(33,570)	(44,218)
Impairment losses on financial and contract assets, net	(29,386)	(3,273)
Other expenses	(3,515)	(2,223)
Operating profits	44,570	29,702
Finance costs	(2,137)	(3,673)
Profit before tax	42,433	26,029
Income tax expense	(22,558)	(6,621)
Profit and total comprehensive income for the year	19,875	19,408
Attributable to:		
Owners of the parent	27,303	20,164
Non-controlling interests	(7,428)	(756)
Non-IFRS measure adjusted profit attributable to owners of the parent for the year ⁽¹⁾	28,478	26,163

Note:

- (1) We define "adjusted profit attributable to owners of the parent for the year" as profit attributable to owners of the parent for the year by adding back foreign exchange gains and losses as well as share-based payment expenses. Adjusted profit attributable to owners of the parent for the year is not a measure required by or presented in accordance with IFRS Accounting Standards. The use of adjusted profit attributable to owners of the parent for the year has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of our results of operations or financial condition as reported under IFRS Accounting Standards.



REVENUE

Our revenue decreased by 8.0% from RMB359,790 thousand in 2024 to RMB330,964 thousand in 2025. The decrease in revenue was primarily due to a decrease in revenue from digital goods-related services as a result of the decrease in GMV of digital goods transactions.

Revenue by Nature

Our revenue primarily includes (a) commissions from digital goods-related services; (b) commissions from physical goods-related services; and (c) service fees from online store operation services and other value-added services. The following table sets forth revenue breakdown by types of services in 2025 and 2024:

	For the year ended December 31,			
	2025		2024	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)		(RMB in thousands, except for percentage)	
Digital goods-related services	205,653	62.1	207,831	57.8
Physical goods-related services	22,159	6.7	41,802	11.6
Value-added services				
Online store operation services	83,662	25.3	81,949	22.8
Others ⁽¹⁾	19,490	5.9	28,208	7.8
Total	330,964	100.0	359,790	100.0

Note:

- (1) Include user acquisition and management services (e.g. flexible employment brokerage services, business travel services and platform services) and IT solutions.

Digital goods-related services. Revenue from digital goods-related services decreased by 1.0% from RMB207,831 thousand in 2024 to RMB205,653 thousand in 2025, primarily due to a decrease in the revenue from digital goods-related services as a result of a significant decrease in the GMV of digital goods transactions we facilitated.

Physical goods-related services. Revenue from physical goods-related services decreased by 47.0% from RMB41,802 thousand in 2024 to RMB22,159 thousand in 2025, primarily due to the restructuring of the corporate welfare business, which led to a decrease in the GMV of physical goods transactions and hence a decrease in related service revenue.

Value-added services. Our value-added services consist primarily of online store operation services and other value-added services. Revenue from online store operation services increased by 2.1% from RMB81,949 thousand in 2024 to RMB83,662 thousand in 2025, primarily due to the addition of certain brand flagship stores we operate on behalf of brand owners, which contributed to a moderate growth in operation revenue. Revenue from our other value-added services decreased by 30.9% from RMB28,208 thousand in 2024 to RMB19,490 thousand in 2025, primarily due to a decrease in revenue from flexible employment brokerage services and corporate welfare business travel services.

Revenue by Segment

We generate revenue from five business segments: (i) leisure and entertainment; (ii) games; (iii) telecommunications; (iv) lifestyle; and (v) corporate welfare. The following table sets forth revenue by segment in 2025 and 2024:

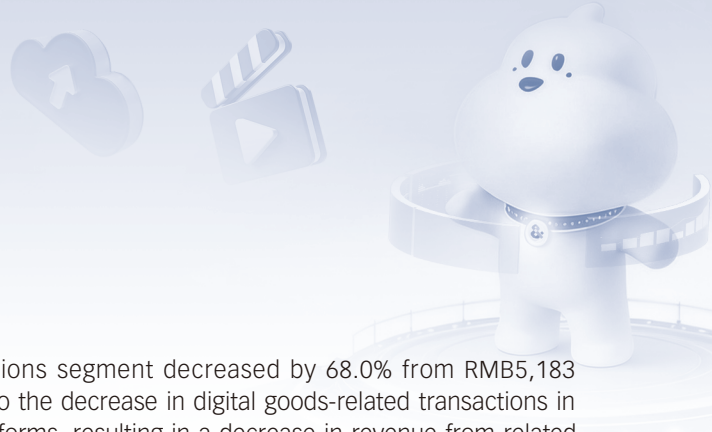
	For the year ended December 31,			
	2025		2024	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)		(RMB in thousands, except for percentage)	
Leisure and entertainment	104,859	31.7	116,297	32.3
Games	48,329	14.6	64,714	18.0
Telecommunications	1,659	0.5	5,183	1.4
Lifestyle	136,461	41.2	88,037	24.5
Corporate welfare	39,656	12.0	85,559	23.8
Total	330,964	100.0	359,790	100.0

The following table sets forth the GMV attributable to different segments for the years indicated:

	For the year ended December 31,			
	2025		2024	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)		(RMB in thousands, except for percentage)	
Leisure and entertainment	1,614,548	19.1	3,121,293	33.8
Games	1,270,018	15.1	1,817,199	19.7
Telecommunications	55,966	0.7	315,261	3.4
Lifestyle	4,976,302	59.0	3,309,176	35.8
Corporate welfare	520,448	6.1	681,646	7.3
Total	8,437,282	100.0	9,244,575	100.0

Leisure and entertainment. Revenue from the leisure and entertainment segment decreased by 9.8% from RMB116,297 thousand in 2024 to RMB104,859 thousand in 2025, primarily due to changes in the policies of certain leisure and entertainment brands and sales channels, adjustments to the cooperation model, and a reduction in marketing expenses on e-commerce platforms, resulting in a decrease in leisure and entertainment digital goods transactions we facilitated in the film and television membership and video live streaming field. The GMV of leisure and entertainment digital goods transactions we facilitated decreased by 48.3% from RMB3,121,293 thousand in 2024 to RMB1,614,548 thousand in 2025.

Games. Revenue from the games segment decreased by 25.3% from RMB64,714 thousand in 2024 to RMB48,329 thousand in 2025. The decrease in the revenue of the games segment was mainly due to a decrease in revenue from online store operation service following reduced agency operations for game-brand flagship stores, as well as our scaled-back cooperation with certain third-party suppliers. The GMV of games-related digital goods transactions we facilitated decreased by 30.1% from RMB1,817,199 thousand in 2024 to RMB1,270,018 thousand in 2025.



Telecommunications. Revenue from the telecommunications segment decreased by 68.0% from RMB5,183 thousand in 2024 to RMB1,659 thousand in 2025, mainly due to the decrease in digital goods-related transactions in telecommunications facilitated by us through e-commerce platforms, resulting in a decrease in revenue from related services. The GMV of digital goods-related transactions in telecommunications segment we facilitated decreased by 82.2% from RMB315,261 thousand in 2024 to RMB55,966 thousand in 2025.

Lifestyle. Revenue from the lifestyle segment increased by 55.0% from RMB88,037 thousand in 2024 to RMB136,461 thousand in 2025, primarily due to an increase in digital goods-related transactions in lifestyle we facilitated, resulting in an increase in revenue from related services. The GMV of lifestyle digital goods transactions we facilitated increased by 50.4% from RMB3,309,176 thousand in 2024 to RMB4,976,302 thousand in 2025.

Corporate welfare. Revenue from the corporate welfare segment decreased by 53.7% from RMB85,559 thousand in 2024 to RMB39,656 thousand in 2025, primarily due to the restructuring of our corporate welfare business, which lowered revenue from business travel services, as well as a decrease in the retention rate for both digital and physical goods transactions. The GMV of the corporate welfare-related digital goods and physical goods transactions we facilitated decreased by 23.6% from RMB681,646 thousand in 2024 to RMB520,448 thousand in 2025.

The following table sets forth the GMV attributable to our key operating entities:

	For the year ended December 31, 2025	
	GMV	% of the Group's total GMV
	<i>(RMB in thousands, except for percentage)</i>	
Tibet Fulu	3,835,980	45.5%
Wuhan Fulu	1,093,875	13.0%
Wuhan Lishuo	937,817	11.1%
Xinjiang Fuyou	669,519	7.9%
Wuhan Fuyou Network Technology Co., Ltd.	366,670	4.3%
Beijing Fulu Fuxi	300,755	3.6%
Beijing Yiji Qifu Technology Co., Ltd.	207,803	2.5%
Tibet Huluwa	189,223	2.2%
Wuhan Fulu Supply Chain Management Co., Ltd.	128,688	1.5%
Wuhan Fuyun Network Technology Co., Ltd.	124,717	1.5%
Xinjiang Huluwa	110,823	1.3%
Jiangxi Fulu Network Technology Co., Ltd.	102,085	1.2%
Wuhan Fulu Information Technology Co., Ltd.	68,556	0.8%
Wuhan Souka	42,957	0.5%
Fulu Media	39,363	0.5%
Wuhan Yiqiyou	38,811	0.5%
Wuhan Yilu	22,087	0.3%
Hangzhou Fuzhiluzhi Information Technology Co., Ltd.	10,436	0.1%
Kashgar Yiqiwan	6,707	0.1%
Wuhan Tianshi	4,420	0.1%

COST OF SALES

Our cost of sales decreased by 31.6% from RMB105,573 thousand in 2024 to RMB72,173 thousand in 2025, primarily due to a decrease in labor costs of the operating team, as well as a decrease in operating expenses such as server hosting fees and online store service fees for business operations.

Cost of Sales by Nature

The following table sets forth the components of cost of sales in 2025 and 2024:

	For the year ended December 31,			
	2025		2024	
	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentage)</i>		<i>(RMB in thousands, except for percentage)</i>	
Commissions	20,392	28.3	20,684	19.6
Labor-related costs	48,721	67.5	75,140	71.2
Others ⁽¹⁾	3,060	4.2	9,749	9.2
Total	72,173	100.0	105,573	100.0

Note:

(1) Primarily include fixed-fees paid to digital goods sales channels and server and software costs.

Commissions decreased slightly by 1.4% from RMB20,684 thousand in 2024 to RMB20,392 thousand in 2025, primarily due to a decrease in the platform commission service fee required to be paid as a result of the decrease in the digital goods transactions on e-commerce platforms we facilitated.

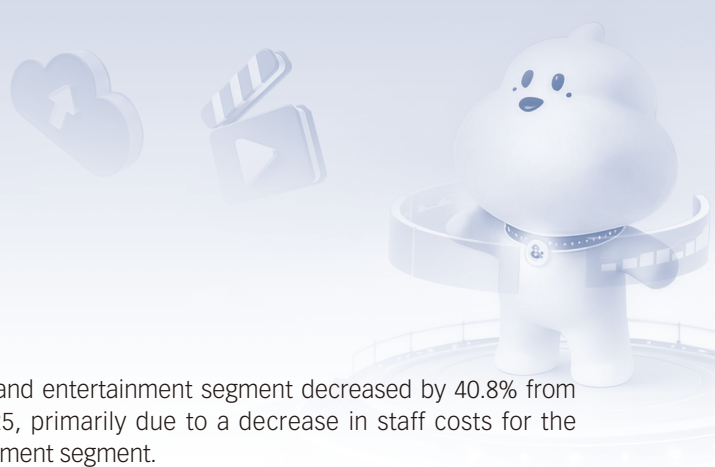
Labour-related costs decreased by 35.2% from RMB75,140 thousand in 2024 to RMB48,721 thousand in 2025, primarily due to a significant decrease in labor costs as a result of the structural adjustment of our business operations team.

Other costs decreased by 68.6% from RMB9,749 thousand in 2024 to RMB3,060 thousand in 2025, primarily due to a decrease in service fees of the online stores operated and server hosting fees.

Cost of Sale by Segment

The following table sets forth segment cost of sales in 2025 and 2024:

	For the year ended December 31,			
	2025		2024	
	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentage)</i>		<i>(RMB in thousands, except for percentage)</i>	
Leisure and entertainment	22,931	31.8	38,751	36.7
Games	13,105	18.1	28,297	26.8
Telecommunications	622	0.9	3,941	3.7
Lifestyle	31,651	43.8	24,707	23.4
Corporate welfare	3,864	5.4	9,877	9.4
Total	72,173	100.0	105,573	100.0



Leisure and entertainment. Cost of sales from the leisure and entertainment segment decreased by 40.8% from RMB38,751 thousand in 2024 to RMB22,931 thousand in 2025, primarily due to a decrease in staff costs for the operation team and dispatched labor in the leisure and entertainment segment.

Games. Cost of sales from the games segment decreased by 53.7% from RMB28,297 thousand in 2024 to RMB13,105 thousand in 2025, primarily due to a decrease in staff costs for the operation team in the games segment, coupled with a decrease in the GMV of transactions on e-commerce platforms, which led to a reduction in service commissions and platform service fees for payment consumption scenarios.

Telecommunications. Cost of sales from the telecommunications segment decreased by 84.2% from RMB3,941 thousand in 2024 to RMB622 thousand in 2025, primarily due to a corresponding decrease in commissions paid by us to e-commerce platforms as the significant decrease in telecommunications-related digital goods transactions we facilitated through e-commerce platforms, while its labor costs of the operating team decreased.

Lifestyle. Cost of sales from the lifestyle segment increased by 28.1% from RMB24,707 thousand in 2024 to RMB31,651 thousand in 2025, primarily due to the increase in GMV of lifestyle segment, the increase in service commissions from sales channels, and the significant increase in labor costs of the operating team resulting from the growth in business.

Corporate welfare. Cost of sales from the corporate welfare segment decreased by 60.9% from RMB9,877 thousand in 2024 to RMB3,864 thousand in 2025, primarily due to the restructuring of the corporate welfare business, resulting in the decrease in labor costs of the operating team.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth our gross profit and gross profit margin by each segment for the years ended December 31, 2025 and 2024:

	For the year ended December 31,			
	2025		2024	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)		(RMB in thousands, except for percentage)	
Leisure and entertainment	81,928	78.1	77,546	66.7
Games	35,224	72.9	36,417	56.3
Telecommunications	1,037	62.5	1,242	24.0
Lifestyle	104,810	76.8	63,330	71.9
Corporate welfare	35,792	90.3	75,682	88.5
Total	258,791	78.2	254,217	70.7

Our overall gross profits increased slightly by 1.8% from RMB254,217 thousand in 2024 to RMB258,791 thousand in 2025, primarily due to the overall cost of sales declined to a greater extent than revenue, resulting in a modest growth in gross profit. Meanwhile, our gross profit margin increased by 7.5% from 70.7% in 2024 to 78.2% in 2025.

The gross profit from the leisure and entertainment segment increased by 5.7% from RMB77,546 thousand in 2024 to RMB81,928 thousand in 2025, primarily due to an increase in revenue from leisure and entertainment-related value-added services, as well as a decrease in leisure and entertainment revenue declining at a slower rate than costs.

The gross profit from the games segment decreased by 3.3% from RMB36,417 thousand in 2024 to RMB35,224 thousand in 2025, primarily due to a decrease in revenue from game-related value-added services.

The gross profit from the telecommunications segment decreased by 16.5% from RMB1,242 thousand in 2024 to RMB1,037 thousand in 2025, primarily due to a significant decrease in GMV and revenue of telecommunications-related digital goods facilitated.

The gross profit from the lifestyle segment increased by 65.5% from RMB63,330 thousand in 2024 to RMB104,810 thousand in 2025, primarily due to a significant increase in GMV and revenue of lifestyle-related digital goods.

The gross profit from the corporate welfare segment decreased by 52.7% from RMB75,682 thousand in 2024 to RMB35,792 thousand in 2025, primarily due to a significant decrease in revenue from digital goods and physical distribution in the corporate welfare segment.

OTHER INCOME AND GAINS

Other income and gains decreased by 27.5% from RMB15,709 thousand in 2024 to RMB11,389 thousand in 2025, mainly comprising the government grant income of RMB5,482 thousand, the interest income of RMB3,203 thousand, gains on changes in fair value of RMB2,189 thousand and gain on disposal of subsidiary of RMB 167 thousand. The change was primarily due to a year-on-year decline in investment income.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses decreased by 24.8% from RMB93,500 thousand in 2024 to RMB70,276 thousand in 2025, primarily due to a decrease in labor costs, travel expenses and entertainment expenses. Our staff salary and welfare expenses and labor dispatch service fees decreased by 36.7% from RMB55,161 thousand in 2024 to RMB34,918 thousand in 2025, primarily due to the Group's cost reduction and efficiency improvement, which streamlined and optimized the business-operations teams, lowering the overall labor costs. The business operation expenses for business adjustments, such as travel expenses and entertainment expenses, decreased by 49.6% from RMB11,855 thousand in 2024 to RMB5,974 thousand in 2025.

ADMINISTRATIVE EXPENSE

Administrative expenses decreased by 8.4% from RMB97,010 thousand in 2024 to RMB88,863 thousand in 2025, primarily due to (i) a decrease of RMB3,040 thousand in termination benefits; (ii) a decrease of RMB9,759 thousand in staff salary and welfare expenses and labor dispatch service fees; (iii) a decrease of RMB2,390 thousand in depreciation of right-of-use assets; (iv) a decrease of RMB574 thousand in hospitality expenses; (v) an increase of RMB3,727 thousand in professional consulting fees; and (vi) an increase of RMB455 thousand in stamp duty.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs decreased by 24.1% from RMB44,218 thousand in 2024 to RMB33,570 thousand in 2025, primarily due to a decrease in labor costs for the R&D team.

NET PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

Impairment losses on financial and contract assets increased by 797.8% from RMB3,273 thousand in 2024 to RMB29,386 thousand in 2025, primarily due to the Group optimising its customer credit risk assessment framework and adopting a more prudent impairment provision policy by taking into account customers' actual credit standing, historical settlement record and changes in the overall operating environment.



OTHER EXPENSES

Other expenses increased by 58.1% from RMB2,223 thousand in 2024 to RMB3,515 thousand in 2025, mainly comprising the contract penalty of RMB2,135 thousand, and the loss on disposal of current assets of RMB1,340 thousand. The change was primarily due to an increase in contract penalty expenses and losses on disposal of assets.

OPERATING PROFIT

Our operating profit was RMB44,570 thousand in 2025, compared to RMB29,702 thousand in 2024.

FINANCE COSTS

Finance costs decreased by 41.8% from RMB3,673 thousand in 2024 to RMB2,137 thousand in 2025, mainly due to a decrease in interest payable following a decrease in interest-bearing bank loans.

PROFIT BEFORE TAX

After the deduction of finance costs, our profit before income tax was RMB42,433 thousand in 2025, compared to RMB26,029 thousand in 2024.

INCOME TAX EXPENSES

The income tax expense increased by 240.7% from RMB6,621 thousand in 2024 to RMB22,558 thousand in 2025, mainly due to an increase in deferred income tax expenses, as well as the receipt of a periodic/routine tax inspection notice from the tax authority in the Xinjiang region during the year, following which the tax status was finalized and reaffirmed, with additional income tax of RMB 7,183 thousand subsequently paid.

PROFIT FOR THE YEAR

As a result of the foregoing, our profit for the year increased by 2.4% from RMB19,408 thousand in 2024 to RMB19,875 thousand in 2025.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Company had no significant event after the end of the Reporting Period.

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES TO THE NEAREST MEASURES PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS

To supplement our consolidated financial statements which are presented in accordance with IFRS Accounting Standards, we use a non-IFRS measure, adjusted profit for the year, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating items that our management does not consider to be indicative of our operating performance. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted profit for the year may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial position as reported under IFRS Accounting Standards.

We defined adjusted profit attributable to owners of the parent for the year as profit attributable to owners of the parent for the year by adding back foreign exchange gains and losses and share-based payment expenses. The following table reconciles our adjusted profit attributable to owners of the parent for the year presented to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards:

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Profit attributable to owners of the parent for the year	27,303	20,164
Adjustments:		
Share-based payment expenses	(1,408)	6,147
Foreign exchange gains and losses	2,583	(148)
Non-IFRS measure adjusted profit attributable to owners of the parent for the year	28,478	26,163

OTHER FINANCIAL INFORMATION

Capital structure

Our total assets decreased from RMB1,764,025 thousand as at December 31, 2024 to RMB1,597,088 thousand as at December 31, 2025, while our total liabilities decreased from RMB482,521 thousand as at December 31, 2024 to RMB398,796 thousand as at December 31, 2025.

As at December 31, 2025, the Group had no assets pledged. As at December 31, 2025, interest-bearing bank loans of RMB10,000 thousand of the Group were pledged against accounts receivable with a carrying amount of RMB10,000 thousand.

Liquidity and capital resources

Our principal sources of liquidity were cash generated from operations, and bank loans and other borrowings. As at December 31, 2025, we had cash and cash equivalents of RMB324,299 thousand, which were mainly denominated in Renminbi. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operations, bank loans, net proceeds from the Global Offering and other funds raised from capital markets from time to time, when necessary. In order to achieve better risk control, we have put in place relevant policies on cash and finance management and implemented them strictly. We will regularly review our liquidity and financing needs.



The following table sets forth a summary of our net cash flow for the years ended December 31, 2025 and 2024:

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Cash and cash equivalents at the beginning of the year	310,442	147,347
Cash generated from operations	253,456	216,146
Income tax paid	(12,218)	(11,145)
Net cash generated from operating activities	241,238	205,001
Net cash generated from/(used in) investing activities	46,104	(80,788)
Net cash (used in)/generated from financing activities	(272,697)	38,495
Net increase in cash and cash equivalents	14,645	162,708
Effect of foreign exchange gains and losses	(788)	387
Cash and cash equivalents at the end of the year	324,299	310,442

Net cash generated from operating activities

Net cash generated from operating activities for the year ended December 31, 2025 was RMB241,238 thousand, primarily attributable to profit before tax of RMB42,433 thousand, as adjusted by:

- (a) non-cash and non-operating items, which primarily comprised RMB6,584 thousand of depreciation of right-of-use assets, RMB13,517 thousand of amortisation of intangible assets, RMB1,408 thousand of reversal of share-based payment expenses and RMB1,940 thousand of depreciation of fixed assets; and
- (b) changes in working capital, which primarily comprised:
 - (i) a decrease of RMB92,525 thousand in prepayments, other receivables and other assets, primarily due to a decline in the scale of digital goods transactions, which resulted in a decrease in procurement expenses and merchandise inventory of digital goods;
 - (ii) an increase of RMB98,547 thousand in trade receivables, primarily due to the business growth of the lifestyle segment, the growth of customers from financial channels with higher demand for lifestyle services, and the increase of credit terms for business and sales proceeds;
 - (iii) an increase of RMB50,754 thousand in trade payables, primarily due to the increase in the credit line of upstream supply channels; and
 - (iv) an increase of RMB19,628 thousand in other payables and accruals, primarily due to an increase in value-added tax payable.

Net cash used in investing activities

Net cash generated from investing activities for the year ended December 31, 2025 was RMB46,104 thousand, comprising mainly (i) purchase of financial products of RMB153,651 thousand; (ii) proceeds from disposal of financial products of RMB208,163 thousand; (iii) addition to intangible assets of RMB1,706 thousand; (v) addition to fixed assets of RMB2,380 thousand; and (vi) interest received of RMB3,203 thousand.

Net cash generated from financing activities

Net cash used in financing activities for the year ended December 31, 2025 was RMB272,697 thousand, comprising mainly (i) bank and other borrowings received of RMB10,000 thousand; (ii) repayment of bank and other borrowings of RMB170,710 thousand; (iii) dividend payment of RMB99,254 thousand; (iv) payment of rental amounts of right-of use assets of RMB6,147 thousand; (v) payment of interest related expenses of RMB2,137 thousand; and (vi) payment for share repurchases of RMB4,449 thousand.

Capital expenditures

Our capital expenditures principally consist of expenditures for the purchases of property, plant and equipment and intangible assets. Our capital expenditures decreased by 22.5% from RMB5,271 thousand for the year ended December 31, 2024 to RMB4,086 thousand for the year ended December 31, 2025, primarily due to the accumulated capital invested in prior periods, together with no substantial expansion in business scale in the current period and the implementation of cost reduction and efficiency enhancement policies, significant asset procurement expenditures were reduced in the current period.

Indebtedness, off-balance sheet commitment and contingent liabilities

As at December 31, 2025, our total indebtedness amounted to RMB398,796 thousand (RMB482,521 thousand as at December 31, 2024), of which our interest-bearing indebtedness included lease liabilities of RMB7,036 thousand and interest-bearing bank and other borrowings of RMB10,000 thousand. As at December 31, 2025, our bank and other borrowings were all denominated in RMB. For the year ended December 31, 2025, our bank loans and other borrowings were interest-bearing at rates ranging from 1.15% to 2.60% per annum (for the year ended December 31, 2024: ranging from 1.05% to 4.80%).

As at December 31, 2025, we did not have any off-balance sheet arrangements and material contingent liabilities.

Significant investments held

For the year ended December 31, 2025, we did not have any significant investments.

Material acquisitions, disposals and future plans of subsidiaries and affiliated companies

For the year ended December 31, 2025, we did not have any material acquisitions or disposals of subsidiaries or affiliated companies.

Gearing ratio

As at December 31, 2025, we did not have any net debt, as the Group's cash and cash equivalents were more than its interest-bearing borrowings. As such, the gearing ratio (calculated as net debt divided by total equity plus net debt of the Group) did not apply to us.



Foreign exchange risk management

We mainly carry out our operations in the PRC with most transactions settled in Renminbi. As at December 31, 2025, our cash and cash equivalent balance was mainly denominated in Renminbi. Our management considers that the principal business is not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of our entities, but some of our funding raised in Hong Kong is subject to foreign exchange risk.

Future plans for material investments and capital assets

As at December 31, 2025, we did not have other plans for material investments and capital assets.

RELATIONSHIP WITH STAKEHOLDERS

Employee and remuneration policy

As at December 31, 2025, we had 606 employees, all of whom were based in the PRC.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive remuneration packages, which generally include basic wages, variable wages, bonuses and other benefits.

We participate in employee benefit plans mandated by the PRC government, including basic pension insurance, work-related injury insurance, maternity insurance, basic medical insurance, unemployment insurance and housing provident fund scheme. We contribute to employee benefit plans based on certain percentages of employee compensation costs.

Customers

Our customers primarily include digital goods vendors, from whom we earn commissions on facilitating sales of their products through our platform. Our customers also include digital goods vendors and digital goods sales channels that use our ancillary value-added services for which we charge fees on a case-by-case basis.

Suppliers

Our suppliers primarily include (i) digital goods sales channels, who charge us commissions; and (ii) data storage and server hosting providers. We select suppliers based on a number of factors, including their user base, market share and reputation.

Directors and Senior Management

As of the Latest Practicable Date, the composition of Directors and senior management is as follows:

DIRECTORS

Executive Directors

Mr. Fu Xi, 37, is the Chairman, executive Director, chief executive officer of the Company, chairman of the Nomination Committee and a member of the Remuneration Committee. He was appointed as an executive Director on October 31, 2019 upon the incorporation of the Company. Mr. Fu is responsible for the Company's strategies, corporate culture and oversees the senior management. He has held directorships in several subsidiaries of the Group, including as the executive director of Wuhan Fulu since March 2009, Fulu Technology since December 2019, Tianjin Ruyi since December 2023 and Wuhan Fuyue since June 2025.

Mr. Fu has over 15 years of management and operation experience in the IT industry.

Mr. Fu graduated from Zhongnan University of Economics and Law (中南財經政法大學) in Wuhan, PRC in June 2009 and majored in computer information management.

Mr. Zhang Yuguo, 39, is an executive Director and the senior vice president of the Group. He joined the Group as the vice president in May 2009 and was appointed as an executive Director on October 31, 2019 upon the incorporation of the Company. He has served as the director of Beijing Fulu Fuxi since March 2025. Mr. Zhang is mainly responsible for managing the open platform business division. In particular, he is in charge of the operation of the Group's Fulu Open Platform as well as the operation and development of the Group's e-commerce business and corporate welfare business relating to telecommunications, online games, leisure and entertainment, lifestyle services and membership cards and coupons. Mr. Zhang served as the executive director in Wuhan Yilu from August 2019 to September 2023, and served as the executive director and general manager of Kashgar Yiqiwan from March 2017 to June 2024.

Mr. Zhang has over 15 years of management and operation experience in the IT industry.

Mr. Zhao Bihao, 45, is an executive Director and the senior vice president of the Group. He was appointed as an executive Director on October 31, 2019. He was appointed as the senior vice president of the Group in April 2013 and is primarily responsible for the branding, marketing, as well as investment business of the Group.

Mr. Zhao has over 20 years of management and operation experience in market operations and promotion. From October 2005 to March 2013, Mr. Zhao was a promotion director of Perfect World Co., Ltd. (完美世界股份有限公司) ("Perfect World", a company listed on the Shenzhen Stock Exchange with the stock code of 002624, primarily engaging in development, production and marketing of online games, TV shows and movies), responsible for promoting and marketing.

Mr. Zhao received his associate degree in computer science from Wuhan University of Science and Technology (武漢科技大學) in Wuhan, Hubei Province, the PRC in July 2002.

Independent non-executive Directors

Mr. Li Wai Chung, 48, is an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee. He was appointed as an independent non-executive Director on January 11, 2020.

Mr. Li has been an independent non-executive director and the chairman of the audit committee of the board of directors of Taizhou Water Group Co., Ltd. (台州市水務集團股份有限公司) (a company listed on the Stock Exchange with the stock code of 1542) since June 2019.

Directors and Senior Management

Mr. Li has served as the chief executive officer of FiEE., Inc. (a company listed on Nasdaq in the United States with the stock code of FiEE) since February 2025. From July 2023 to December 2025, he served as the vice chairman of the second session of the council of the Financial Investment Branch of Chinese Association of Plastics and Aesthetics. From June 2020 to November 2024, he has served as an executive director and a chief financial officer of Tyfon Culture Holdings Limited (泰豐文化控股有限公司). He has also served as the general manager of Shenzhen Youxin Consulting Management Co., Ltd. (深圳友信顧問管理有限公司) from October 2017 to June 2020. From October 2017 to October 2018, he worked at Shanghai Yongxuan Venture Capital Management Co., Ltd. (上海永宣創業投資管理有限公司). From August 2016 to September 2017, he worked at Lens International (HK) Limited (藍思國際(香港)有限公司), the holding company of Lens Technology Co., Ltd. (藍思科技股份有限公司) (a company listed on the Shenzhen Stock Exchange with the stock code of 300433), as the general manager of investment department, mainly responsible for managing investment projects of the company and formulating investment strategies. From April 2006 to July 2016, he worked at Shanghai Prime Machinery Co., Ltd. (上海集優機械股份有限公司) (a company once listed on the Stock Exchange from April 2006 to January 2021, now as the subsidiary of Shanghai Electric Group Company Limited (上海電氣集團股份有限公司), a company listed on the Stock Exchange with the stock code of 2727) as the vice president, secretary of the board, assistant president, company secretary and qualified accountant. He was an audit manager of Deloitte China (including Deloitte Touche Tohmatsu Hua Yong CPA and Hong Kong Deloitte Touche Tohmatsu) from October 2005 to April 2006.

Mr. Li received a bachelor's degree in business administration, majoring in accounting and finance, from University of Hong Kong in November 2000 and a master's degree in business administration from University of Hong Kong in November 2013. Mr. Li is a fellow member of the Association of Chartered Certified Accountant. He is also a member of The Hong Kong Institute of Certified Public Accountants and holds the chartered accountant qualifications from the Institute of Chartered Accountants in England and Wales.

Ms. Wang Yuyun (王雨雲) (alias Wang Yuyun (王雨蘊)), 48, is an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. She was appointed as an independent non-executive Director on January 11, 2020.

Ms. Wang is a member of the China Zhi Gong Party and a deputy to the Beijing Municipal People's Congress. She currently serves as the chief spokesperson of Perfect World Holding Group, chairwoman of Perfect World Holding Group Employee Public Welfare Fund, and chairwoman of Perfect World (Chengdu) Culture Technology Co., Ltd. (完美世界(成都)文化科技有限公司) ("Perfect World Culture").

Ms. Wang joined Perfect World at its inception in 2004, primarily responsible for the market distribution and operational management of the Company's gaming products. She cultivated and built a top-tier online game operations team in the industry. Currently, she oversees the strategic planning and operational management of Perfect World Culture. As a subsidiary of Perfect World Holding Group, Perfect World Culture is dedicated to exploring and developing new frontiers in the digital cultural industry, focusing on talent development, industrial parks, and cultural innovation collaborations, fostering talent with a digital cultural mindset and contributing to the sustainable development of China's digital cultural industry. At the same time, she represents Perfect World Holding Group in releasing official information to the public and media. As the chairwoman of the Perfect World Holding Group Employee Public Welfare Fund, she actively promotes corporate social responsibility and explores new pathways for sustainable development.

Ms. Wang received a doctor's degree in business administration from University of Nice in France in April 2018 and an EMBA degree from National University of Singapore in Singapore in June 2012. She is also a national psychologist.

Mr. Wong Sincere, 61, is an independent non-executive Director and a member of the Audit Committee and the Remuneration Committee. He was appointed as an independent non-executive Director on January 11, 2020.

Mr. Wong has served as an independent non-executive director of U Banquet Group Holding Limited (譽宴集團控股有限公司) (now known as Net-a-Go Technology Company Limited (網譽科技有限公司), a company listed on the Stock Exchange with the stock code of 1483), Jinmao Property Services Co., Limited (金茂物業服務發展股份有限公司) (a company listed on the Stock Exchange with the stock code of 00816) and Qian Xun Technology Limited (千循科技有限公司) (a company listed on the Stock Exchange with the stock code of 1640) since September 2018, March 2022 and September 2024, respectively.

Mr. Wong has been the founding partner of Wong Heung Sum & Lawyers (黃香沈律師事務所) (formerly known as Sincere Wong & Co. (黃誠思律師事務所)) from May 2016 to November 2024. He has served as a consultant lawyer at Heung Massie & Clement (香馬祁律師事務所) since its name change from Wong Heung Sum & Lawyers in December 2024, and has been a partner at Charles Chu & Kenneth Sit (朱嘉楨薛海華律師行) since January 2026. From August 2017 to October 2023, Mr. Wong served as an independent non-executive director of Bank of Gansu Co., Ltd. (甘肅銀行股份有限公司) (a company listed on the Stock Exchange with the stock code of 2139). From August 2011 to April 2016, Mr. Wong worked at the Listing Department of Hong Kong Exchanges and Clearing Limited (the "Hong Kong Exchange"), and he served as a vice president at the time of his departure from the Hong Kong Exchange, primarily responsible for reviewing IPO applications and making recommendations to the Listing Committee. From July 2010 to May 2011, he served as the vice president of legal department and company secretary of Sateri Holdings Limited (賽得利控股有限公司) (subsequently renamed Bracell Limited, a company listed on the Stock Exchange with the stock code of 1768). Bracell Limited was delisted by way of privatization in October 2016. From November 2006 to June 2010, he served as the chief legal officer of SOCAM Development Limited (瑞安建業有限公司) (a company listed on the Stock Exchange with the stock code of 983). From February 2005 to November 2006, he served as the in-house legal counsel of China Resources Enterprise, Limited (華潤創業有限公司) (now known as China Resources Beer (Holdings) Company Limited (華潤啤酒(控股)有限公司), a company listed on the Stock Exchange with the stock code of 291). From September 1996 to January 2005, he served as the in-house legal counsel of Hutchison Whampoa Group (和記黃埔集團).

Mr. Wong received his bachelor's degree in social science from The Chinese University of Hong Kong in December 1986. Mr. Wong passed the Common Professional Examination at Wolverhampton Polytechnic (now known as University of Wolverhampton) in July 1990, and the Solicitors' Final Examination of the Law Society of England and Wales with first class honours in October 1991. Subsequently, he has been a solicitor of the High Court of Hong Kong in October 1993 and a solicitor of the Supreme Court of England & Wales in February 1994, respectively. Mr. Wong was admitted as a lawyer in the Guangdong-Hongkong-Macao Greater Bay Area in September 2022.

SENIOR MANAGEMENT

The senior management team of the Group, in addition to the executive Directors listed above, has the following members:

Mr. Mao Feng, 47, has been the chief financial officer and vice president of the Group since January 11, 2020. He has been responsible for the Group's financial management, financing and investor relations since he joined the Group in July 2018. He served as a director of Beijing Fulu Fuxi since March 2025. He served as an executive Director from January 11, 2020 to May 30, 2023. From September 18, 2020 to September 15, 2023, he served as a joint company secretary.

Mr. Mao has more than 20 years of experience in accounting and finance. Prior to joining the Group, Mr. Mao was a partner of Asia Pacific CPA (Group) Co., Ltd. (亞太(集團)會計師事務所) from March 2015 to June 2018. From December 2013 to March 2015, he worked at Ruihua Certified Public Accountants (瑞華會計師事務所). From August 2010 to January 2013, Mr. Mao served as the vice general manager in Shanghai Chengqi Business Consulting Co., Ltd (上海誠齊商務諮詢有限公司). From September 2006 to December 2008, he served as the finance manager of Shanghai Maoyuan Garment Co., Ltd. (上海懋源製衣有限公司). From July 2001 to September 2006, he worked at Deloitte Touche Tohmatsu Hua Yong Certified Public Accountants LLP (德勤華永會計師事務所).

Mr. Mao received his bachelor's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in Shanghai, PRC in July 2001.

Mr. Mao resigned as the Chief Financial Officer and Vice President of the Group with effect from 16 April 2026.

Directors and Senior Management

Mr. Chen Tianjun, 43, has been the vice president of the Group since April 2017, responsible for the new business development of the business department and cooperation with various major platforms.

Prior to joining the Group, Mr. Chen has been running his own business through three companies, namely Shanghai Fire Beast Network Technology Co., Ltd. (上海火獸網絡科技有限公司) since August 2014, Hangzhou Yingxiang Network Technology Co., Ltd. (杭州鷹翔網絡科技有限公司) since April 2016 and Hangzhou Cool Land Magic Technology Co., Ltd. (杭州酷境魔視科技有限公司) since August 2016. He served as the legal representative and chief executive officer of these three companies. From May 2008 to August 2016, he served as the manager of Taobao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司), responsible for the virtual product business. From November 2002 to March 2003 and from August 2003 to May 2004, he worked at Shanghai Shengda Network Development Co., Ltd. (上海盛大網絡發展有限公司) (a company previously listed on Nasdaq and delisted from Nasdaq in 2012). From April 2003 to July 2003 and from June 2004 to November 2007, he worked at Shengqu Information Technology (Shanghai) Co., Ltd. (盛趣信息技術(上海)有限公司).

Mr. Chen graduated from Yancheng Institute of Technology (鹽城工學院) in Yancheng, the PRC in July 2002. In January 2006, he received his diploma degree in administrative management from Shanghai TV University (上海電視大學) through long-distance and part-time study.

Mr. Ren Wei, 49, has been the chief technology officer of the Group since November 2019, responsible for technical reserves, development and implementation of technological strategies, and management of research team of the Group. He joined the Group in November 2011 as the manager of our R&D department.

Prior to joining the Group, Mr. Ren has over 11 years of working experience in computer technology companies, including: Wuhan Chaojiwanjia Technology Co., Ltd. (武漢超級玩家科技股份有限公司) (formerly known as Wuhan Chaowan Online Technology Co., Ltd. (武漢超玩在線科技有限公司)), a company primarily engaged in the research and development of online games, from February 2009 to September 2011; Baofuda Technology (Wuhan) Co., Ltd. (保富達科技(武漢)有限公司), a company primarily involved in the development of computer software, from March 2008 to February 2009; Shenzhen Huolitianhui Technology Co., Ltd. (深圳市活力天匯科技股份有限公司), a company primarily involved in internet retail services, from September 2006 to March 2008; and Wuhan Huanda Technology Development Co., Ltd. (武漢市環大科技開發有限公司), a company primarily involved in computer engineering, bioengineering and chemical engineering, from August 2001 to August 2006.

Mr. Ren received his bachelor's degree in computer software from Hubei University (湖北大學) in Wuhan, the PRC in July 1998.

Mr. Ding Zhigang, 44, has been the vice president of the Group since November 2019 and is responsible for managing the Group's Open Platform Business division – the Customer Development Centre, and focuses on the development and service of To-B customers.

Prior to joining the Group, Mr. Ding had served four companies. From March 2019 to October 2019, he held the position of chief operating officer at Basestonedata (小象優品), a leading phase e-commerce company, where he was in charge of the work related to the group's operation. From February 2012 to January 2019, he held the position of data analysis specialist and senior operations specialist at Alipay, focusing on membership operations. From May 2010 to January 2012, he held the position of senior consultant at Hua Analysis Technology (Shanghai) Co., Ltd. (華院分析技術(上海)有限公司), a leading domestic consulting company specializing in the telecommunications industry. From July 2007 to May 2010, he served as a senior marketing analysis manager at China Mobile Communications Group Co., Ltd. (中國移動通信集團有限公司), Guangdong Branch.

Mr. Ding graduated from Huazhong University of Science and Technology (華中科技大學) in Wuhan, the PRC, with a Master's degree in Economics in July 2007.



Directors' Report

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Reporting Period.

THE LISTING

The Company is a limited liability company incorporated in the Cayman Islands on October 31, 2019. The Shares were listed on the Stock Exchange on September 18, 2020. The offer price has been determined at HK\$8.90 per offer share (exclusive of brokerage of 1%, the Securities and Futures Commission transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%). The Global Offering of the Company constitutes 100,000,000 Shares.

PRINCIPAL BUSINESS

The Company is a leading third-party digital goods and services platform operator in China. The platform of the Company connects digital goods vendors and digital goods sales channels. We generate revenues from providing "business to business" (B2B) services to digital goods vendors and sales channels, including (i) facilitating digital goods transactions between digital goods vendors and digital goods sales channels; and (ii) providing value-added services such as operating online stores for digital goods vendors. Businesses of major subsidiaries are set out in Note 1 to the financial statements of this annual report.

RESULTS

Results of the Group for the year ended December 31, 2025 are set out in the consolidated statement of comprehensive income of this annual report.

DIVIDEND POLICIES

The Board adopted a dividend policy (the "Dividend Policy") on November 7, 2025. According to the Dividend Policy, in order to ensure that the Shareholders receive reasonable returns on their investments while balancing the Company's business development and capital management, the Board has the discretion to declare and/or pay dividends to Shareholders, subject to compliance with applicable laws and regulations and the Articles of Association.

When recommending the declaration of dividends, the Board shall comprehensively consider the following factors: the industry characteristics of the Group, its stage of development, business strategies, its operational model, profitability, whether there are significant capital expenditure arrangements, and any other conditions or factors deemed relevant by the Board. The Company does not have any pre-determined dividend distribution ratio; the amount and ratio of dividend distribution will be determined at the discretion of the Board.

The Board will review the applicability of the Dividend Policy from time to time based on the Group's business development, changes in market conditions, and regulatory requirements. The Board may update, revise and/or adjust the Dividend Policy at its sole discretion at any time as it deems appropriate and necessary.



FINAL DIVIDENDS

The Board declared a special dividend of HK\$0.269 per Share (the "Special Dividend") on November 7, 2025, which was paid in cash on or around December 5, 2025, to Shareholders whose names appeared on the Company's register of members at the close of business on November 26, 2025. The Board's decision to declare this Special Dividend was made in accordance with the relevant provisions of the Dividend Policy.

After due consideration, the Board resolved not to propose a final dividend for the year ended December 31, 2025 (for the year ended December 31, 2024: Nil).

The Company intends to implement the following measures to enhance Shareholder value: optimize the layout of core businesses to drive steady growth in revenue and profit; strengthen cost and capital management, focusing on high-return projects to improve resource allocation efficiency; enhance corporate governance and internal controls to improve the scientific basis of operational decision-making and management effectiveness; prudently utilize idle funds to reasonably increase financial returns; and fulfill information disclosure obligations in a timely manner, strengthen communication with investors, and enhance corporate transparency.

BUSINESS REVIEW

The business review and performance analysis of the Group for the Reporting Period and the indication of likely future development in the Company's business are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" of this annual report.

The principal risks and uncertainties faced by the Company are set out in the "Corporate Governance Report" of this annual report. The analysis using financial key performance indicators is set out in the "Financial Summary" of this annual report. The Company's relationship with its stakeholders is set out in the "Management Discussion and Analysis" of this annual report.

ENVIRONMENTAL PERFORMANCE AND POLICIES

The Company attaches great importance to environmental protection and resource conservation, and continuously pays attention to the impact of its business operations on the environment. The Company is committed to maintaining the common development of economy, environment and society, and promoting awareness of environmental protection and resource conservation in its daily operations. The Group had adopted various electricity-saving, water-saving and carbon emission reduction management measures, including management over air conditioning temperature setting, paperless office construction and timely maintenance of water equipment, thereby improving efficiency and minimizing resource consumption. The Company is in compliance with relevant environmental laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》), Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) and is not aware of any environmental-related violations during the Relevant Period.

For details of the Company's environmental policies and performance, the compliance with the relevant laws and regulations and the relations with its employees, suppliers and customers, please refer to the Environmental, Social and Governance Report of the Company for the year ended December 31, 2025 (the "Current ESG Report") published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://www.fulu.com>) according to the Listing Rules. If you wish to receive the printed version of the Current ESG Report, you may send your request in writing to the headquarters of the Company at 14th Floor, Building B27, Optics Valley Financial Port, No. 77 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, the PRC to the attention of the Investor Relations Center.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing are approximately HK\$803.42 million, net of underwriting fees, commissions and related total expenses paid and payable in connection thereto.

During the Reporting Period, the Company gradually utilized the net proceeds for the purposes consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. After careful consideration of the current market environment and the business development strategy, the Board resolved to change the use of the unutilized net proceeds and published an announcement on January 29, 2026, regarding the utilization of the changed proceeds and the updated timeline. The following table sets forth the use of the net proceeds and fund balances as at December 31, 2025:

No.	Use	Planned use of net proceeds as disclosed in the Prospectus (HK\$ million)	Fund balances as of January 1, 2025 (HK\$ million)	Utilized amount during the year (HK\$ million)	Fund balance as of December 31, 2025 before change in use of proceeds (HK\$ million)	Utilized amount from the Listing Date up to December 31, 2025 (HK\$ million)	Unutilized fund balance as of the date of this report after the change in use of proceeds* (HK\$ million)	Updated expected timeline for utilization after the change in use of proceeds*
1.	To facilitate digital goods transactions for more digital goods vendors and increase the varieties of digital goods transactions we facilitate;	241.03 (representing approximately 30% of total net proceeds)	-	-	-	241.03	50.00	On or before December 31, 2027
2.	To increase the number of our digital goods sales channel partners;	160.68 (representing approximately 20% of total net proceeds)	-	-	-	160.68	50.00	On or before December 31, 2027
3.	To develop our value-added services, such as membership management and interactive advertising services, virtual employee benefit services for enterprise customers, game leveling and companion services and professional game account leasing services;	160.68 (representing approximately 20% of total net proceeds)	-	-	-	160.68	10.68	On or before December 31, 2027
4.	For potential acquisitions of businesses and assets complementary to our business, including companies in games related industries; and	160.68 (representing approximately 20% of total net proceeds)	160.68	-	160.68	-	50.00	On or before December 31, 2027
5.	To fund working capital and other general corporate purposes	80.35 (representing approximately 10% of total net proceeds)	-	-	-	80.35	-	N/A
		803.42	160.68	-	160.68	642.74	160.68	

* Please refer to the announcement published by the Company on January 29, 2026.



As a wholly foreign-owned enterprise, we will need to make capital contributions and loans to our PRC subsidiaries or through loans to our Consolidated Affiliated Entities such that the proceeds of the Listing can be used in the manner described above. Such capital contributions and loans are subject to a number of limitations and approval processes under PRC laws and regulations. There are no costs associated with registering loans or capital contributions with relevant PRC authorities, other than nominal processing charges. Under PRC laws and regulations, the PRC governmental authorities are required to process such approvals, filings or registrations or deny our application within a prescribed period, and such period generally shall be less than 90 days. The actual time taken, however, may be longer due to administrative delay. We cannot assure you that we can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use proceeds from the Global Offering, in each case on a timely basis, or at all. As PRC regulation of loans and direct investment by wholly foreign-owned enterprise to PRC entities may delay or prevent us from using the proceeds of the Listing to make loans or additional capital contributions to our PRC Holdcos or Consolidated Affiliated Entities, this could materially and adversely affect our liquidity and our ability to fund and expand our business.

MAJOR CUSTOMERS AND SUPPLIERS

Major customers

For the year ended December 31, 2025, top five customers of the Group accounted for approximately 23.4% (2024: 27.9%) of total revenue of the Group with the largest customer accounting for approximately 6.9% (2024: 11.9%) of total revenue of the Group.

Major suppliers

For the year ended December 31, 2025, top five suppliers of the Group accounted for approximately 42.6% (2024: 23.6%) of total purchases of the Group with the largest supplier accounting for approximately 26.1% (2024: 5.8%) of total purchases of the Group.

To the best of the Directors' knowledge, for the year ended December 31, 2025 and as at the date of this annual report, none of the Directors and their respective associates or any Shareholders who hold more than 5% of the number of issued Shares (excluding treasury shares) are interested in our major customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of the Group during the Reporting Period are set out in Note 13 to the financial statements of this annual report.

SHARE CAPITAL

Details of changes in share capital of the Group during the Reporting Period are set out in Note 26 to the financial statements of this annual report.

RESERVES

Details of changes in reserves of the Group during the Reporting Period are set out on page 75 of the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As of December 31, 2025, distributable reserves of the Group amounted to approximately RMB451,829 thousand.

BANK LOANS AND OTHER BORROWINGS

Details of the Group's bank loans and other borrowings as of December 31, 2025 are set out in Note 25 to the financial statements of this annual report. The term of the bank loan represents current loans. As of December 31, 2025, the total credit granted by the bank amounted to RMB110,000 thousand and the residual credit line amounted to RMB100,000 thousand. The Group did not utilize financial instruments for hedging purposes during the Reporting Period.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report include:

Executive Directors

Mr. Fu Xi (符熙) (*Chairman and chief executive officer*)

Mr. Zhang Yuguo (張雨果)

Mr. Zhao Bihao (趙筆浩)

Independent non-executive Directors

Mr. Li Wai Chung (李偉忠)

Ms. Wang Yuyun (王雨雲) (alias Wang Yuyun (王雨蘊))

Mr. Wong Sincere (黃誠思)

In accordance with Article 109 of the Articles of Association, Mr. Fu Xi and Ms. Wang Yuyun shall retire by rotation at the AGM. All of them, being eligible, offer themselves for re-election thereat. Details of the Directors to be reelected at the AGM are set out in the circular to be dispatched to the Shareholders before the AGM.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors, and the Company considers such Directors to be independent during the Reporting Period.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company. Pursuant to this contract, they agreed to act as executive Directors, for a term of three years with effect from the date of their appointment, subject to the provisions of retirement and rotation of the Directors under the Articles of Association. Either party has the right to give not less than three months' written notice to terminate the contract. No annual director's fees are payable to the executive Directors under the current arrangement.

The Board does not have non-executive Directors.

Each of the independent non-executive Directors has entered into an appointment letter with the Company. Pursuant to this appointment letter, they agreed to act as independent non-executive Directors, for a term of three years with effect from the date of their appointment, subject to the provisions of retirement and rotation of the Directors under the Articles of Association. Either party has the right to give not less than one month's written notice to terminate the appointment letter.

There are no service contracts entered by the Directors which is not determinable by the Group within one year without payment of compensation (other than statutory compensation). Details of Directors' remuneration during the Reporting Period are set out in Note 8 to the financial statements of this annual report.



DIRECTORS' MATERIAL INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, none of the Directors and/or any of its connected entities had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

REMUNERATION POLICY AND RETIREMENT AND EMPLOYEE BENEFITS SCHEME

A Remuneration Committee was set up by the Company for reviewing the Group's remuneration policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive remuneration packages, which generally include basic wages, variable wages, bonuses and other benefits.

We participate in employee benefit plans mandated by the PRC government, including basic pension insurance, work-related injury insurance, maternity insurance, basic medical insurance, unemployment insurance and housing provident fund scheme. We contribute to employee benefit plans based on certain percentages of employee compensation costs.

During the years ended December 31, 2025 and 2024, there was no forfeited contributions under the defined contribution plan. Accordingly, no forfeited contribution was utilized during the year, and there was no forfeited contribution available as of December 31, 2025 and 2024 to reduce level of contributions.

Details of the emoluments of the Directors and the five highest paid individuals during the Reporting Period are set out in Note 8 and Note 9, respectively, to the financial statements of this annual report.

There were no emoluments paid by the Group to the five highest paid employees as an inducement to join the Group, or upon joining the Group, or as compensation for loss of office during the year.

In addition, the Group has established a comprehensive training system known as "Fulu Seven-Level Procedures", which provides tailored training course for each employee group based on the three training lines of newcomer culture, departmental professional capabilities and cadre management.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of December 31, 2025, interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 of the Listing Rules were as follows:

(a) Interests in shares

Name of Director	Capacity	Nature of interest	Number of Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Fu Xi (符熙)	Interest of controlled corporations ⁽¹⁾	Long position	141,094,800	34.53
	Trust beneficiary and founder ⁽²⁾	Long position	11,169,549	2.73
	Total interest of Mr. Fu Xi		152,264,349	37.26
Mr. Zhang Yuguo (張雨果)	Interest of controlled corporations ⁽³⁾	Long position	45,999,600	11.26
	Beneficial interest	Long position	469,966	0.11
	Total interest of Mr. Zhang Yuguo		46,469,566	11.37
Mr. Zhao Bihao (趙筆浩)	Interest of controlled corporations ⁽⁴⁾	Long position	16,828,800	4.12
	Beneficial interest	Long position	272,533	0.07
	Total interest of Mr. Zhao Bihao		17,101,333	4.18

Notes:

- Mr. Fu Xi holds the entire share capital of FuXi Limited, which in turn directly holds 141,094,800 Shares. Mr. Fu Xi is the sole shareholder of FuXi Limited. Under the SFO, Mr. Fu Xi is deemed to be interested in the Shares held by FuXi Limited.
- Fuze Holdings Limited holds 99.99% and 94.10% of the shares in Fuxu Holdings and Fuzhi Holdings, respectively, which in turn hold 852,050 and 10,317,499 Shares, respectively. Under the SFO, Fuze Holdings Limited is deemed to be interested in the 11,169,549 Shares held by Fuxu Holdings and Fuzhi Holdings, while the entire interest in the 11,169,549 Shares is held by Fuze Holdings Limited through a trust established by Mr. Fu Xi (as principal). Under the SFO, Mr. Fu Xi is deemed to be interested in the Shares held by Fuze Holdings Limited.
- Mr. Zhang Yuguo holds the entire share capital of Zhangyuguo Holdings, which in turn directly holds 45,999,600 Shares. Under the SFO, Mr. Zhang Yuguo is deemed to be interested in the Shares held by Zhangyuguo Holdings.
- Mr. Zhao Bihao holds the entire share capital of Zhaobihao Holdings, which in turn directly holds 16,828,800 Shares. Under the SFO, Mr. Zhao Bihao is deemed to be interested in the Shares held by Zhaobihao Holdings.

(b) Interests in associated corporations

Name of Director	Capacity	Associated corporations	Nature of interest	Amount of registered capital (RMB)	Percentage of shareholding in the associated corporation (%)
Mr. Fu Xi (符熙)	Beneficial interest Interest of controlled corporations ⁽¹⁾	Wuhan Fulu	Long position	9,850,000	50.03
		Wuhan Fulu	Long position	4,759,091	24.17
	Total interest of Mr. Fu Xi in Wuhan Fulu			14,609,091	74.20
Mr. Zhang Yuguo (張雨果)	Beneficial interest Beneficial interest ⁽²⁾	Wuhan Fulu	Long position	2,968,324	15.08
		Kashgar Yiqiwan	Long position	9,900,000	99.00
Mr. Zhao Bihao (趙筆浩)	Beneficial interest	Wuhan Fulu	Long position	726,522	3.69

Notes:

- (1) Mr. Fu Xi is the general partner of Tibet Fuxu and Tibet Fulong, which in turn hold 12.72% and 11.45% of the equity interests in Wuhan Fulu, respectively. Under the SFO, Mr. Fu Xi is deemed to be interested in the 24.17% equity interests in Wuhan Fulu jointly held by Tibet Fuxu and Tibet Fulong.
- (2) Mr. Zhang Yuguo holds 99% equity interest in Kashgar Yiqiwan as a registered shareholder of Kashgar Yiqiwan as designated by WFOE.

Save as disclosed above, as of December 31, 2025, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, as of December 31, 2025, none of the Directors was a director or an employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

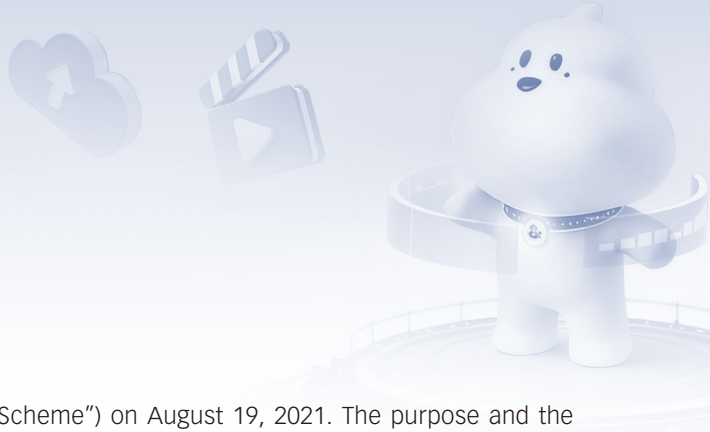
As of December 31, 2025, to the best knowledge of the Directors, the following persons (other than the Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity	Nature of interest	Number of underlying Shares ⁽⁴⁾	Approximate percentage of the issued share capital of the Company (%)
FuXi Limited ⁽¹⁾	Beneficial interest	Long position	141,094,800	34.53
Zhangyuguo Holdings ⁽²⁾	Beneficial interest	Long position	45,999,600	11.26
Luzhi Holdings ⁽³⁾	Beneficial interest	Long position	47,973,300	11.74

Notes:

- (1) Mr. Fu Xi holds the entire share capital of FuXi Limited, which in turn directly holds 141,094,800 Shares. Mr. Fu Xi is the sole shareholder of FuXi Limited. Under the SFO, Mr. Fu Xi is deemed to be interested in the Shares held by FuXi Limited.
- (2) Mr. Zhang Yuguo holds the entire share capital of Zhangyuguo Holdings. Under the SFO, Mr. Zhang Yuguo is deemed to be interested in the Shares held by Zhangyuguo Holdings.
- (3) Luzhi Holdings is owned as to 14.52%, 3.65%, 4.06%, 7.15%, 18.38%, 10.24%, 19.36%, 2.99%, 11.00%, 3.21%, 2.72% and 2.72% by Mr. Yang Yuquan, Mr. Liu Lufeng, Mr. Tian Xuan, Mr. Ding Chao, Mr. Xu Jian, Mr. Ren Wei, Mr. Mei Qiaojun, Ms. Shen Yaling, Mr. Chen Tianjun, Mr. Li Jun, Mr. Wang Qiang and Ms. Guo Chenxi, respectively.
- (4) According to Section 336 of the SFO, the Shareholders are required to file disclosure of interest forms when certain criteria are fulfilled. When the shareholdings of the Shareholders in the Company change, it is not necessary for the Shareholders to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the Shareholders in the Company may be different from the shareholdings in the disclosure of interest forms filed with the Stock Exchange.

Save as disclosed above, as of December 31, 2025, the Company is not aware of any person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.



SHARE INCENTIVE SCHEME

The Company adopted a restricted share unit scheme (the "Scheme") on August 19, 2021. The purpose and the principal terms of the Scheme are as below.

The Scheme was adopted before the new Chapter 17 of the Listing Rules coming into effect (i.e., January 1, 2023). Prior to revising the scheme or adopting a new share award scheme, the Company has no plan to issue new shares as the award shares for the Scheme pursuant to the general mandate. The Company will consider modifying the Scheme or adopting new share award scheme in accordance with the Listing Rules based on actual circumstances in the future, and disclose relevant information in a timely manner.

Purpose

The purpose of the Scheme is to recognize and reward eligible persons for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them so as to align the interests of these eligible persons with those of the Group and to further promote the success of the Group's business.

Participants in the Scheme

Persons eligible to receive RSUs under the Scheme include employees, Directors (including executive Directors, non-executive Directors and independent non-executive Directors), officers, consultants, advisors, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners or service providers of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) whom the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group and is eligible to receive an award.

On and subject to the terms of the Scheme, the Board or its delegate(s), in its absolute discretion, shall be entitled at any time during the term of the Scheme to make a grant to any participant.

Administration

The Scheme shall be subject to the administration of the Board. The Board shall have the sole and absolute right to:

- (a) interpret and construe the provisions of the Scheme;
- (b) determine the persons who will be granted awards under the Scheme, the terms and conditions on which awards are granted and when the RSUs granted pursuant to the Scheme may vest;
- (c) make such appropriate and equitable adjustments to the terms of the awards granted under the Scheme as it deems necessary; and
- (d) make such other decisions or determinations as it shall deem appropriate in the administration of the Scheme.

The Board may by resolution delegate any or all of its powers in the administration of the Scheme to the administration committee or any other committee as authorized by the Board for such purpose. The Board or its delegate(s) may also appoint one or more independent third party contractors to assist in the administration of the Scheme as they think fit.

The Board may establish one or more separate programs under the Scheme for the purpose of issuing particular forms of awards to one or more classes of grantees.

Term

Subject to early termination by the Board or its delegate(s), the Scheme shall be valid and effective for ten (10) years commencing on the adoption date, i.e., it will expire on August 19, 2031. As at the date of this annual report, the remaining term of the Scheme is approximately 5 years and 4 months.

Maximum number of shares pursuant to RSUs

Unless otherwise duly approved by the Shareholders, the total number of Shares underlying the Scheme shall not exceed 20,000,000 Shares (excluding RSUs that have lapsed, been cancelled or forfeited in accordance with the Scheme Rules) subject to an annual limit of 3% of the total number of issued Shares at the relevant time. Pursuant to transitional arrangement issued by the Stock Exchange, as the Scheme was adopted before January 1, 2023, the Company may only grant shares under general mandate for the purpose of the Scheme until the second annual general meeting after January 1, 2023. Hence, the total number of Shares available for issue under the Scheme is 0, as no new Shares can be issued under the Scheme until it complies with the revised Chapter 17 of the Listing Rules, which represents 0.00% of the issued share capital of the Company as at the date of this annual report.

Maximum entitlement of each participant

The Scheme does not set a maximum number of awarded shares that each participant can receive. Since the commencement of the Scheme, the actual number of award shares granted to each participant in a year has not exceeded 1% of the Shares in issue.

Purchase price

Nil.

Appointment of the RSU trustee

The Company may, at its sole discretion, establish a trust in connection with the Scheme and appoint a trustee prior to the grant of any award by the Board or its delegate(s), which may vest (a) in the form of the award Shares; or (b) in the form of cash equivalent to the actual selling price of the award Shares in cash in accordance with the Scheme.

The Company shall provide sufficient funds to the trustee by whatever means as the Board may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration and vesting of RSUs granted pursuant to the Scheme.

If a trust has been established for the purposes of the Scheme and if so required by the Company, subject to the requirements of the Listing Rules, the Company may (i) issue and allot the Shares to the trustee under general or specific mandates sought from the Shareholders during the general meeting and/or (ii) transfer to the trustee the necessary funds and instruct the trustee to acquire the Shares through on-market transactions at the prevailing market price, so as to satisfy the awards.

Outstanding RSUs granted pursuant to the Scheme

The Company has granted 8,640,887 RSUs as of December 31, 2025. The following table sets forth details of RSUs granted to senior management and other employees pursuant to the Scheme.

Name	Date of grant	Number of restricted shares granted	Vesting period	Purchase price ⁽¹⁾ (HK\$)	Restricted shares					Outstanding as of December 31, 2025 (Units)	Closing price of share on the Hong Kong Stock Exchange immediately before the date of grant ⁽²⁾ (HK\$)	Fair value at the date of grant ⁽³⁾ (HK\$)	Weighted average price immediately preceding the vesting date (HK\$)
					As at January 1, 2025	Granted during the year (Units)	Vested during the year (Units)	Lapsed during the year (Units)	Cancelled during the year (Units)				
Senior management	June 2, 2023	203,031	0-46 months ⁽⁴⁾	0	-	-	-	-	-	-	4.75	4.79	-
	May 27, 2022	361,669	0-4 years	0	-	-	-	-	-	-	5.38	5.54	-
	September 1, 2021	544,567	0-4 years	0	-	-	-	-	-	-	7.48	7.21	-
Other employees	June 2, 2023	1,970,812	0-46 months ⁽⁴⁾	0	432,046	-	73,171	191,993	142,756	24,126	4.75	4.79	1.61
	May 27, 2022	2,789,447	0-4 years	0	356,473	-	97,510	78,555	82,903	97,505	5.38	5.54	1.90
	September 1, 2021	2,771,361	0-4 years	0	-	-	-	-	-	-	7.48	7.21	-
Total		8,640,887			788,519	-	170,681	270,548	225,659	121,631			

Notes:

- Senior management and employees who have been granted RSUs are not required to pay any amount when accepting RSUs.
- Of the 468,181 restricted shares granted as at June 2, 2023, the vesting period was less than 12 months as the RSUs were originally scheduled to be granted in the second half of 2022 but for administrative and compliance reasons were only granted in June 2023 together with a subsequent tranche of restricted shares. For this reason, the Remuneration Committee considers that a shorter vesting period for this portion of restricted shares is appropriate and consistent with the purpose of the Scheme.
- For details of the accounting policies adopted for fair value on the grant date, please see the Note 2.4 and Note 27 to the financial statements. When evaluating the fair value on the grant date, the expected dividends during the vest period have been taken into account.

As at January 1, 2025 and as at December 31, 2025, the number of the awards available for grant under the scheme mandate of the Scheme (including shares that have lapsed and been cancelled but can be granted under the Scheme) were 13,913,527 and 14,409,734 units respectively. The total number of Shares that may be issued under all awards granted under the Company's share schemes during the year divided by the weighted average number of Shares in issue during the year is 0.00%, as no new Shares can be issued under the Scheme until it complies with the revised Chapter 17 of the Listing Rules. During the Reporting Period, no awards have been granted under the Scheme and hence no Shares may be issued under all awards granted during the Reporting Period under the Company's share schemes.

As of the Latest Practicable Date, all RSUs granted under the Scheme do not relate to existing Shares and relate only to new Shares issued by the Company under the general mandate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

In order to enhance market confidence and create value for Shareholders, during the Reporting Period, pursuant to the general mandate for the repurchase of Shares granted by the Shareholders at the Company's annual general meeting held on May 17, 2024, the Company repurchased an aggregate of 2,620,000 Shares, representing approximately 0.64% of the total number of Shares issued at that time, with a total consideration of approximately HK\$4,804,970. All such repurchased Shares are held by the Company as treasury shares.

Details of the Share repurchases are set out below:

Date of Repurchase during the Reporting Period	Number of Shares Repurchased	Highest Price Paid per Share (HK\$)	Lowest Price Paid per Share (HK\$)	Approximate Total Consideration (HK\$)
January 2025	2,485,000	1.85	1.83	4,577,150
April 2025	135,000	1.69	1.61	227,820
Total	2,620,000	–	–	4,804,970

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries or Consolidated Affiliated Entities had purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares).

As at December 31, 2025, the Company held 2,620,000 treasury shares (as defined in Rule 1.01 of the Listing Rules). The Company intends to consider applying such treasury shares for resale, as consideration for future acquisitions, or for the grant of shares under share schemes, as well as for other purposes permitted under the Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands, having regard to market conditions and the Group's capital management needs.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the date of this annual report, none of Directors or their associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the Reporting Period.

CONTRACTS WITH THE CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, during the Reporting Period, the Company or any of its subsidiaries, Consolidated Affiliated Entities did not enter into contracts of significance with the Controlling Shareholders or any of its subsidiaries.



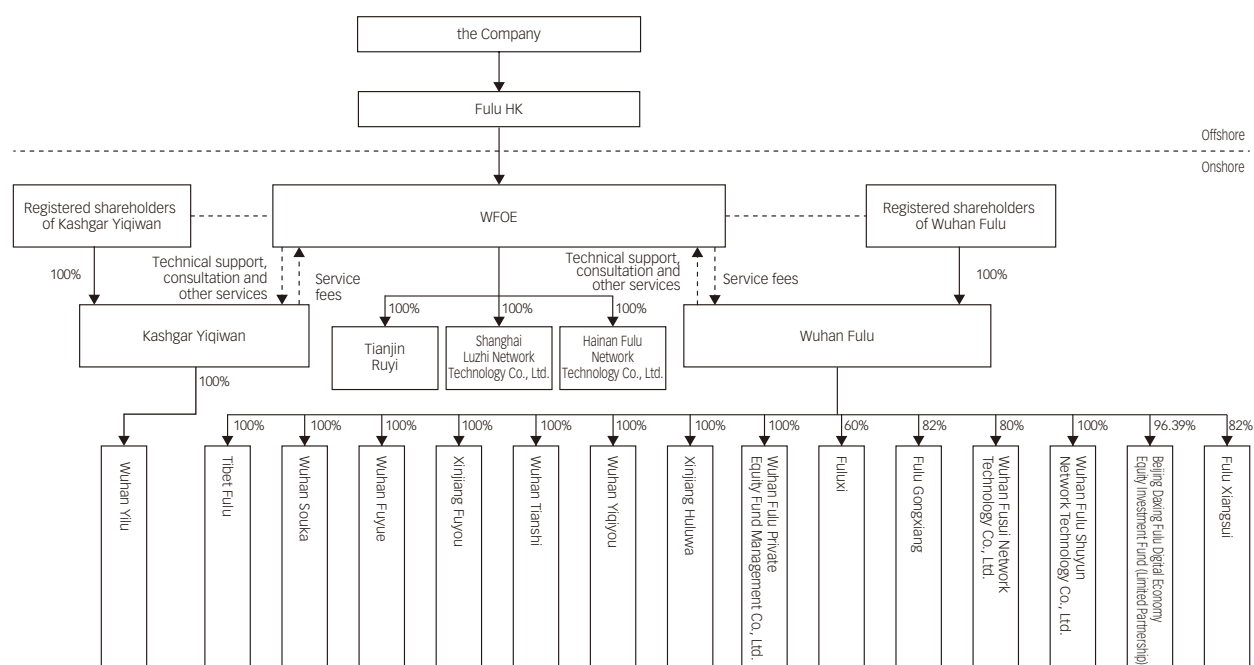
CONTINUING CONNECTED TRANSACTION

The Group had entered into the following non-exempt continuing connected transactions during the Reporting Period.

Contractual arrangements

WFOE, PRC Holdcos and those Registered Shareholders of the PRC Holdcos entered into a series of contractual agreements, pursuant to which the Company obtained effective control over the Consolidated Affiliated Entities, and received all economic benefits arising from the business operated by the Consolidated Affiliated Entities. Accordingly, the results of operations, assets and liabilities, and cash flows of the Consolidated Affiliated Entities of the Company are consolidated into the financial statements of the Company through contractual arrangements.

The following simplified diagram illustrates the flow of economic benefits from the Consolidated Affiliated Entities to WFOE and the Company stipulated under the contractual arrangements as of the date of this report:



Notes:

- (1) The registered shareholders of Kashgar Yiqiwan are Mr. Zhang Yuguo (a Controlling Shareholder and an executive Director) and Ms. Shen Yaling (a former employee of the Group), holding 99% and 1% equity interest in Kashgar Yiqiwan as designated by WFOE, respectively.

- (2) The registered shareholders of Wuhan Fulu are Mr. Fu Xi, Mr. Zhang Yuguo, Mr. Shui Yingyu, Mr. Zhao Bihao (all of whom are our Controlling Shareholders, and among them, Mr. Fu Xi, Mr. Zhang Yuguo and Mr. Zhao Bihao are our executive Directors), Tibet Fuxu and Tibet Fulong, holding 50.03%, 15.08%, 7.03%, 3.69%, 12.72% and 11.45% equity interest in Wuhan Fulu, respectively.
- (3) WFOE provides technical support, consultation and other services in exchange for service fees from Kashgar Yiqiwan. See “– Our Contractual Arrangements – Exclusive Business Cooperation Agreements” section in the Prospectus.
- (4) WFOE provides technical support, consultation and other services in exchange for service fees from Wuhan Fulu. See “– Our Contractual Arrangements – Exclusive Business Cooperation Agreements” section in the Prospectus.
- (5) The registered shareholders of Kashgar Yiqiwan executed an exclusive option agreement in favor of WFOE to grant WFOE an option to acquire all or part of the equity interests and/or assets in Kashgar Yiqiwan. See “– Our Contractual Arrangements – Exclusive Option Agreements” section in the Prospectus.

The registered shareholders of Kashgar Yiqiwan granted security interests in favor of WFOE over the entire equity interests in Kashgar Yiqiwan held by such registered shareholders. See “– Our Contractual Arrangements – Equity Pledge Agreements” section in the Prospectus.

The registered shareholders of Kashgar Yiqiwan executed the powers of attorney to appoint WFOE in relation to the exercise of the shareholder's rights in Kashgar Yiqiwan. See “– Our Contractual Arrangements – Powers of Attorney” section in the Prospectus. The relevant individual shareholders of Kashgar Yiqiwan and the spouse of each relevant individual shareholders (where applicable) executed an undertaking in respect of his/her interests. See “– Our Contractual Arrangements – Confirmations from the Relevant Individual Shareholders” and “– Our Contractual Arrangements – Spouse Undertakings” sections in the Prospectus.

- (6) The registered shareholders of Wuhan Fulu executed an exclusive option agreement in favor of WFOE to grant WFOE an option to acquire all or part of the equity interests and/or assets in Wuhan Fulu. See “– Our Contractual Arrangements – Exclusive Option Agreements” section in the Prospectus.

The registered shareholders of Wuhan Fulu granted security interests in favor of WFOE over the entire equity interests in Wuhan Fulu held by such registered shareholders. See “– Our Contractual Arrangements – Equity Pledge Agreements” section in the Prospectus.

The registered shareholders of Wuhan Fulu executed the powers of attorney to appoint WFOE in relation to the exercise of the shareholder's rights in Wuhan Fulu. See “– Our Contractual Arrangements – Powers of Attorney” section in the Prospectus.

The relevant individual shareholders of Wuhan Fulu and the spouse of each relevant individual shareholders (where applicable) executed an undertaking in respect of his/her interests. See “– Our Contractual Arrangements – Confirmations from the Relevant Individual Shareholders” and “– Our Contractual Arrangements – Spouse Undertakings” sections in the Prospectus.

- (7) “→” denotes direct legal and beneficial ownership in the equity interest.
- (8) “----→” denotes contractual relationship.
- (9) “-----” denotes the control by WFOE over the Registered Shareholders of the PRC Holdcos and the PRC Holdcos through (1) powers of attorney to exercise all shareholders' rights in the PRC Holdcos; (2) exclusive options to acquire all or part of the equity interests in the PRC Holdcos; and (3) equity pledges over the equity interests in the PRC Holdcos.

A description of each of the specific agreements under the contractual arrangements entered into among the WFOE, the PRC Holdcos and the relevant registered shareholders is set out below:



Exclusive business cooperation agreements

Pursuant to the exclusive business cooperation agreements entered into between the PRC Holdcos and WFOE on December 25, 2019 and the exclusive business cooperation agreements amended and restated on January 7, 2020 (the "Exclusive Business Cooperation Agreements"), the PRC Holdcos agreed to engage WFOE as its exclusive provider to provide technical support, consultation and other services in return for annual service fees, including: the use of any relevant software legally owned by WFOE; development, maintenance and updating of software in respect of the PRC Holdcos' business; design, installation, daily management, maintenance and updating of network systems, hardware and database design; providing technical support and staff training services to relevant employees of the PRC Holdcos; providing assistance in consultancy, collection and research of technology and market information (excluding market research business that wholly foreign-owned enterprises are prohibited from conducting under PRC laws); providing business management consultation; providing marketing and promotional services; providing customer order management and customer services; transfer, leasing and disposal of equipment or properties; and other relevant services requested by the PRC Holdcos from time to time to the extent permitted under the PRC laws.

Under the Exclusive Business Cooperation Agreements, the service fee shall consist of 100% of the total consolidated profit of the PRC Holdcos, after the deduction of any accumulated deficit, operating costs, expenses, taxes and other statutory contributions of the Consolidated Affiliated Entities in respect of the preceding financial year, and WFOE may be required to adjust the scope and amount of services fees according to PRC tax law and tax practices.

Exclusive option agreements

Pursuant to the exclusive option agreements entered into among the PRC Holdcos, WFOE and the Registered Shareholders of each of the PRC Holdcos on December 25, 2019 and the exclusive option agreements amended and restated on January 7, 2020 (the "Exclusive Option Agreements"), WFOE has the right to purchase, or to designate one or more persons/entities to purchase from the Registered Shareholders, all or any part of their equity interests in PRC Holdcos, and purchase, or to designate one or more persons/entities to purchase, from the PRC Holdcos all or any part of the assets of the PRC Holdcos at any time and from time to time. The consideration in relation to purchasing shares from the registered shareholders of Wuhan Fulu or Kashgar Yiqiwan shall be RMB1 or the lowest price as permitted by the applicable PRC laws. The consideration in relation to purchasing assets from Wuhan Fulu or Kashgar Yiqiwan shall be the lowest price as permitted by the applicable PRC laws. The Exclusive Option Agreements will remain valid unless terminated upon the transfer of the entire equity interest of the PRC Holdcos held by the Registered Shareholders to WFOE or their designated persons.

Equity pledge agreements

Pursuant to the equity pledge agreements entered into among WFOE, the Registered Shareholders and the PRC Holdcos on December 25, 2019 and the equity pledge agreements amended and restated on January 7, 2020 (the "Equity Pledge Agreements"), the Registered Shareholders agreed to pledge all their respective equity interests in the PRC Holdcos, including any interest or dividend paid for the shares, to WFOE to guarantee the performance of contractual obligations and the payment of outstanding debts. The Equity Pledge Agreements in respect of the PRC Holdcos came into effect upon execution and shall remain valid until after all the contractual obligations of the Registered Shareholders and the PRC Holdcos under the relevant contractual arrangements have been fully performed and all the outstanding debts of the Registered Shareholders and the PRC Holdcos under the relevant contractual arrangements have been fully paid.

Powers of attorney

Pursuant to the powers of attorney executed by the Registered Shareholders in respect to their rights in the PRC Holdcos on December 25, 2019 and January 7, 2020, respectively (the "Powers of Attorney"), the Registered Shareholders irrevocably appointed WFOE and its designated persons (including but not limited to the directors and their successors and the liquidators replacing such directors but excluding non-independent persons or any persons who might give rise to conflict of interests) as their attorneys-in-fact to exercise, on their behalf, all the rights attached by the equity interests in the PRC Holdcos, and agreed and undertook not to exercise, without such attorneys-in-fact's prior written consent, any and all rights that they had in respect of their equity interests in the PRC Holdcos. During the period that each registered shareholder holds the equity interests of the PRC Holdcos, the Powers of Attorney shall remain valid.

Confirmations from the relevant individual shareholders

Each of the relevant individual shareholders of the general partner and limited partners of the PRC Holdcos, Tibet Fulong and Tibet Fuxu, (the "Relevant Individual Shareholders") has confirmed to the effect that (i) his/her spouse does not have the right to claim any interests in the respective registered shareholder of the PRC Holdcos (together with any other interests therein) or exert influence on the day-to-day management of the respective registered shareholder of the PRC Holdcos; and (ii) in the event of his/her disappearance, death, incapacity, divorce, marriage or any other event which causes his/her inability to exercise his/her rights as a shareholder of the respective registered shareholder of the PRC Holdcos, he/she will take necessary actions to safeguard his/her interests in the respective registered shareholder of the PRC Holdcos (together with any other interests therein) and his/her successors (including his/her spouse) will not claim any interests in the respective Registered Shareholder of the PRC Holdcos (together with any other interests therein) to the effect that the interests of such Registered Shareholders in the PRC Holdcos shall not be affected.

Spouse undertakings

The spouse of each of the Relevant Individual Shareholders, where applicable, has signed an undertaking to the effect that (i) the respective Relevant Individual Shareholders' interests in the PRC Holdcos (together with any other interests therein) do not fall within the scope of communal properties, (ii) he/she has no right to or control over such interests of the respective Relevant Individual Shareholder and will not have any claim on such interests, and (iii) in the event of his/her divorce, he/she will take all necessary actions to ensure that the contractual arrangements are properly performed.

As advised by our PRC Legal Advisor, our Directors are of the view that (i) the above arrangements provide protection to the Group even in the event of death or divorce of any Relevant Individual Shareholder and (ii) the death or divorce of such shareholder would not affect the validity of the contractual arrangements, and WFOE or the Company can still enforce their rights under the contractual arrangements against the Registered Shareholders of the PRC Holdcos.

The foreign investment law

On January 1, 2020, the Foreign Investment Law (《外商投資法》) (the "FIL") and the Regulations for Implementation of the Foreign Investment Law of the People's Republic of China (the "Implementation Regulations") came into effect and replaced the previous laws regulating foreign investment in PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The FIL and its Implementation Regulations embody an expected regulatory trend in PRC to optimize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

The FIL does not explicitly stipulate the contractual arrangements as a form of foreign investment. The FIL does not mention concepts including "de facto control" and "controlling through contractual arrangements" nor does it specify the regulations on controlling through contractual arrangements. Furthermore, the FIL does not specifically stipulate rules on the relevant businesses. Instead, the FIL stipulates that "foreign investors invest in PRC through other methods under laws, administrative regulations or provisions prescribed by the State Council", which leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a method of foreign investment. On December 26, 2019, the Supreme People's Court issued the Interpretations on Certain Issues Regarding the Application of Foreign Investment Law (the "FIL Interpretations"), which came into effect on January 1, 2020. In accordance with the FIL Interpretations, where a party concerned claims an investment agreement to be invalid on the basis that it is for an investment in the prohibited or restricted industries under the negative list and violates the restrictions set out therein, the courts should support such claim. In addition, the FIL does not specify what actions shall be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by PRC entities and/or citizens.



Therefore, it is possible that future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a way of foreign investment. At that time, whether our contractual arrangements will be recognized as foreign investment, whether our contractual arrangements will be deemed to be in violation of the foreign investment access requirements and how our contractual arrangements are to be handled will be uncertain.

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced between the Group and the PRC Holdcos and/or Consolidated Affiliated Entities during the Reporting Period. There was no material change in the contractual arrangements and/or the circumstances under which they were adopted during the Reporting Period.

During the Reporting Period, none of the contractual arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the contractual arrangements had been removed. As of December 31, 2025, the Company had not encountered interference or encumbrance from any PRC governing bodies in operating its businesses through its Consolidated Affiliated Entities under the contractual arrangements.

The revenue of the PRC Holdcos and their respective subsidiaries amounted to RMB330,631 thousand for the year ended December 31, 2025, representing approximately 99.9% of the total revenue of the Group. The total assets of the PRC Holdcos and their respective subsidiaries amounted to RMB129,077 thousand as of December 31, 2025, representing approximately 91.9% of the total assets of the Group.

Reasons for adopting the contractual arrangements

Our Consolidated Affiliated Entities conduct online cultural activities and value-added telecommunications service businesses on its e-commerce and information platform, which are subject to foreign investment restrictions in accordance with the Special Administrative Measures for the Market Entry of Foreign Investment (Negative List). After consultation with our PRC Legal Advisor, the Company determined that it was not viable for it to hold its Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by, the businesses currently operated by the Consolidated Affiliated Entities through the contractual arrangements between WFOE, on the one hand, and the PRC Holdcos and its Registered Shareholders, on the other hand.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions set out above have been entered into in the Company's ordinary and usual course of business on normal commercial terms or better, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, notwithstanding that the transactions contemplated under the contractual arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would add unnecessary administrative costs to the Company for all the transactions contemplated under the contractual arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval by independent Shareholders.

Risks relating to the contractual arrangements

The following are the certain risks that are associated with the contractual arrangements, including:

- If the PRC government finds that the agreements that establish the structure for operating the Company's business do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, the Company could be subject to severe penalties or be forced to relinquish its interests in those operations.
- Since the FIL remains relatively new, uncertainties exist with respect to the interpretation and implementation of the FIL and how it may impact the continuity of the Company's current corporate structure, corporate governance and business operations.
- The Company's contractual arrangements may not be as effective in providing operational control as direct ownership, and its VIE shareholders may fail to perform their obligations under the contractual arrangements.
- The Company may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by its VIEs, which could render it unable to conduct some or all of its business operations and constrain its growth.
- The contractual arrangements with the Company's VIEs may be subject to scrutiny by the tax authorities in China. Any adjustment to related party transaction pricing could lead to additional taxes, and therefore could substantially reduce its consolidated profit and the value of your investment.
- The equity holders, directors and executive officers of the VIEs may have potential conflicts of interest with the Company.
- The Company conducts its business operations in China through its VIEs by way of contractual arrangements, but certain terms of the contractual arrangements may not be enforceable under PRC laws.
- If the Company exercises the option to acquire equity ownership of its VIEs, the ownership transfer may subject us to certain limitations and substantial costs.

The Group has adopted measures to ensure the effective operation of the Group's businesses with the implementation of the contractual arrangements and its compliance with the contractual arrangements, including:

- (a) major issues arising from the implementation and compliance with the contractual arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (b) the Board will review the overall performance of and compliance with the contractual arrangements at least once a year;
- (c) the Company will disclose the overall performance and compliance with the contractual arrangements in its annual reports; and
- (d) the Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the contractual arrangements, review the legal compliance of WFOE and its Consolidated Affiliated Entities to deal with specific issues or matters arising from the contractual arrangements.

In addition, notwithstanding that our executive Directors, Mr. Fu Xi (符熙), Mr. Zhang Yuguo (張雨果) and Mr. Zhao Bihao (趙筆浩) are the registered shareholders of Wuhan Fulu, and Mr. Zhang Yuguo is also the registered shareholder of Kashgar Yiqiwan, we believe that our Directors are able to perform their roles in the Group independently and the Group is capable of managing its business independently under the following measures:

- (a) the decision-making mechanism of the Board as set out in the Articles of Association includes provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his or her interest at the earliest meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having any material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;
- (b) each of the Directors is aware of his or her fiduciary duties as a Director which requires, amongst other things, that he or she acts for the benefits and in the best interests of the Group;
- (c) we have appointed three independent non-executive Directors, comprising over one-third of the Board, to provide a balance of the number of interested Directors and independent Directors with a view to promoting the interests of the Company and the Shareholders as a whole; and
- (d) we will disclose, in our announcements, circulars, annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by the Board (including independent non-executive Directors) relating to any business or interest of each Director and his or her associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group, where appropriate.

Listing Rules implications and waivers from the Stock Exchange

For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities will be treated as the Company's wholly owned subsidiaries, and their directors, chief executives or substantial shareholders (as defined in the Listing Rules) and their respective associates will be treated as the Company's "connected persons" under the Listing Rules (excluding for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and the Group (including for this purpose, the Consolidated Affiliated Entities), other than those under the contractual arrangements, will be subject to the requirements under Chapter 14A of the Listing Rules.

The transactions contemplated under the contractual arrangements constitute continuing connected transactions of the Company.

In relation to the contractual arrangements, the Stock Exchange has granted a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the contractual arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the contractual arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the contractual arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject however to the following conditions:

- (a) no change without independent non-executive Directors' approval;
- (b) no change without independent Shareholders' approval;

- (c) the contractual arrangements shall continue to enable the Group to receive the economic benefits derived from the Consolidated Affiliated Entities;
- (d) the contractual arrangements may be renewed and/or reproduced (i) upon expiry or (ii) in relation to any existing, newly established or acquired wholly foreign-owned enterprise or operating company (including a branch company) engaging in the same business as that of the Group, without obtaining Shareholders' approval, on substantially the same terms and conditions as the contractual arrangements; and
- (e) the Group will disclose details relating to the contractual arrangements on an ongoing basis.

Annual review by the independent non-executive Directors and the auditor

The independent non-executive Directors have reviewed the contractual arrangements outlined above, and confirmed that:

- (a) the transactions carried out during the Reporting Period had been entered into in accordance with the relevant provisions of the contractual arrangements;
- (b) no dividends or other distributions had been made by the Company's Consolidated Affiliated Entities to the holders of their equity interests, nor were they otherwise subsequently assigned or transferred to the Group; and
- (c) any new contracts entered into, renewed and/or reproduced between the Group and the Consolidated Affiliated Entities during the Reporting Period are fair and reasonable, or advantageous, so far as the Shareholders of the Group is concerned and in the interest of the Group and the Shareholders as a whole.

The Auditor has carried out review procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants annually on the transactions carried out pursuant to the contractual arrangements. The Auditor has confirmed in a letter to the Board that the transactions carried out pursuant to the contractual arrangements during the year ended December 31, 2025 had received the approval of the Board, had been entered into in accordance with the relevant provisions of the contractual arrangements and that no dividends or other distributions had been made by the Company's Consolidated Affiliated Entities to the holders of their equity interests, nor were they otherwise subsequently assigned or transferred to the Group.

REALTED PARTY TRANSACTION

Certain related party transactions set out in Note 32 to the financial statements of this annual report constitute connected transactions or continuing connected transactions defined under Chapter 14A of the Listing Rules and disclosed in this annual report, and are in compliance with the disclosure requirements under Chapter 14A of the Listing Rules. Save for the connected transaction disclosed in the section headed "Continuing Connected Transaction" in this annual report, during the Reporting Period, the Company had no connected transactions or continuing connected transactions which are required to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.



DONATIONS

During the Reporting Period, the Group made charitable and other donations of approximately RMB1.5 thousand.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Group had complied with the relevant laws and regulations that have a significant impact on the Group.

SIGNIFICANT LEGAL PROCEEDINGS

During the Reporting Period, the Company was not involved in any material litigation or arbitration in which it was a defendant, nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.

PERMITTED INDEMNITY PROVISION AND DIRECTORS AND OFFICERS LIABILITY INSURANCE

Under the Articles of Association, every Director or other officers of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the performance of his/her duties in his/her office. The Company has arranged appropriate insurance coverage in respect of legal actions against its Directors and relevant officers.

AUDIT COMMITTEE

The Audit Committee, together with the Auditor, has reviewed the Company's audited consolidated financial statements for the year ended December 31, 2025. The Audit Committee has also reviewed the accounting policies and practices adopted by the Company and discussed auditing, risk management, internal control and financial reporting matters.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued shares (excluding treasury shares), the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Reporting Period.

AGM AND CLOSURE OF THE REGISTER OF MEMBERS

The Company intends to hold the AGM on Thursday, June 4, 2026. The register of members of the Company will be closed from Monday, June 1, 2026 to Thursday, June 4, 2026, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no Share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong Share Registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, May 29, 2026.

PROFESSIONAL TAX ADVICE RECOMMENDED

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities. If the Shareholders are unsure about the tax implications of purchasing, holding, disposing of and dealing in, or the exercise of any rights (including entitlements to any relief of taxation) in relation to, the Shares, they are advised to consult an expert.

AUDITOR

HLB Hodgson Impey Cheng Limited ("HLB") has audited the consolidated financial statements of the Company for the year ended 31 December 2025.

Reference is made to the announcement of the Company dated 23 September 2025. As the Company and Ernst & Young ("EY") were unable to reach an agreement on the audit fees for the financial year ended 31 December 2025, EY has resigned as the auditor of the Company with effect from 23 September 2025. EY has confirmed in its letter of resignation dated 23 September 2025 that there are no circumstances connected with its resignation that should be brought to the attention of the Shareholders in relation to the change of the auditor of the Company. The Board and the Audit Committee have also confirmed that, save as disclosed above, there are no other disagreements or unresolved matters between the Company and EY, and that they are not aware of any other matter in connection with the resignation of EY that needs to be brought to the attention of the Shareholders.

Upon the recommendation of the Audit Committee, the Board has resolved to appoint HLB as the Company's new auditor, effective from 23 September 2025, to fill the temporary vacancy following the resignation of EY and to hold office. For details, please refer to the announcement of the Company dated 23 September 2025. HLB shall retire at the forthcoming AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of HLB as the Auditor will be proposed at the AGM.

Save as disclosed above, there has been no other change in the auditor of the Company in the past three years.

On behalf of the Board

Fu Xi

Chairman

March 27, 2026



Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices with a view to enhance the management efficiency of the Company as well as preserving the interests of its Shareholders as a whole. During the year ended December 31, 2025, save for the deviation from code provision C.2.1 described in the paragraph headed “C. Directors’ Responsibilities, Delegation and Board Proceedings – C.2 Chairman and Chief Executive Officer”, the Company has complied with the code provisions set out in the CG Code contained in Appendix C1 to the Listing Rules, and adopted the recommended best practices therein as appropriate.

CORPORATE CULTURE

The Group continues to develop, innovate and enhance its corporate technology, actively understand the diversified needs of customers and is committed to responsible operations. At the same time, the Group also respects and promotes creativity and providing employees with opportunities for intellectual exchange. Led by its core values of “Unity and Collaboration, Simplicity and Efficiency, Continuous Innovation, and Pursuit of Excellence”, the Board sets the tone and shapes the Group’s corporate culture to ensure that the Group’s business development is consistent with its corporate culture. The Group has established a desirable culture which is continuously reflected in its operational practices. The Board has adopted a series of measures and methods to implement the corporate culture with the aim of acting in a fair, ethical, and legally applicable manner, including:

Unity and collaboration: The Group focuses on team goals, guided by common goals, consolidates consensus, and encourages collaboration among different business departments, teams and hierarchical levels in order to gain a deeper understanding of customers’ needs, promote cooperation and diversified thinking, which helps to stimulate the innovative potential of our employees and provide a favorable environment for them to fully develop their potentials, thus contributing to the long-term performance and sustainable development of the Group.

Simplicity and efficiency: The Group is committed to making complex management simple and efficient, and to improving operational efficiency in the most direct and effective way. The Group has implemented this value to the level of customer service, and has formulated a standardized service mechanism and process for customer needs and emergencies in the process of service and has established a number of customer communication channels to ensure that customer problems and anomalies can be responded to in a timely manner and resolved quickly so as to enhance customer services.

Continuous innovation: In order to meet the diversified needs of our customers, the Group is committed to research and development of new technologies, optimization of solutions, formation of a multi-dimensional product matrix, and always maintains a keen insight into the development of the industry in order to enhance our competitive edge.

Pursuit of excellence: In the course of business development, the Group always adheres to high standards and pursues excellence, attaches great importance to the quality of work and services, and actively builds a team with the right talents to continuously improve and surpass.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code for the year ended December 31, 2025.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for leading and controlling the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board should make decisions objectively in the interests of the Company.

The Board, directly and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

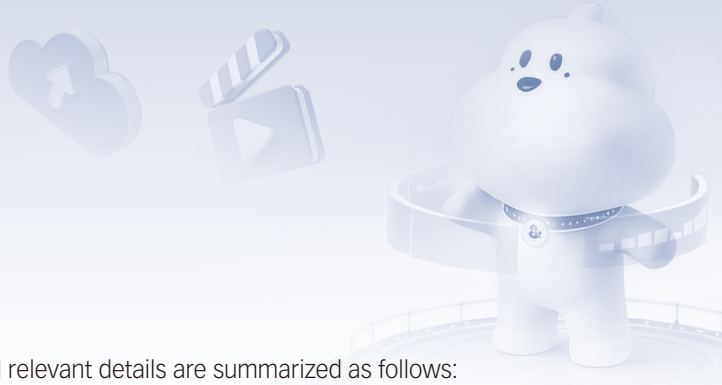
The Board has the right to decide on all major matters at its discretion including policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the senior management of the Group. The senior management administers, interprets, enforces, supervises the compliance with the internal policies and operational procedures and conducts regular reviews on such policies and procedures across different levels of the Group. The senior management communicates with the Board on a regular basis.

Continuous professional development of directors

The Company believes education and training are important for maintaining an effective Board. Each Director has received formal and comprehensive training to ensure appropriate understanding of the business and operations of the Company and full awareness of Directors' responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Pursuant to Rules 3.09F and 3.09G of the Listing Rules, the Company arranges continuous professional development training to Directors, including external training courses, internal briefings and provision of reading materials on relevant topics, to ensure Directors keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. Directors also regularly meet with the senior management team to understand the Group's businesses, governance policies and regulatory environment. All Directors are also encouraged to attend relevant training courses.



The Directors pursued continuous professional development and relevant details are summarized as follows:

Name of Director	Participated in continuous professional development ⁽¹⁾
Executive Directors	
Fu Xi (符熙)	✓
Zhang Yuguo (張雨果)	✓
Zhao Bihao (趙筆浩)	✓
Independent non-executive Directors	
Li Wai Chung (李偉忠)	✓
Wang Yuyun (王雨雲)	✓
Wong Sincere (黃誠思)	✓

Note:

(1) Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials.

Chairman and chief executive officer

The code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Fu Xi currently performs these two roles and is responsible for the Group's strategies, corporate culture and oversees our senior management team. The Board considers that Mr. Fu Xi acting as both the chairman and the chief executive officer will ensure consistent leadership within the Group and enable more effective and efficient overall strategic planning for the Group, and it is appropriate and beneficial to our business development and prospects that Mr. Fu Xi continues to act as both the chairman and the chief executive officer at the current stage of development of the Company. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Therefore the Board does not propose to separate these two roles. The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Composition

As at the Latest Practicable Date, the Board is comprised of six Directors, including three executive Directors and three independent non-executive Directors.

A list of Directors and their respective biographies are set out in the section headed "Directors and Senior Management" of this annual report.

The Board's composition is in compliance with the requirement under Rule 3.10A of the Listing Rules that the number of independent non-executive directors must represent at least one-third of the Board. The Board believes that the proportion between the executive Directors and the independent non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the Shareholders and the Group. None of the members of the Board is related to one another (including financial, business, family or other material/relevant relationship).

The Board values the professional judgment and advice provided by the independent non-executive Directors to safeguard the interests of the Shareholders. The independent non-executive Directors contribute diversified qualifications and extensive experience to the Group by expressing their views in a professional, constructive and informed manner, and actively participating in Board and committee meetings, and bring professional judgment and advice on issues relating to the Group's strategies, policies, performance, accountability, resources, key appointments, standards of conduct, conflicts of interests and management process, with the Shareholders' interests being the utmost important factor. The independent non-executive Directors also exercise their professional judgment and utilize their expertise to scrutinize the Company's performance in achieving agreed corporate goals, and monitor performance reporting.

Further, in compliance with Rule 3.10 of the Listing Rules, one of the Company's independent non-executive Directors has the appropriate professional qualifications of accounting or related financial management expertise, and provides valuable advice from time to time to the Board. The Company has also received from each independent non-executive Director an annual confirmation of his independence and the Nomination Committee has conducted an annual review in respect of the length of service of each independent non-executive Director after taking into account of the independence guidelines set out in Rule 3.13 of the Listing Rules, and considers that all independent non-executive Directors are independent.

As part of the Company's corporate governance practice to provide transparency to the investors and in compliance with the Listing Rules and the CG Code, the independent non-executive Directors are clearly identified in all corporate communications containing the names of the Directors. In addition, an up-to-date list of Directors identifying the independent non-executive Directors and the roles and functions of the Directors is maintained on the Company's website and the Stock Exchange's website.

Mechanism for obtaining independent opinions

The Board includes a balanced composition of executive Directors and non-executive Directors, including three (not less than one-third) independent non-executive Directors, who each has skilled professional skills and rich work experience in the fields of the Internet, finance and law, respectively. Independent non-executive Directors can provide independent views and opinions to each committee and the Board through serving as members of three committees under the Board (i.e. the Audit Committee, the Remuneration Committee and the Nomination Committee), to ensure that the Board can effectively exercise independent judgment and provide independent opinions to Shareholders in the decision-making process. All Directors have access to the information of the Company and may seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Board has held a meeting on March 27, 2026 to review the mechanism for obtaining independent opinions. During the year ended December 31, 2025, the Board believes that independent opinions and views can be effectively obtained.



Board activities

The Board held seven meetings during the Reporting Period. The attendance of each Director at Board, committee meetings and annual general meeting of the Company, whether in person or by means of electronic communication, is detailed in the table below:

Name of Director	Attendance/No. of Meetings Held during the Tenure of the Relevant Directors					Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee		
Executive Directors						
Fu Xi	7/7	N/A	2/2	2/2		1/1
Zhang Yuguo	7/7	N/A	N/A	N/A		1/1
Zhao Bihao	7/7	N/A	N/A	N/A		1/1
Independent non-executive Directors						
Li Wai Chung	7/7	4/4	N/A	2/2		1/1
Wang Yuyun (Note)	7/7	4/4	2/2	0/0		1/1
Wong Sincere (Note)	7/7	4/4	2/2	2/2		1/1

Note: On June 27, 2025, Mr. Wong Sincere resigned as a member of the Nomination Committee and Ms. Wang Yuyun was appointed as a member of the Nomination Committee.

At the Board meetings held during the Reporting Period, the Board discussed a wide range of matters, including the Company's financial and operational performance, annual results and interim results approved by the Company, ESG materiality issues and other significant matters.

Pursuant to code provision C.2.7 of the CG Code, the chairman should at least hold a meeting with the independent non-executive Directors once a year, without the presence of other Directors. During the Reporting Period, the Company held one meeting with the Chairman and independent non-executive Directors only, without the presence of other executive Directors. The Board held a meeting on March 27, 2026 to consider and approve the annual results of the Company as of December 31, 2025. The Chairman held a meeting with independent non-executive Directors without the presence of other Directors on the same day.

Corporate governance function

The Board recognizes that corporate governance should be the collective responsibility of Directors and their corporate governance duties include:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- reviewing the Company's compliance with the code provisions of the CG Code and disclosure in the Corporate Governance Report in accordance with the Listing Rules.

During the Reporting Period, the Board had reviewed the policies and practices on corporate governance and this Corporate Governance Report.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Nomination Committee and the Remuneration Committee are available on the Company's website and the Stock Exchange's website.

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 primary duties of the Audit Committee include the followings:

- (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor;
- (b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) developing and implementing policies on engaging an external auditor to supply non-audit services;
- (d) monitoring the integrity of the Company's financial statements, annual reports, accounts and interim reports; and
- (e) reviewing financial information and monitoring the Company's financial reporting, financial controls, risk management and internal control systems.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Li Wai Chung, Ms. Wang Yuyun and Mr. Wong Sincere. Mr. Li Wai Chung has been appointed as the chairman of the Audit Committee and is the independent non-executive Director with the appropriate professional qualifications.

During the Reporting Period, (1) the Audit Committee held four meetings. Individual attendance of each Audit Committee member is set out on page 55; and (2) the Audit Committee and the external auditor held a meeting on March 27, 2025 without the presence of executive Directors.

The Audit Committee's major work during the Reporting Period includes:

- (a) reviewing the 2024 annual report and 2025 interim report;
- (b) reviewing compliance with CG Code, Listing Rules and relevant laws;
- (c) reviewing the risk management and internal control systems;
- (d) reviewing the Company's continuing connected transactions; and
- (e) reviewing the terms of engagement, independence and remuneration of the external auditor, and matters relating to the change of auditor.

The Audit Committee annually reviews the relationship between the Company and its auditor and recognizes that the auditor's independence is a fundamental governance principle. The auditor should provide quarterly updates to the Audit Committee if any independence issue is identified and is required to give an annual confirmation on its independence. The Audit Committee has also reviewed the effectiveness of the external audit process as well as the independence and objectivity of the auditor, and satisfied with the good relationship. As such, the Audit Committee has recommended the re-appointment of the auditor at the AGM.



Remuneration committee

The Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee include the following:

- (a) making recommendations to the Board on the Company's policy and structure for remuneration of all Directors and senior management;
- (b) reviewing and approving the management's remuneration proposals in accordance with the corporate goals and objectives determined by the Board;
- (c) establishing formal and transparent procedures for developing remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration;
- (d) advising the Shareholders on how to vote with respect to any service contracts of the Directors that require the Shareholders' approval under the Listing Rules; and
- (e) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee consists of three members, namely Ms. Wang Yuyun and Mr. Wong Sincere, the independent non-executive Directors and Mr. Fu Xi, the executive Director. Ms. Wang Yuyun has been appointed as the chairman of the Remuneration Committee.

During the Reporting Period, the Remuneration Committee held two meetings. Individual attendance of each Remuneration Committee member is set out on page 55. The Remuneration Committee's major work during the Reporting Period includes:

- (a) reviewing the framework and structure of compensation and benefit;
- (b) reviewing the compensation packages of directors and management;
- (c) reviewing the director service contracts; and
- (d) reviewing the implementation of the Share Incentive Scheme.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee include the following:

- (a) reviewing the structure, size and composition of the Board;
- (b) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals to be nominated for directorships;
- (c) assessing the independence of the independent non-executive Directors;
- (d) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and
- (e) making recommendations on the appointment of Directors with due regard to the diversity policy of the Company and in accordance with the challenges and opportunities faced by the Company.

The Nomination Committee consists of three members, namely Ms. Wang Yuyun and Mr. Li Wai Chung, the independent non-executive Directors and Mr. Fu Xi, the executive Director. Mr. Fu Xi has been appointed as the chairman of the Nomination Committee.

The Nomination Committee reviews at least annually the structure, size, composition (including the skills, knowledge and experience) and diversity of the Board and where appropriate, makes recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

The Nomination Committee has a primary responsibility for identifying suitably qualified candidates to become members of the Board and, in carrying out this responsibility, will give adequate consideration to the board diversity policy. In forming its perspective on diversity, the Nomination Committee will also take into account factors based on the Company's business model and specific needs from time to time, including but not limited to skills, knowledge, experience, gender and background. It will also monitor the implementation of the board diversity policy.

During the Reporting Period, the Nomination Committee held two meetings. Individual attendance of each Nomination Committee member is set out on page 55. The Nomination Committee's major work during the Reporting Period includes:

- (a) reviewing and monitoring the implementation of the board diversity policy;
- (b) reviewing and assessing the structure, size, composition and diversity of the Board;
- (c) reviewing the retirement and re-election of Directors;
- (d) reviewing and assessing the independence of the independent non-executive Directors; and
- (e) reviewing and recommending the adoption of the employees diversity policy.

DIVERSITY

Board Diversity

The Company regards increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company has implemented a board diversity policy. The Company's board diversity policy specifies that in designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualification, skills, knowledge and industry and regional experience. All appointments to the Board will be based on merit and the needs of its business from time to time, and taking into account the benefits of diversity to the Board. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth.

The Nomination Committee will ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective. The Nomination Committee will report annually on the Board's composition and make appropriate disclosures regarding the board diversity policy in the Corporate Governance Report of the Company's annual reports. It will also monitor the implementation of the board diversity policy.



Directors have a balanced mix of knowledge and skills, including but not limited to overall business management, finance and accounting, investment and law. They obtained degrees in various majors including business administration, computer science, accounting, finance and law. Furthermore, the Board has a relatively wide range of ages, ranging from 37 years old to 61 years old. Currently, one of the six Directors of the Board is female, and the Board is committed to maintaining the presence of female Directors among its members and fully considering and promoting Board member diversity when identifying suitable candidates in the future, ensuring that the Board has both male and female potential successors. The Board is of the view that our Board satisfies the board diversity policy.

Employees Diversity

The Company has established a diversity policy covering all employees of the Group (including senior management), and is committed to fostering a respectful and inclusive working environment. The Group values workforce diversity across gender, age, professional skills, and other aspects, and attracts talent with diverse experiences, backgrounds, and perspectives.

As at 31 December 2025, approximately 44.9% and 55.1% of the Group's employees (excluding senior management) were male and female, respectively. The senior management team comprised 32 males and 8 females, representing approximately 80.0% and 20.0% respectively. The Group will effectively implement various employee diversity initiatives to ensure that employees of different genders, ages and backgrounds enjoy equal development opportunities. It will ensure fair treatment of female employees in the promotion and performance evaluation processes for management positions, and continuously promote gender diversity within the management team through measures including diversified recruitment, talent development and career progression programmes.

In pursuing gender diversity goals across all employees, the Group will appropriately balance and maintain its gender composition, having regard to its business model and operational needs, and maintain the proportion of female senior management at approximately 20% level.

The Nomination Committee reviews the implementation and progress of this policy on an annual basis, and optimises relevant policies and measures promptly according to actual operating conditions.

For further details on the Group's employee diversity, please refer to the Company's 2025 Environmental, Social and Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure that the Company establishes and maintains an adequate and effective system of risk management and internal control to safeguard Shareholders' investments and the Company's property, and to take reasonable steps to prevent and detect fraud and other irregularities to that end. The Board assesses and determines the nature and extent of risks, including environmental, social, and governance risks, that should be faced in achieving the Company's strategic objectives, oversees the design, implementation, and monitoring of the management of the system through the Audit Committee and internal audit function, and the management confirms to the Board the effectiveness of the system. The risk management and internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and provides only reasonable, but not absolute, assurance that no material misstatement or loss will occur.

The system is reviewed by the management, the internal audit function, and the Audit Committee on an ongoing basis and is subject to final review by the Board. On behalf of the Board, the Audit Committee reviews once a year the management's work on the design, implementation, and oversight of the risk management and internal control systems, which includes an annual review of the effectiveness of the Group's risk management and internal control systems. The Audit Committee receives an annual internal control report on the operational areas of internal control over identified key risk areas. Any significant internal control deficiencies identified and recommendations to address such deficiencies are reported to the Board as appropriate. Based on these reports, the Audit Committee conducts relevant reviews and reports to the Board, highlighting any areas where action or improvement is required. The Board considers the Audit Committee's comments and recommendations, reviews the effectiveness of the system, and takes action to address them.

Risk management policies

To identify, assess and control risks to our business, we have designed and implemented policies and procedures to help ensure effective risk management in our operations. Our operation decision-making committee formulates our risk management policies, strategies and plans. Our legal department is responsible for identifying, evaluating and managing operational risks. Each of our business departments monitors and evaluates our risk management and internal control policies and procedures.

Our risk management policies cover the material aspects of our operations, including:

- fund allocation and management;
- counterparty risk management;
- sales process management, including closely monitoring the sale of digital goods. For example, we set parameters in our system in advance of market campaigns to help ensure our platform does not facilitate digital goods transactions at prices beyond the ranges prescribed by digital goods vendors;
- legal compliance;
- intellectual property protection;
- human resource management;
- financial reporting management; and
- corporate governance.

Major risks of the Company

In 2025, the management of the Company has identified various risks in business operation through the above risk management process. Below is a summary of the risks faced by the Company along with the applicable response strategies. With the growth of business scale, scope, complexity and the changing external environment, the Company's risk profile may change and the list below is not intended to be exhaustive.

Policy and regulatory risk

Our business is subject to regulation by various governmental agencies in China, including the Ministry of Commerce, the Ministry of Industry and Information Technology, and the Ministry of Culture and Tourism. These regulations relate to games, e-commerce, foreign direct investment, intellectual property rights, consumer protection and data privacy, foreign exchange and taxation and related areas of law. The regulatory framework governing the industry is also evolving and is expected to remain uncertain in the foreseeable future. Changes in regulatory policies may affect the development of our business.

The Company has established dedicated departments and teams, continuously expanded professional talents and hired multiple external professional consultants, maintained close communication with business department, actively paid attention to regulatory trends and changes in related laws and regulations, and adjusted strategies accordingly to take countermeasures so as to ensure that the Company continues to develop its business in compliance with relevant regulatory requirements.



Market competition risk

We face fierce competition imposed by companies that provide digital goods and services. Suppliers of digital goods may sell digital goods to consumers, directly or through other online or offline digital goods consumption scenarios. New competitor may enter the digital goods industry in China, and we may face new competitor as we expand our business into new industry segment.

The management of the Company pays close attention to the changing trend of the industry and the market and attaches great importance to the changes in user experience and needs. The management has been committed to innovative business planning and layout, actively explores and promotes new businesses, strengthens cooperation with business partners and continuously improves technological innovation and market competitiveness by recruiting more outstanding talents and constantly optimizing organizational structure and among others.

Information system risk

Our platform generates and processes a large quantity of data. As a result, we face risks inherent in accessing and handling large volumes of data, including those associated with the followings:

- protecting the data hosted on our technology systems, including against attacks on our systems by outside parties or employee error or malfeasance;
- addressing concerns related to data privacy, sharing and security; and
- complying with laws, rules and regulations governing the use and disclosure of personal information.

The Company has established an effective risk management mechanism. Through a series of assessment and analysis in advance, the Company continuously optimizes the technical system and keeps reducing the possibility of information system risk. Furthermore, the Company also conducts information security awareness training and publicity regularly to enhance employees' awareness of protecting sensitive information.

Operational risk

The performance, reliability and availability of our platform and underlying technology infrastructure are critical to our operations, reputation and our ability to attract and retain platform participants. Any system outage, malfunction or data loss could hamper our ability to provide services. In addition, the operation of the Company may be affected by the natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may cause server interruptions, breakdowns, system failures or internet failures. These incidents could cause the loss or corruption of data or malfunctions of software or hardware and adversely affect our ability to provide our services.

The Company has set up a special team to deal with operational risk, assess emergencies and take emergency measures to ensure the smooth operation of the business.

Fraud risk

Our platform may face risks such as telecommunications fraud and money laundering crimes in the course of operation. In order to prevent such risks, the Company has selected specialized teams from the government affairs center, legal center, and business line to establish a security team for the crime patterns in different scenarios, and the security team has formulated different risk-control mechanisms within the Company for different scenarios of B2B and B2C, and has developed specific risk control rules and operational norms and conducted regular training through the establishment of a sound anti-telecommunications fraud and anti-money laundering mechanism, to enhance the employees' awareness of anti-fraud and anti-money laundering risk control and contingency response capabilities, so as to effectively safeguard the Company's security and stability.

INTERNAL CONTROL

The Board is responsible for establishing our internal control system and reviewing its effectiveness. We have formulated comprehensive internal control policies and measures to manage emergencies, including public security incidents, operations incidents, network security incidents, natural disasters, and legal and policy events. In addition, the Company has already modified and implemented our internal audit policies based on the Listing Rules, formulated and enhanced sales and procurement procedures, established and implemented certain policies and procedures with respect to assets, treasury, human resources, taxation, investment and general information systems controls and established and implemented review and approval procedures, as well as policies regarding financial reporting, so as to ensure the effective operation of risk management and internal control.

Our operation decision-making committee is ultimately responsible for emergency management. Its responsibilities include:

- commanding and coordinating emergency preparation, responding and handling;
- determining specific emergency response-related matters;
- determining members of the emergency response team and their tasks;
- supervising and managing the establishment and operation of emergency systems;
- reporting and publishing the progress of emergency management; and
- coordinating with outside parties with respect to emergency management.

We have established an emergency response team under the operation decision-making committee which is responsible for implementing emergency plans formulated by, and reporting emergency events to, the operation decision-making committee.

We divide emergency response levels into level I responses (company level) and level II responses (department level) based on a range of factors relating to the emergency event, including its nature, severity, manageability and scope, among other factors. After we become aware of an emergency event, we evaluate the event to determine the applicable emergency response level and then take corresponding measures in response to the relevant event.

Effectiveness of risk management and internal control

The Audit Committee, on behalf of the Board, continuously reviews the risk management and internal control systems of the Company. The review process comprises, among other things, meetings with the senior management and the external auditors, reviewing the relevant work reports and information of key performance indicators, and discussing the major risks with the senior management of the Company. When conducting risk assessments, the Company not only evaluates the main risks, but also evaluates the potential fraud risks that may be faced in the course of operation, and takes preventive measures against relevant risks to maintain the safety and stability of the Company. During the Reporting Period, the Board had conducted a review of the effectiveness of risk management and internal control systems of the Group, and reviewed the audit summary provided by the internal audit department, and believed the existing internal control system of the Company is relatively sound, in line with relevant laws and regulations and the actual conditions of the Company. It can effectively prevent and control operational risks, ensure the smooth development of the Company's business, and play a good management and control role in various key links and key internal control aspects of the Company's business management. The Board is of the view that the risk management and internal control systems of the Group were effective and adequate during the Reporting Period.



In addition, the Board believes that the Company's accounting and financial reporting functions have been performed by employees with appropriate qualifications and experience and that such employees have received appropriate and sufficient training and development. Based on the audit report of the Audit Committee, the Board also believes that sufficient resources have been obtained for the Company's internal audit function and that its employees' qualifications and experience, training programs and budgets are sufficient.

POLICY ON THE DISCLOSURE OF INSIDE INFORMATION

The Company has put in place an internal policy for the handling and disclosure of inside information in compliance with the SFO. The internal policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management and relevant employees a general guide in monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access to and use of inside information are strictly prohibited.

CONVENING OF EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more Shareholders holding as at the date of deposit of the requisition not less than one-tenth of the paid-up share capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition. Such requisition shall be made in writing to the Board or the company secretary, and a written requisition shall be deposited at the Company's principal place of business in Hong Kong. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

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

COMMUNICATIONS WITH SHAREHOLDERS

The Company strives to provide ready, fair, regular and timely disclosure of information that is material to the investor community. Therefore, the Company works to maintain effective and ongoing communication with Shareholders so that they, along with prospective investors, can exercise their rights in an informed manner based on a good understanding of the Group's operations, businesses and financial information. The Company also encourages Shareholders' active participation in annual general meetings and other general meetings or through other proper means. General meetings can provide an opportunity for communication between the Directors, senior management and the Shareholders. The Company recognizes the importance of effective communication with Shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the senior management directly. Board members and relevant senior management of the Company are available at such meetings to respond to enquiries raised by the Shareholders.

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

During the Reporting Period, the Company held an annual general meeting on May 23, 2025. Notice of the general meeting was sent to the Shareholders on April 28, 2025. The chairman of the Board and the chairman of each of the Audit Committee, the Nomination Committee and the Remuneration Committee attended the annual general meeting and were available to answer any questions raised by the Shareholders. A representative of the Auditor also attended the meeting to answer any questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies and the independence of auditor.

The Company has developed and maintained a Shareholders' communication policy, and the Board has regularly reviewed the implementation and effectiveness of the Shareholders' communication policy, with the objective of promoting effective and ongoing communication between the Company and the Shareholders, which is available on the Company's website at www.fulu.com. The Company's website is maintained as a communication platform with the Shareholders, where information on the Company's announcements, reports, financial information and other information are available for public access.

The Board has held a meeting on March 27, 2026 to review the Shareholders' communication policy, with the aim to ensure that the Shareholders' communication policy of the Company can help Shareholders and ordinary investors have timely access to comprehensive, identical and understandable information about the Company, and to enhance communications between the Shareholders, the investors and the Company. During the Reporting Period, the Company maintains good contact and communication with investors through multiple channels, so as to boost investors' understanding and recognition of the Company. The Board believes that Shareholders' communication policy of the Company is effective and applicable, and is satisfied with the implementation of the Shareholders' communication policy of the Company.

A summary of the disclosure of interests of the substantial Shareholders is set out in the section headed "Directors' Report" of this annual report.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board can send their enquiries to the headquarters of the Company at 14th Floor, Building B27, Optics Valley Financial Port, No. 77 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, the PRC to the attention of the Investor Relations Center or send an email to IR@fulu.com.

The Company welcomes the views of and enquiries from the Shareholders. Enquiries to the Board or senior management of the Company will be dealt with in an informative and timely manner.

UNDERTAKING GIVEN BY THE CONTROLLING SHAREHOLDERS

Deed of Non-competition

Each of the Controlling Shareholders has undertaken to us in the deed of non-competition (the "Deed of Non-competition") that he/it will not, and will procure his/its close associates (other than members of our Group) not to directly or indirectly (whether or not through his/its own, jointly with any person, corporation, partner, joint venture or any other contractual arrangements, and whether or not in exchange for profit or other benefits) participate, acquire or hold any right or interest in or otherwise be involved in or undertake any business that directly or indirectly competes, or may compete, with the existing business activity of the Group or any business activities which the Group may undertake in the future (in all cases, whether or not as shareholder, partner, agent or any other capacity, and whether or not for profits, returns or any benefits) (the "Restricted Activity"), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by the Group from time to time, except where the Controlling Shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of the Group and they do not control over the board of directors of such company.



Further, each of the Controlling Shareholders has undertaken to procure that if any new business investment or other business opportunity relating to the Restricted Activity (the “Competing Business Opportunity”) is identified by or made available to him/it or any of his/its close associates, he/it shall, and shall procure that his/its close associates shall, refer such Competing Business Opportunity to our Company on a timely basis and refer the Competing Business Opportunity to the Company by giving written notice to the Company of such Competing Business Opportunity within 30 business days of identifying the target company (if relevant) and the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for the Company to consider whether to pursue such Competing Business Opportunity.

The Controlling Shareholders have confirmed that during the period from the execution of the Deed of Non-competition on August 29, 2020 to the Latest Practicable Date, they complied with the Deed of Non-competition. The independent non-executive Directors of the Company have reviewed the compliance with the Deed of Non-competition by the Controlling Shareholders of the Company and confirmed that the Controlling Shareholders of the Company complied with the Deed of Non-competition from August 29, 2020 to the Latest Practicable Date.

CHANGES TO DIRECTORS’ INFORMATION

The Directors confirm that there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPANY SECRETARY

During the Reporting Period, Ms. Ng Ka Man, the former company secretary of the Company, resigned as the company secretary on August 28, 2025 due to other work arrangements, Mr. Chow Tsz Ho (“Mr. Chow”) was appointed as the Company Secretary on the same date. Mr. Chow possesses the qualification and experience of a company secretary as required under Rule 3.28 of the Listing Rules. Mr. Chow’s primary contact person of the Company is Mr. Fu Xi (Executive Director, Chairman and CEO).

For the year ended December 31, 2025, Mr. Chow undertook not less than 15 hours of relevant professional training, in compliance with Rule 3.29 of the Listing Rules.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Please refer to Note 8 to the financial statements of this annual report for details of remuneration of Directors for the year ended December 31, 2025.

Details of the remuneration by band of Directors and senior management of the Company, whose biographies are set out in the section headed “Directors and Senior Management” of this annual report, for the year ended December 31, 2025 are set out below:

Remuneration band (RMB)	Number of individuals
1-500,000	3
500,001-1,000,000	5
1,000,001-1,500,000	2

REMUNERATION POLICY

The remuneration of the Directors and senior management is paid in the form of salaries, allowances, benefits in kind, pension scheme contributions and share-based payments, taking into account other factors such as their experience, level of responsibility, individual performance and the profit performance of the Group.

The Remuneration Committee will meet at least once every year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group.

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025, and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The management has provided the Board with such explanations and information necessary to enable the Board to make an informed assessment of the Company's financial statements presented for the Board's approval. The management provides monthly updates to all Board members on the Company's performance, condition and prospects.

The statement of the Auditors about their reporting responsibilities on the financial statements is set out in the section headed "Independent Auditor's Report" of this annual report.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the Auditor to the Group during the year ended December 31, 2025 was approximately as follows:

Type of Services	Amount (RMB'000)
Audit and audit-related services	1,100
Non-audit services	0
Total	1,100

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the year ended December 31, 2025, no amendment has been made to the Articles of Association. Investors may review the existing and effective Articles of Association on the website of the Company (www.fulu.com) and the website of the Stock Exchange (www.hkexnews.hk).

Independent Auditor's Report



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF FULU HOLDING LIMITED

(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Fulu Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 72 to 140, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Revenue recognition of digital goods-related services

Refer to Notes 2.4,3, and 5 to the consolidated financial statements.

During the year ended 31 December 2025, the Group recognised the revenue from digital goods-related services of approximately RMB205,653,000, which was recorded on a net basis since the Group considered that it acted as an agent rather than as a principal based on its assessment of control on the specified digital goods.

As the amount of the revenue from digital goods-related services was significant and significant judgements were required in determining whether the Group acted as an agent or a principal in a transaction with a customer, we considered the revenue recognition of digital goods-related services as a key audit matter.

How our audit addressed the key audit matter

Our procedures in relation to revenue recognition of digital goods-related services included, but not limited to:

- Testing key controls of digital goods-related service processes, including the controls on digital goods movement, on a sampling basis, with the assistance of our internal IT specialists;
- Reconciling the transaction data in the operating system with the amounts recorded in the accounting system;
- Reviewing key terms of digital goods-related service contracts on a sampling basis to assess management's judgements on principal versus agent considerations;
- Testing relevant manual controls related to the net basis of revenue recognition process; and
- Testing, on a sample basis, digital goods-related services, by agreeing the recorded revenues to supporting documents including but not limited to executed orders, contract with customers and cash collections to evaluate whether the revenues were properly recorded.

We found the revenue recognition of digital goods-related services was supported by available evidence.



Key audit matter

Expected credit losses of trade receivables, contract assets and financial assets included in prepayments, other receivables and other assets

Refer to Notes 2.4, 3, 18, 19 and 20 to the consolidated financial statements.

As at 31 December 2025, the Group had trade receivables, contract assets and prepayments, other receivables and other assets of approximately RMB591,690,000, RMB3,379,000 and RMB561,967,000 respectively, net of allowance for expected credit losses of approximately RMB30,271,000, RMB8,000 and RMB10,892,000 respectively.

Management performed periodic assessment on the recoverability of the trade, contract assets and financial assets and the sufficiency of provision for allowance for expected credit losses based on information including credit profile of different customers or debtors, ageing of the receivables to historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and ongoing trading relationships with the relevant customers or debtors. Management also considered forward-looking information that may impact the customers' or debtors ability to repay the outstanding balances in order to estimate the expected credit losses for the allowance for expected credit losses assessment.

We focused on this area due to the allowance for expected credit losses assessment of trade receivables, contract assets and prepayments, other receivables and other assets under expected credit losses model involved the use of significant management judgements and estimates.

How our audit addressed the key audit matter

Our procedures in relation to management's impairment assessment on trade receivables, contract assets and financial assets included in prepayments, other receivables and other assets included but not limited to:

- Understanding the key controls that the Group has implemented to manage and monitor its credit risk and evaluating management's assessment process for allowance for expected credit losses;
- Checking, on a sample basis, the ageing profile of the trade receivables as at 31 December 2025 to the underlying financial records;
- Inquiring of management for the status of each of the material past due receivables as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers or debtors, understanding ongoing business relationship with the customers based on trade records, checking historical and subsequent settlement records and other correspondence with the counterparty; and
- Assessing the appropriateness of the expected credit losses provisioning methodology and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

We found that the management judgment and estimates used to assess the recoverability of the trade receivables, contract assets and financial assets included in prepayments, other receivables and other assets and determine the allowance for expected credit losses were to be supportable by available evidence.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on 27 March 2025.

OTHER INFORMATION

The directors of the Company are responsible for the Other Information. The Other Information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon (the "Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Kwok Tsz Chun (practising certificate number: P06901).

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Hong Kong, 27 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	<i>2024</i> <i>RMB'000</i>
Revenue	5	330,964	359,790
Cost of sales		(72,173)	(105,573)
Gross profit		258,791	254,217
Other income and gains	5	11,389	15,709
Selling and distribution expenses		(70,276)	(93,500)
Administrative expenses		(88,863)	(97,010)
Research and development costs		(33,570)	(44,218)
Impairment losses on financial and contract assets, net		(29,386)	(3,273)
Other expenses		(3,515)	(2,223)
Finance costs	7	(2,137)	(3,673)
PROFIT BEFORE TAX	6	42,433	26,029
Income tax expense	10	(22,558)	(6,621)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		19,875	19,408
Attributable to:			
Owners of the parent		27,303	20,164
Non-controlling interests		(7,428)	(756)
		19,875	19,408
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
Profit for the year (RMB)	12	0.07	0.05

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,341	3,210
Right-of-use assets	14	6,998	6,370
Goodwill	15	674	674
Other intangible assets	16	16,051	27,862
Deferred tax assets	17	15,075	20,009
Total non-current assets		41,139	58,125
CURRENT ASSETS			
Trade receivables	18	591,690	493,143
Contract assets	19	3,379	33,278
Prepayments, other receivables and other assets	20	561,967	652,295
Due from related parties	32	23,285	23,285
Financial assets at fair value through profit or loss	21	39,516	91,839
Financial assets at fair value through other comprehensive income	21	9,000	–
Restricted cash	22	2,813	101,618
Cash and cash equivalents	22	324,299	310,442
Total current assets		1,555,949	1,705,900
CURRENT LIABILITIES			
Trade payables	23	140,990	90,236
Other payables and accruals	24	229,162	209,534
Interest-bearing bank and other borrowings	25	10,000	170,710
Lease liabilities	14	5,063	3,869
Tax payable		11,608	6,202
Total current liabilities		396,823	480,551
NET CURRENT ASSETS		1,159,126	1,225,349
TOTAL ASSETS LESS CURRENT LIABILITIES		1,200,265	1,283,474

Consolidated Statement of Financial Position

At 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities	14	1,973	1,970
Total non-current liabilities		1,973	1,970
Net assets		1,198,292	1,281,504
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	278	278
Reserves	28	1,220,264	1,298,072
		1,220,542	1,298,350
Non-controlling interests	29	(22,250)	(16,846)
Total equity		1,198,292	1,281,504

Mr. Fu Xi
Director

Mr. Zhang Yuguo
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Notes	Attributable to owners of the parent				Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Other reserves RMB'000 (Note 28)	Retained profits RMB'000	Total RMB'000		
At 1 January 2024		278	748,369	523,392	1,272,039	(14,687)	1,257,352
Profit for the year and total comprehensive income		–	–	20,164	20,164	(756)	19,408
Equity-settled share-based payments	27	–	6,147	–	6,147	–	6,147
Appropriations to statutory surplus reserve	28	–	6,627	(6,627)	–	–	–
Dividends paid to non-controlling shareholders		–	–	–	–	(56)	(56)
Disposal of a subsidiary	30	–	–	–	–	(1,347)	(1,347)
At 31 December 2024		278	761,143*	536,929*	1,298,350	(16,846)	1,281,504

	Notes	Attributable to owners of the parent				Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Other reserves RMB'000 (Note 28)	Retained profits RMB'000	Total RMB'000		
At 1 January 2025		278	761,143*	536,929*	1,298,350	(16,846)	1,281,504
Profit for the year and total comprehensive income		–	–	27,303	27,303	(7,428)	19,875
Equity-settled share-based payments	27	–	(1,408)	–	(1,408)	–	(1,408)
Appropriations to statutory surplus reserve	28	–	7,810	(7,810)	–	–	–
Special dividends paid to non-controlling shareholders		–	(99,254)	–	(99,254)	–	(99,254)
Repurchase of shares	26	–	(4,449)	–	(4,449)	–	(4,449)
Disposal of subsidiaries	30	–	–	–	–	2,024	2,024
At 31 December 2025		278	663,842*	556,422*	1,220,542	(22,250)	1,198,292

* These reserve accounts comprise the consolidated reserves of approximately RMB1,220,264,000 (2024: RMB1,298,072,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		42,433	26,029
Adjustments for:			
Depreciation of property, plant and equipment	6	1,940	2,838
Amortisation of intangible assets	6	13,517	7,636
Depreciation of right-of-use assets	6	6,584	8,940
Interest income	5	(3,203)	(3,531)
Finance cost	7	2,137	3,673
Equity-settled share-based payment expenses	6	(1,408)	6,147
Gain on disposal of subsidiaries, net	5	(167)	(541)
Gain on the fair value change of financial assets at fair value through profit or loss	5	(2,189)	(22)
Loss on disposal of right-of-use assets	6	132	119
(Gain)/loss on disposal of items of property, plant and equipment		(172)	81
Foreign exchange loss/(gain)		788	(387)
		60,392	50,982
(Increase)/decrease in trade receivables		(98,547)	50,925
Decrease in contract assets		29,899	4,013
Decrease in prepayments, other receivables and other assets		92,525	175,810
Decrease in amounts due from related parties		–	287
Decrease/(increase) in restricted cash		98,805	(19,891)
Increase/(decrease) in trade payables		50,754	(22,872)
Increase/(decrease) in other payables and accruals		19,628	(23,108)
Cash generated from operations		253,456	216,146
Income tax paid		(12,218)	(11,145)
Net cash flows from operating activities		241,238	205,001
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial products		(153,651)	(704,859)
Proceeds from disposal of financial products		208,163	625,594
Payments for investments in equity instruments designated as at fair value through other comprehensive income		(9,000)	–
Purchases of property, plant and equipment		(2,380)	(1,083)
Addition to intangible assets		(1,706)	(4,188)
Interest received		3,203	3,238
Disposal of subsidiaries	30	(6)	465
Proceeds from disposal of items of property, plant and equipment		1,481	45
Net cash flows from/(used in) investing activities		46,104	(80,788)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid on:			
Withdrawal of pledged deposits		–	20,000
New bank and other borrowings		10,000	528,655
Principal portion of lease payments		(6,147)	(8,834)
Repayment of bank and other borrowings		(170,710)	(497,597)
Repurchase of shares		(4,449)	–
Dividends paid		(99,254)	(56)
Interest paid		(2,137)	(3,673)
Net cash flows (used in)/from financing activities		(272,697)	38,495
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Effect of foreign exchange rate changes, net		(788)	387
Cash and cash equivalents at beginning of year		310,442	147,347
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	324,299	310,442
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	327,112	412,060
Less: Restricted cash	22	(2,813)	(101,618)
Pledged deposits	22	–	–
		324,299	310,442

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 31 October 2019 and its share are listed on The Stock of Exchange Limited. The registered address of the Company is Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, Cayman Islands.

During the year, the subsidiaries now comprising the Group were principally engaged in the provision of services to facilitate digital goods transactions and online store operating services.

In the opinion of the directors, the ultimate controlling shareholder of the Group is Mr. Fu Xi.

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name of company	Notes	Date and place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
				2024		2025		
				Direct	Indirect	Direct	Indirect	
Fulu (HONGKONG) LIMITED	(a)	21 November 2019 Hong Kong China	HKD1	100%	-	100%	-	Investment holding
Wuhan Fulu Technology Co., Ltd. ("WFOE")	(b)	25 December 2019 People's Republic of China ("PRC")/ Mainland China	RMB210,000,000	-	100%	-	100%	Investment holding
Wuhan Fulu Internet Technology Co., Ltd. ("Wuhan Fulu")	(c)	24 March 2009 PRC/Mainland China	RMB19,688,935	-	100%	-	100%	Provision of services to facilitate digital goods transactions and online store operating service
Tibet Fulu Internet Technology Co., Ltd.	(c)	8 December 2016 PRC/Mainland China	RMB60,000,000	-	100%	-	100%	Provision of services to facilitate digital goods transactions and online store operating service
Wuhan Souka Technology Co., Ltd.	(c)	8 June 2017 PRC/ Mainland China	RMB5,000,000 (2024: RMB10,000,000)	-	100%	-	100%	Provision of services to facilitate digital goods transactions
Beijing Fulu Fuxi Technology Co., Ltd.	(c)	31 December 2021 PRC/Mainland China	RMB10,000,000	-	60%	-	60%	Provision of services to facilitate digital and physical goods transactions
Beijing Yiji Qifu Technology Co., Ltd.	(c)	2 September 2019 PRC/Mainland China	RMB10,000,000	-	60%	-	60%	Provision of services to facilitate digital and physical goods Transactions



1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of company	Notes	Date and place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
				2024		2025		
				Direct	Indirect	Direct	Indirect	
Wuhan Yiqiyou Internet Technology Co., Ltd.	(c)	4 June 2012 PRC/Mainland China	RMB5,000,000 (2024: RMB10,000,000)	-	100%	-	100%	Provision of services to facilitate digital goods transactions
Wuhan Lishuo Technology Co., Ltd.	(c)	6 January 2017 PRC/Mainland China	RMB10,000,000	-	100%	-	82%	Provision of services to facilitate digital goods transactions
Xinjiang Huluwa Network Technology Co., Ltd.	(c)	25 February 2019 PRC/Mainland China	RMB5,000,000	-	100%	-	100%	Provision of services to facilitate digital goods transactions and online store operating services
Xinjiang Fuyou Internet Technology Co., Ltd (formerly known as Fulu Fuyou Internet Technology Co., Ltd.)	(c)	6 February 2023 PRC/Mainland China	RMB50,000,000	-	100%	-	100%	Provision of services to facilitate digital goods transactions and online store operating services
Kashgar Yiqiwan Internet Technology Co., Ltd. ("Kashgar Yiqiwan")	(c)	27 March 2017 PRC/Mainland China	RMB1,000,000 (2024: RMB10,000,000)	-	100%	-	100%	Provision of services to facilitate digital goods transactions and online store operating services
Beijing Fuluxi Technology Co., Ltd.	(c)	21 April 2022 PRC/Mainland China	RMB1,000,000	-	60%	-	60%	Provision of services to facilitate digital and physical goods transactions

- (a) The entity is registered as a limited liability enterprise under Hong Kong law.
- (b) The WFOE is registered as a wholly-foreign-owned-enterprise under PRC law.
- (c) These entities are limited liability enterprises established under PRC law and controlled through contractual arrangements ("Contractual arrangements") by the Company. They are collectively referred to as "PRC Operating Entities".

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) approved by the International Accounting Standards Board (the “IASB”). In addition, the consolidated financial statements include applicable disclosures by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.



2.2 AMENDMENT TO AN IFRS ACCOUNTING STANDARD THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The Group has adopted the following revised IFRS Accounting Standard for the first time for the current year's financial statements.

Amendments to IAS 21	Lack of Exchangeability
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The application of an amendment to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amendments to IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amendments to IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to IFRS Accounting standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

Except from described below, the directors of the Company anticipate that the application of all new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 "Presentation and Disclosure in Financial Statements" which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements". The new IFRS Accounting Standard, which carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of this new standard is not expected to have material impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and consolidated statement of cash flows and disclosures in the future financial statements.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Fair value measurement

The Group measures its financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest inputs that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of non-financial assets (Continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

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



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	33.3% to 50%
Furniture and electronic equipment	19% to 31.7%
Motor vehicles	23.8%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with definite useful lives are amortised on the straight-line basis over the following useful economic lives.

Software	5 to 10 years
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The software mainly includes a self-developed transaction platform and its improvement. The Group determines its useful life based on historical experience of the previous version of such transaction platform.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	2 to 3 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of offices (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instrument)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of financial assets (Continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECLs).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 2 years past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on external credit ratings and historical credit loss experience of the industry, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, lease liabilities, and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, lease liabilities and borrowings)

After initial recognition, trade and other payables, lease liabilities and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(i) *Digital goods-related services*

The Group provides services to facilitate upstream digital goods providers to sell digital goods to downstream users ("digital goods-related services"). The Group does not control specific digital goods prior to the purchase by the downstream users. Therefore, the Group is acting as an agent in the transactions. Revenue from the digital goods-related services is recognised at a point in time when the digital goods-related services are rendered.

The Group records the net amount that it retains from such completed transaction (including variable consideration contingent on the volume-based and/or performance-based rebates to be received) as revenue. Variable consideration is contingent on the volume-based and/or performance-based rebates to be received from the upstream digital goods providers, which are finalised on a periodical basis. The contingencies are in general resolved within three months subsequent to the end of the reporting period. Variable consideration is estimated using the expected value method in accordance with the terms as set out in the respective contractual arrangements with the upstream digital goods providers based on the Group's historical experiences, and the variable portion is included in the transaction price to the extent that it is probable that a significant reversal will not occur.

(ii) *Online store operating services*

The Group operates online stores on major e-commerce platforms for digital goods vendors. The Group is primarily responsible for facilitating the digital goods transactions, designing and updating storefronts, formulating and implementing operating and marketing strategies, and providing IT and other services. In return, the Group receives variable considerations which are net service fees calculated based on the total amounts of the completed transactions through the aforementioned online stores. The Group does not control the specified digital goods before the specified digital goods are transferred to the ultimate customers, and therefore, the Group is acting as an agent in the transactions. Revenue from operating online stores for digital good vendors is recognised on a net basis at a point in time when each transaction through the online stores is completed or when the provision of the relation service is completed.

The contingencies are in general resolved within three months subsequent to the end of the reporting period. Variable consideration is estimated using the expected value method in accordance with the terms as set out in the respective contractual arrangements with the upstream digital goods providers based on the Group's historical experiences, and the variable consideration is estimated based on historical experience and will be included in the transaction price to the extent it is probable that a significant reversal will not occur in a subsequent period.

(iii) *Physical goods-related services*

Revenue from the sale of physical products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the physical products.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (Continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a restricted share unit scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the shares granted pursuant to the Scheme and the Plan is determined as the closing price on Hong Kong Stock Exchange at the grant date, further details of which are given in note 27 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Share-based payments (Continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made.

Accommodation fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These schemes cover the accommodation fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the accommodation fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Interim and special dividends are recognised immediately as a liability when they are proposed and declared.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Contractual arrangements

The PRC Operating Entities are mainly engaged in the provision of services to facilitate digital goods transactions in Chinese Mainland, which falls in the scopes of "Catalogue of Restricted Foreign Investment Industries" and "Special Administrative Measures for Assess of Foreign Investment" that foreign investors are restricted to invest.

The Group exercises control over the PRC Operating Entities and enjoys all economic benefits of the PRC Operating Entities through the Contractual Arrangements.



3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

Contractual arrangements (Continued)

The Group considers that it controls the PRC Operating Entities, notwithstanding the fact that it does not hold a direct equity interest in the PRC Operating Entities, as it has power over the financial and operating policies of the PRC Operating Entities and receives substantially all the economic benefits from the business activities of the PRC Operating Entities through the Contractual Arrangements. Accordingly, the PRC Operating Entities have been accounted for as subsidiaries during the reporting period.

Revenue from contracts with customers-principal versus agent consideration

The Group applies judgements to determine its role as to facilitate upstream digital goods providers to sell digital goods to the downstream users. The Group does not only control specific digital and physical goods but also not control specific digital goods prior to transferred to the downstream users. Therefore, the Group concluded it act as a principal and agent in the transactions based on different situation. Consequently, the Group recorded revenue on a gross basis and net basis accordingly.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables, contract assets and financial assets included in prepayments, other receivables and other assets

The Group uses external credit ratings and historical credit loss experience of the industry to calculate ECLs for trade receivables and contract assets under the simplified approach and for refundable prepayments, deposits and other receivables under the general approach.

The observed default rates of the industry are adjusted with forward-looking information. For instance, if forecast economic conditions (i.e., urban registered unemployment rate) are expected to deteriorate over the next year which can lead to an increased number of default in the industry, the historical default rates are adjusted. At the end of the reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The industry's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 18 and note 19 to the financial statements, respectively. The information about the ECLs on the Group's refundable prepayments, deposits and other receivables is disclosed in note 20 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 17 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has five reportable operating segments as follows:

- (a) Leisure and entertainment, which primarily includes commissions earned from facilitating the sale of digital goods offered by leisure and entertainment content providers, operating services for online stores and other services provided to leisure and entertainment content providers;
- (b) Games, which primarily includes commissions earned from facilitating the sale of digital goods offered by game producers, operating services for online stores and other services provided to game producers;
- (c) Telecommunications, which primarily includes commissions earned from providing digital goods-related agency services and other services to telecom providers;
- (d) Lifestyle, which primarily includes commissions earned from facilitating the sale of digital goods offered by lifestyle service providers and other services provided to lifestyle service providers; and
- (e) Corporate welfare, which primarily includes commissions earned from providing employee benefits solutions to corporate clients.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment operating profit, which is a measure of gross profit. No analysis of the Group's assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision-maker for review.



4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2025	Leisure and entertainment RMB'000	Games RMB'000	Telecommuni- cations RMB'000	Lifestyle RMB'000	Corporate welfare RMB'000	Total RMB'000
Segment revenue						
External customers	104,859	48,329	1,659	136,461	39,656	330,964
Segment cost	(22,931)	(13,105)	(622)	(31,651)	(3,864)	(72,173)
Gross profit	81,928	35,224	1,037	104,810	35,792	258,791
<i>Reconciliation:</i>						
Unallocated income and gains						11,389
Corporate and unallocated expense						(225,610)
Finance costs						(2,137)
Profit before tax						42,433
Year ended 31 December 2024						
Segment revenue						
External customers	116,297	64,714	5,183	88,037	85,559	359,790
Segment cost	(38,751)	(28,297)	(3,941)	(24,707)	(9,877)	(105,573)
Gross profit	77,546	36,417	1,242	63,330	75,682	254,217
<i>Reconciliation:</i>						
Unallocated income and gains						15,709
Corporate and unallocated expense						(240,224)
Finance costs						(3,673)
Profit before tax						26,029

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

All significant external customers of the Group are located in Mainland China. Accordingly, no geographical information of external customers is presented.

(b) Non-current assets

All significant non-current assets of the Group are located in Mainland China. Accordingly, no geographical information of segment assets is presented.

Information about major customers

Revenue derived from services to customers, which individually accounted for 10% or more of the Group's revenue, is set out below:

	2025 RMB'000	2024 RMB,000
Customer A from the leisure and entertainment segment and the games segment*	–	35,040

* The corresponding revenue did not contribute over 10% to the Group's revenue for the respective year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
<i>Revenue from contracts with customers</i>		
Digital goods-related services		
– acted as an agent	205,653	207,831
Physical goods-related services		
– acted as an agent	22,159	41,802
Online stores operating services		
– acted as an agent	83,662	81,949
Others	19,490	28,208
	330,964	359,790

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

(i) Disaggregated revenue information

Year ended 31 December 2025

Segments	Leisure and entertainment RMB'000	Games RMB'000	Telecommuni- cations RMB'000	Lifestyle RMB'000	Corporate welfare RMB'000	Total RMB'000
Types of services						
Provision of digital goods-related services	41,094	35,870	-	114,214	14,475	205,653
Provision of physical goods-related services	-	-	-	-	22,159	22,159
Provision of online store operating services	58,604	10,904	22	14,132	-	83,662
Others	5,161	1,555	1,637	8,115	3,022	19,490
Total revenue from contracts with customers	104,859	48,329	1,659	136,461	39,656	330,964
Timing of revenue recognition:						
Services transferred at a point in time	104,859	48,329	1,659	136,461	39,656	330,964

Year ended 31 December 2024

Segments	Leisure and entertainment RMB'000	Games RMB'000	Telecommuni- cations RMB'000	Lifestyle RMB'000	Corporate welfare RMB'000	Total RMB'000
Types of services						
Provision of digital goods-related services	68,933	33,457	3,252	68,426	33,763	207,831
Provision of physical goods-related services	-	-	-	-	41,802	41,802
Provision of online store operating services	45,996	28,763	-	7,190	-	81,949
Others	1,368	2,494	1,931	12,421	9,994	28,208
Total revenue from contracts with customers	116,297	64,714	5,183	88,037	85,559	359,790
Timing of revenue recognition:						
Services transferred at a point in time	116,297	64,714	5,183	88,037	85,559	359,790

The Group's revenue was derived solely from its operation in Mainland China.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

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

Provision of digital goods-related services

The performance obligation is satisfied upon delivery of specific digital goods from upstream digital goods providers to downstream digital goods users. Payment is generally due within 1-6 months from delivery. In addition, payment in advance is sometimes required based on credit evaluation.

Provision of physical goods-related services

The performance obligation is satisfied upon delivery of the physical products and payment is generally due within 1-6 months from delivery.

Provision of online store operating services

The performance obligation is satisfied upon the completion of each digital goods transaction through the online stores of the digital goods vendors or upon delivery of the related services. Payment is generally due within 1-6 months from the rendering of the services.

The Board are of the opinion that there was no remaining performance obligation at the end of the reporting period.

Other income and gains

	<i>Note</i>	2025 RMB'000	2024 <i>RMB,000</i>
Other government grants	<i>(i)</i>	5,482	5,972
Interest income		3,203	3,531
Gain on disposal of subsidiaries	<i>30</i>	167	541
Gain on fair value change of fair value change through profit or loss		2,189	22
Others		348	5,643
		11,389	15,709

- (i) Other government grants had been received from the PRC local government authorities as reimbursement of the Group's operating and research and development activities. There are no unfulfilled conditions related to these government grants.



6. PROFIT BEFORE TAX

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

	2025 RMB'000	2024 RMB,000
Employee benefit expense* (including directors' and chief executive's remuneration):		
Wages and salaries	133,343	171,159
(Reversal of)/provision for equity-settled share-based payment expenses, net	(1,408)	6,147
Pension scheme contributions	7,119	19,458
Social security contributions and accommodation benefits	7,184	22,365
	146,238	219,129
Research and development costs	33,570	44,218
Promotion and marketing expenses**	27,471	23,362
Commission to third party platforms**	20,391	21,430
Foreign exchange loss/(gain)	2,585	(148)
Platform usage fees and others***	3,212	8,818
Auditor's remuneration	1,100	2,450
Depreciation of right-of-use assets***	6,584	8,940
Depreciation of property, plant and equipment***	1,940	2,838
Amortisation of intangible assets***	13,517	7,636
Impairment losses on financial and contract assets, net	29,386	3,273
Loss on disposal of right-of-use assets	132	119
(Gain)/loss on disposal of property, plant and equipment	(172)	81

* Employee benefit expenses of RMB30,115,000 (2024: RMB39,776,000) were included in the research and development costs for the reporting period.

** Expenses included in "selling and distribution expenses".

*** Expenses included in "administrative expenses".

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB,000
Interest on bank and other borrowings	1,832	3,228
Interest on lease liabilities	305	445
	2,137	3,673

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executives' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB,000</i>
Fees	504	818
Other emoluments:		
Salaries, allowances and benefits in kind	1,939	2,530
Pension scheme contributions	108	153
	2,047	2,683

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB,000</i>
– Mr. Wong Sincere	184	333
– Mr. Li Wai Chung	160	245
– Ms. Wang Yuyun	160	240
	504	818

There were no other emoluments payable to any independent non-executive director during the year (2024: Nil).



8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and the chief executive

There were no emoluments paid by the Group to the directors as an inducement to join the Group, or upon joining the Group, or as compensation for loss of office during the year.

	Fees RMB'000	Salaries allowances and benefits in Kind RMB'000	Pension scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
2025					
Executive directors:					
– Mr. Fu Xi ¹	–	610	36	–	646
– Mr. Zhang Yuguo	–	696	36	–	732
– Mr. Zhao Bihao	–	633	36	–	669
	–	1,939	108	–	2,047

	Fees RMB'000	Salaries allowances and benefits in Kind RMB'000	Pension scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
2024					
Executive directors:					
– Mr. Fu Xi ¹	–	587	51	–	638
– Mr. Zhang Yuguo	–	996	51	–	1,047
– Mr. Zhao Bihao	–	947	51	–	998
	–	2,530	153	–	2,683

¹ Mr. Fu Xi was also the chief executive of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2024: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included one director (2024: no director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2024: five) highest paid employees who are neither a director nor chief executive of the Group are as follows:

	2025 RMB'000	2024 RMB,000
Salaries, allowances and benefits in kind	4,016	5,812
Pension scheme contributions	112	228
Equity-settled share-based payments	437	6,642
	4,565	12,682

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
Less than HKD1,000,000	2	–
HKD1,000,001 to HKD1,500,000	2	1
HKD1,500,001 to HKD2,000,000	–	2
HKD2,000,001 to HKD2,500,000	–	1
HKD4,500,001 to HKD5,000,000	–	–
HKD6,500,001 to HKD7,000,000	–	1
	4	5

During the year, share-based payments were granted to one (2024: five) non-director and non-chief executive highest paid employees in respect of his services to the Group, further details of which are included in the disclosures in note 27 to the financial statements. The fair value of such shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

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

The majority of the Company's subsidiaries are domiciled in the PRC. Pursuant to the PRC Corporate Income Tax Law (the "PRC Tax Law") effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operating in the PRC during the reporting period was 25% of their taxable profits.

Wuhan Souka was accredited as a high and new technology enterprise ("HNTE") in the year ended 31 December 2022. From 1 January 2022 to 31 December 2024, Wuhan Souka was entitled to a Corporate Income Tax rate of 15%.

Xinjiang Fulu, Xinjiang Huluwa and Kashgar Yiqiwan were established in Xinjiang and Tibet Fulu was established in Tibet, entitled to a preferential tax rate of 15% for the year ended 31 December 2025 and 2024 according to the strategy of western development in the PRC (Caishui [2020] No. 23).



10. INCOME TAX (CONTINUED)

Xinjiang Fuyou was established in Kashgar Zone of Xinjiang on 6 February 2023, which was exempted from income tax in the first year in which operation income is obtained for a five-year period according to the regulations set out by the local government authority. Since Xinjiang Fuyou started operation in 2024, the tax exemption period commenced from the year of 2024 to the year of 2028.

The major components of the income tax expense are as follows:

	2025 RMB'000	2024 RMB,000
Current – PRC Corporate Income Tax		
Charge for the year, net	10,935	9,282
Deferred tax	4,934	(2,661)
Under-provision in prior years, net	6,689	–
Total tax charge for the year	22,558	6,621

A reconciliation of the tax expenses applicable to profit before tax at the statutory rate for the PRC to the tax expenses at the Group's effective tax rate is as follows:

	2025 RMB'000	2024 RMB,000
Profit before tax	42,433	26,029
Tax at the PRC statutory income tax rate	10,608	6,507
Lower tax rates for specific entities	(9,833)	(5,559)
Tax effect of:		
Expenses not deductible for tax	8,304	2,558
Tax losses not recognised	9,465	6,482
Tax losses utilised from previous periods	(657)	(1,387)
Tax incentives on eligible expenditures	(2,018)	(1,604)
Under-provision of current tax in prior years, net	6,689	–
Others	–	(376)
	22,558	6,621

11. DIVIDENDS

	2025 RMB'000	2024 RMB,000
Special Dividend declared and paid – HK\$ 0.269 per ordinary share	99,254	–

On 7 November 2025, the board of directors has declared a special dividend of HK\$0.269 per ordinary share of the Company (the "Special Dividend") to the shareholders of the Company. The Special Dividend were paid on 5 December 2025 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on 26 November 2025.

No final dividends were paid or declared by the Company for the year ended 31 December 2025 and 2024.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue (excluding shares held for restricted share unit scheme and treasury shares) during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue (excluding shares held for restricted share unit scheme and treasury shares) during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed unlocking of all dilutive potential ordinary shares into ordinary shares.

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

	2025 <i>RMB'000</i>	2024 <i>RMB,000</i>
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	27,303	20,164
	Number of shares	
	2025 '000	2024 '000 (restated)
Shares		
Weighted average number of ordinary shares in issue (excluding shares held for restricted share unit scheme and treasury shares) during the year used in the basic earnings per share calculation	402,930	405,032
Effect of dilution – weighted average number of ordinary shares:		
– Restricted share unit scheme	163	506
	403,093	405,538
	2025 <i>RMB</i>	2024 <i>RMB</i>
Basic earnings per share	0.07	0.05
Diluted earnings per share	0.07	0.05



13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements RMB'000	Furniture and electronic equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2025				
At 1 January 2025				
Cost	8,205	5,117	2,212	15,534
Accumulated depreciation	(7,474)	(2,749)	(2,101)	(12,324)
Net carrying amount	731	2,368	111	3,210
At 1 January 2025, net of accumulated depreciation	731	2,368	111	3,210
Additions	1,040	1,046	294	2,380
Disposals	–	(1,309)	–	(1,309)
Depreciation provided during the year	(1,013)	(927)	–	(1,940)
At 31 December 2025, net of accumulated depreciation	758	1,178	405	2,341
At 31 December 2025:				
Cost	9,245	2,850	2,506	14,601
Accumulated depreciation	(8,487)	(1,672)	(2,101)	(12,260)
Net carrying amount	758	1,178	405	2,341
31 December 2024				
At 1 January 2024:				
Cost	7,921	4,906	2,212	15,039
Accumulated depreciation	(5,861)	(1,986)	(2,101)	(9,948)
Net carrying amount	2,060	2,920	111	5,091
At 1 January 2024, net of accumulated depreciation	2,060	2,920	111	5,091
Additions	284	799	–	1,083
Disposals	–	(126)	–	(126)
Depreciation provided during the year	(1,613)	(1,225)	–	(2,838)
At 31 December 2024, net of accumulated depreciation	731	2,368	111	3,210
At 31 December 2024:				
Cost	8,205	5,117	2,212	15,534
Accumulated depreciation	(7,474)	(2,749)	(2,101)	(12,324)
Net carrying amount	731	2,368	111	3,210

14. LEASES

The Group has lease contracts for buildings used in its operations. Leases of buildings generally have lease terms between 1 and 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased asset.

(a) The movements of right-of-use assets and lease liabilities during the year are as follows:

	Right-of-use assets <i>RMB'000</i>	Lease liabilities <i>RMB,000</i>
31 December 2025		
As at 1 January 2025	6,370	5,839
Additions due to new leases	8,174	8,174
Disposal	(962)	(830)
Depreciation charge	(6,584)	N/A
Accretion of interest	N/A	305
Payments	N/A	(6,452)
As at 31 December 2025	6,998	7,036
Less: Current portion		5,063
Non-current portion		1,973
31 December 2024		
As at 1 January 2024	12,568	11,812
Additions due to new leases	6,751	6,751
Disposal	(4,009)	(3,890)
Depreciation charge	(8,940)	N/A
Accretion of interest	N/A	445
Payments	N/A	(9,279)
As at 31 December 2024	6,370	5,839
Less: Current portion		3,869
Non-current portion		1,970



14. LEASES (CONTINUED)

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB,000</i>
Interest charge on lease liabilities	305	445
Depreciation charge of right-of-use assets	6,584	8,940
Expense relating to short-term leases	1,214	1,337
Loss on disposal of right-of-use assets	132	119
Total amount recognised in profit or loss	8,235	10,841

15. GOODWILL

	<i>RMB'000</i>
Cost and net carrying amount at 31 December 2025 and 2024	674

On 31 July 2017, goodwill arising from the acquisition of Wuhan Tianshi Technology Co., Ltd. amounting to RMB674,000 is allocated to the telecommunications cash-generating unit for impairment test.

In the opinion of the directors, no impairment provision for goodwill was made at the end of the year.

16. OTHER INTANGIBLE ASSETS

	Software RMB'000
2025	
At 1 January 2025:	
Cost	47,349
Accumulated amortisation	(19,487)
Net carrying amount	27,862
At 1 January 2025, net of accumulated amortisation	27,862
Additions	1,706
Amortisation provided during the year	(13,517)
At 31 December 2025, net of accumulated amortisation	16,051
At 31 December 2025:	
Cost	49,055
Accumulated amortisation	(33,004)
Net carrying amount	16,051
2024	
At 1 January 2024:	
Cost	43,161
Accumulated amortisation	(11,851)
Net carrying amount	31,310
At 1 January 2024, net of accumulated amortisation	31,310
Additions	4,188
Amortisation provided during the year	(7,636)
At 31 December 2024, net of accumulated amortisation	27,862
At 31 December 2024:	
Cost	47,349
Accumulated amortisation	(19,487)
Net carrying amount	27,862



17. DEFERRED TAX

The Group

	2025 RMB'000	2024 RMB,000
Deferred tax assets	16,273	21,602
Deferred tax liabilities	(1,198)	(1,593)
	15,075	20,009

Deferred tax liabilities

	Right-of-use assets RMB'000
At 31 December 2024 and 1 January 2025	1,593
Deferred tax credited to the statement of profit or loss during the period (note 10)	(395)
At 31 December 2025	1,198
At 31 December 2023 and 1 January 2024	3,142
Deferred tax credited to the statement of profit or loss during the period (note 10)	(1,549)
At 31 December 2024	1,593

Deferred tax assets

The movements in deferred tax assets during the reporting period are as follows:

	Lease Liabilities RMB'000	Accruals and provision RMB'000	Losses available for offsetting against future profits RMB'000	Total RMB'000
At 31 December 2024 and 1 January 2025	1,608	11,142	8,852	21,602
Deferred tax charged to the statement of profit or loss during the period (note 10)	(420)	(388)	(4,521)	(5,329)
At 31 December 2025	1,188	10,754	4,331	16,273
At 31 December 2023 and 1 January 2024	3,292	7,743	9,455	20,490
Deferred tax credited to the statement of profit or loss during the period (note 10)	(1,684)	3,399	(603)	1,112
At 31 December 2024	1,608	11,142	8,852	21,602

17. DEFERRED TAX (CONTINUED)**Deferred tax assets (Continued)**

Deferred tax assets have not been recognised in respect of tax losses amounting to RMB106,107,000 (2024: RMB93,531,000), as it is not considered probable that taxable profits will be available against which the above tax losses can be utilised. The above tax losses will expire in one to five years.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As at the end of the reporting period, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the subsidiaries of the Group established in the PRC. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investments in these subsidiaries in the PRC for which deferred tax liabilities have not been recognised was RMB559,012,000 (2024: RMB605,659,000).

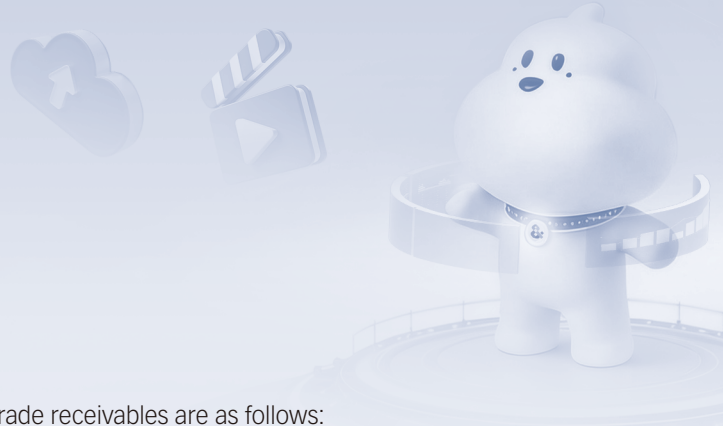
18. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB,000
Trade receivables	621,961	499,125
Impairment allowance	(30,271)	(5,982)
	591,690	493,143

The Group's credit period is generally one to twelve months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB,000
Within 3 months	470,480	352,740
4 to 6 months	55,035	86,060
7 to 12 months	49,140	47,325
Over 12 months	17,035	7,018
	591,690	493,143



18. TRADE RECEIVABLES (CONTINUED)

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

	2025 RMB'000	2024 RMB,000
At beginning of year	5,982	7,735
Impairment losses, net	26,912	1,130
Amount written off as uncollectible	(2,623)	(2,883)
At end of year	30,271	5,982

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

	Expected credit loss rate %	Gross carrying amount RMB'000	Expected credit losses RMB,000
As at 31 December 2025			
Within 3 months	0.38	472,296	1,816
4 to 6 months	0.71	55,428	393
7 to 12 months	1.31	49,793	653
1 year to 2 years	57.97	40,526	23,491
Over 2 years	100	3,918	3,918
Total		621,961	30,271

	Expected credit loss rate %	Gross carrying amount RMB'000	Expected credit losses RMB,000
As at 31 December 2024			
Within 3 months	0.98	356,235	3,495
4 to 6 months	1.12	87,032	972
7 to 12 months	1.24	47,922	597
1 year to 2 years	2.37	7,050	167
Over 2 years	84.76	886	751
Total		499,125	5,982

19. CONTRACT ASSETS

	2025 RMB'000	2024 RMB,000
Contract assets arising from:		
Provision of digital goods-related services	3,387	33,445
Impairment allowance	(8)	(167)
	3,379	33,278

Contract assets are initially recognised for revenue earned from the provision of digital goods-related services as the receipt of consideration is conditional on meeting the contracts' conditions (i.e., annual transaction amounts or other performance indicators). Upon meeting the contracts' conditions, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for contract assets as at the end of each reporting period is as follows:

	2025 RMB'000	2024 RMB,000
Within 12 months	3,387	33,172
Over 12 months	–	106
	3,387	33,278

The movements in the loss allowance for impairment of contract assets are as follows:

	2025 RMB'000	2024 RMB,000
At beginning of year	167	210
(Reversal)/provision of impairment losses, net	(159)	(43)
At end of year	8	167

An impairment test is performed at the end of the reporting period using the simplified approach. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The overall expected loss rate as at 31 December 2025 is 0.24% (2024: 0.50%).

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB,000
Prepayments to digital goods providers:		
Non-refundable	257,659	302,919
Refundable	28,549	57,592
Deposits to digital goods providers	82,179	115,105
Other receivables	129,943	98,793
Prepaid value-added tax	64,722	71,208
Prepayments for various services	9,807	15,685
	572,859	661,302
Impairment allowance	(10,892)	(9,007)
	561,967	652,295

The movements in the loss allowance for impairment of refundable prepayments and deposits to digital goods providers and other receivables are as follows:

	2025 RMB'000	2024 RMB,000
At beginning of year	9,007	10,884
Provision of impairment losses, net	2,633	2,186
Amount written off as uncollectible	(748)	(4,063)
At end of year	10,892	9,007

Refundable prepayments, deposits and other receivables mainly represent refundable prepayments and deposits to digital goods providers, receivables from online platform operators (such as Tmall and JD) and other receivables from third parties. Where applicable, an impairment analysis is performed at the end of each reporting period by considering the probability of default of the industry. Except for specific balances for which a 100% expected credit loss rate is determined, as at 31 December 2025, the probability of default applied ranged from 0.51% to 34.01% (2024: 0.001% to 5.46%) and the loss given default was estimated to be 60.65% to 69.05% (2024: 73.60%).

21. FINANCIAL ASSETS AT FAIR VALUE

	2025 RMB'000	2024 RMB,000
Through profit or loss		
Unlisted investments, at fair value through profit or loss	39,516	91,839
Through other comprehensive income		
Unlisted investments, at fair value through other comprehensive income	9,000	–

The investments measured at fair value through profit or loss were wealth management products and private securities investment fund. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The investment measured at fair value through other comprehensive income represents equity investments were irrevocably designated at FVTOCI as the investments aims for capital appreciation.

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB,000
Cash and bank balances	327,112	412,060
Less: Pledged for interest-bearing bank		
Borrowings	–	–
Restricted cash (i)	2,813	101,618
Cash and cash equivalents	324,299	310,442
Denominated in RMB	280,078	287,344
Denominated in Hong Kong Dollar ("HKD")	2,811	22,962
Denominated in United States Dollar ("USD")	41,410	136
Denominated in RMB	324,299	310,442

- (i) As at 31 December 2025, restricted cash represents cash received from customers and reserved in a bank supervised account, which amounted to RMB2,813,000. As at 31 December 2024, restricted cash mainly represents (a) deposits in bank for borrowings, which amounted to RMB77,750,000; (b) bank accounts frozen by government authorities, which amounted to RMB15,509,000; and (c) cash received from customers and reserved in a bank supervised account, which amounted to RMB8,359,000.

The RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.



23. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the transaction date, is as follows:

	2025 RMB'000	2024 RMB,000
Within 3 months	124,548	71,334
4 to 6 months	11,365	10,454
7 to 12 months	877	4,842
Over 12 months	4,200	3,606
	140,990	90,236

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

24. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB,000
Receipts in advance	71,259	75,566
Payroll and welfare payables	62,818	64,834
Other tax and surcharges payables	87,820	61,803
Other payables and accruals*	7,265	7,331
	229,162	209,534

* Other payables are non-interest-bearing and repayable on demand.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025 RMB'000	2024 RMB,000
Bank loans – current		
Secured	10,000	163,710
Unsecured	–	7,000
	10,000	170,710

The Group's bank loans are secured and bear interest rate of 1.15%-2.60% during the year ended 31 December 2025 (2024: 1.05%-4.80%). As at 31 December 2025, all the bank loan of the Group carry interest at 2.40% with reference to 1-year Loan Prime Rate (2024: variable rate at 1.60% and fixed rate at 1.05% to 3.55%). All bank loans were repayable within one year or on demand.

As at 31 December 2025, the Group's interest-bearing bank loans of RMB10,000,000 were secured by the pledge of the Group's trade receivables with carrying amount of RMB10,000,000. As at 31 December 2024, the Group's interest-bearing bank loans of up to RMB162,710,000 were guaranteed by restricted cash of RMB77,750,000, RMB1,000,000 were guaranteed by a third-party company, Beijing Shouchuang Financing Guarantee Co., Ltd.

26. SHARE CAPITAL

	2025 Number of shares	2024 Number of shares
Authorised: Ordinary shares of USD0.0001 each	1,000,000,000	1,000,000,000
Issued and fully paid: 408,640,887 ordinary shares of USD0.0001 each	278	278

A summary of movements in the Company's share capital is as follows:

Note	Number of shares in issue	Share capital RMB,000
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	408,640,887	278



26. SHARE CAPITAL (CONTINUED)

During the year, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited as follows:

Date of Repurchase during the Reporting Period	Number of Shares Repurchased	Highest Price Paid per Share HK\$	Lowest Price Paid per Share HK\$	Approximate Total Consideration HK\$
January 2025	2,485,000	1.85	1.83	4,577,150
April 2025	135,000	1.69	1.61	227,820
Total	2,620,000	–	–	4,804,970

The Company repurchased an aggregate of 2,620,000 shares, representing approximately 0.64% of the total number of shares issued at that time, with a total consideration of approximately HK\$4,805,000 (equivalent to approximately RMB4,449,000). All such repurchased shares are held by the Company as treasury shares for a consideration for resale as consideration for future acquisitions, or for the grant of shares under share schemes.

27. SHARE-BASED PAYMENTS

(a) Restricted share unit scheme

The board of directors (the “Board”) declared a restricted share unit scheme (the “Scheme”) on 19 August 2021 for the purpose of recognising and rewarding eligible persons for their contribution to the Group, attracting best available personnel and providing additional incentives to them so as to align the interests of these eligible persons with those of the Group and to further promote the success of the Group’s business.

The controlling shareholder of the Company established a trust in connection with the Scheme and appoint a trustee prior to the grant of any award by the Board or its delegate(s), which vest in the form of the shares (the “RSUs”).

Unless otherwise duly approved by the shareholders, the total number of shares underlying the Scheme shall not exceed 20,000,000 shares (excluding RSUs that have lapsed, been cancelled or forfeited in accordance with the Scheme rules) subject to an annual limit of 3% of the total number of issued shares of the Company at the relevant time.

On 1 September 2021, 3,315,928 shares of the Company were granted and allotted to eligible participants at nil consideration with vesting period of zero to four years, which represented approximately 0.82% of the Company’s shares in issue as at that date. On 27 May 2022, 3,151,116 shares of the Company were granted and allotted to eligible participants at nil consideration with vesting period of one month to four years, which represented approximately 0.78% of the Company’s shares in issue as at that date. On 2 June 2023, 2,173,843 shares of the Company were granted and allotted to eligible participants at nil consideration with vesting period of zero to forty-six months, which represented approximately 0.53% of the Company’s shares in issue as at that date. The following restricted shares were outstanding under the Scheme during the year.

27. SHARE-BASED PAYMENTS (CONTINUED)

(a) Restricted share unit scheme (Continued)

	Weighted average subscription price HKD per share	2025 Number of shares	Weighted average subscription price HKD per share	2024 Number of shares
At 31 December 2024		788,519		2,454,646
Unlocked during the year	nil	(170,681)	nil	(710,331)
Forfeited during the year	nil	(270,548)	nil	(955,796)
Cancelled during the year	nil	(225,659)	nil	–
At 31 December 2025		121,631		788,519

All of the participants have accepted and granted restricted shares by signing off the offer letter. 170,681 restricted shares have been unlocked during the year ended 31 December 2025 (2024: 710,331).

The aggregated fair value of the restricted shares granted amounted to approximately RMB44,303,000. RMB29,558,000 will be charged to profit or loss as costs of the shares granted pursuant to the Scheme in aggregate from the date of grant to the date on which the shares are totally unlocked. The Group has recognised a reversal of recognition of RMB1,845,000 for the year ended 31 December 2025 (2024: recognition of RMB71,000).

(b) Share ownership plan

The Group operates a share ownership plan (the “plan”) for the purpose of providing the eligible participants the opportunity to acquire equity interests from controlling shareholder and other cofounders at a preferential price to award the past performance and contribution of the eligible participants. The eligible participants include senior management personnel and key employees of the Company’s subsidiaries considered to be able to enhance the operations or the value of the Group.

The percentage of the equity interests and purchase price are solely at the discretion of the controlling shareholder.

On 1 January 2024, 682,501 shares of the Company held by the controlling shareholders were granted to an eligible participant at nil consideration, which represented approximately 0.17% of the Company’s ordinary shares issued. 682,501 restricted shares will be unlocked from 1 January 2025 to 1 January 2028.

On 8 December 2024, 3,000,000 shares of the Company held by the controlling shareholders were granted to another eligible participant at nil consideration, which represented approximately 0.73% of the Company’s ordinary shares issued.

The fair value of the shares granted during the year ended 31 December 2025 was determined by the closing price at the grant date. The fair value of the shares amounted to RMB6,851,000. The Group has recognised an expense of RMB437,000 for the year ended 31 December 2025 (2024: RMB6,076,000).

28. RESERVES

	Notes	Share premium RMB'000	Merger reserve and other RMB'000	Treasury shares RMB'000	Shareholder capital contribution RMB'000	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000	Total RMB'000
At 1 January 2024		546,780	19,416	-	129,791	6,603	45,779	748,369
Equity-settled share-based payments	27	-	-	-	6,076	71	-	6,147
Vested restricted share unit		3,522	-	-	-	(3,522)	-	-
Appropriations to statutory surplus reserve		-	-	-	-	-	6,627	6,627
At 31 December 2024		550,302	19,416	-	135,867	3,152	52,406	761,143

	Notes	Share premium RMB'000	Merger reserve and other RMB'000	Treasury shares RMB'000	Shareholder capital contribution RMB'000	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000	Total RMB'000
At 1 January 2025		550,302	19,416	-	135,867	3,152	52,406	761,143
Equity-settled share-based payments	27	-	-	-	437	(1,845)	-	(1,408)
Vested restricted share unit		781	-	-	-	(781)	-	-
Appropriations to statutory surplus reserve		-	-	-	-	-	7,810	7,810
Dividend paid	11	(99,254)	-	-	-	-	-	(99,254)
Repurchase of shares	26	-	-	(4,449)	-	-	-	(4,449)
At 31 December 2025		451,829	19,416	(4,449)	136,304	526	60,216	663,842

Merger reserve

The merger reserve represents nominal value of paid-up capital of subsidiaries comprising the Group prior to the incorporation of the Company.

Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserve reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

29. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest		Profit allocated to non-controlling interest		Accumulated non-controlling interest	
		2025	2024	2025	2024	2025	2024
				RMB'000	RMB'000	RMB'000	RMB'000
Beijing Fuluxi Technology Co., Ltd. and its subsidiaries (i)	PRC	40%	40%	(7,082)	230	(20,833)	(13,751)
Individually immaterial subsidiaries with non-controlling interests				(346)	(986)	(1,417)	(3,095)
				(7,428)	(756)	(22,250)	(16,846)

- (i) The following tables illustrate the summarised financial information of Beijing Fuluxi Technology Co., Ltd. and its subsidiaries. The amounts disclosed are before any inter-company eliminations:

	2025 RMB'000	2024 RMB'000
Revenue	39,621	86,814
Total expense	(57,326)	(86,238)
(Loss)/profit for the year	(17,705)	576
Total comprehensive (loss)/income for the year	(17,705)	576
Current assets	266,439	320,211
Non-current assets	51,094	44,297
Current liabilities	(369,228)	(398,886)
Non-current liabilities	(387)	–
Net cash flows used in operating activities	(15,046)	(4,031)
Net cash flows used in investing activities	(1,434)	(274)
Net cash flows (used in)/from financing activities	(1,769)	11,754
Net (decrease)/increase in cash and cash equivalents	(18,249)	7,449



30. DISPOSAL OF SUBSIDIARIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Gain on deconsolidation of a subsidiary (note (a))	1,061	–
Gain/(loss) on disposal of subsidiaries (note (b) and (c))	(894)	541
	167	541

- (a) During the year, the Group lost control over Shanghai Lingmeng Technology Ltd. (“Lingmeng”) with effect from 22 June 2025, as a result of the revocation of Lingmeng’s business licence by the relevant government authorities. Consequently, Lingmeng ceased to be a subsidiary of the Company. A gain on deconsolidation of the subsidiary of approximately RMB1,061,000 was recognised in the consolidated profit or loss for the year ended 31 December 2025.

The analysis of assets and liabilities of Lingmeng at the date of loss of control were as follows (before intra-group elimination):

	2025 <i>RMB'000</i>
Net liabilities disposed of:	
Cash and bank balances	6
Accrued liabilities and other payables	(2,197)
Non-controlling interests	1,130
Subtotal	(1,061)
Gain on disposal of a subsidiary	1,061
	2025 <i>RMB'000</i>
Net outflow of cash arising on loss of control	(6)

30. DISPOSAL OF SUBSIDIARIES (CONTINUED)

- (b) The Group completed the disposal of other insignificant subsidiaries during the year at nil consideration. Loss on disposal of these subsidiaries of approximately RMB894,000 in aggregate was recognised in the consolidated profit or loss for the year ended 31 December 2025.

The analysis of assets and liabilities of the insignificant subsidiaries at the date of disposal in aggregate were as follows (before intra-group elimination):

	2025 <i>RMB'000</i>
Net assets disposed of:	
Non-controlling interests	– 894
Subtotal	894
Loss on disposal of subsidiaries	(894)

- (c) In February 2024, the Group completed the disposal of its 51% equity interests in a subsidiary, Hubei Luma Network Technology Co., Ltd. at a consideration of RMB2,295,000 to independent third parties.

		2024 <i>RMB'000</i>
Net assets disposed of:		
Cash and bank balances		1,830
Trade and notes receivables		80
Prepayments and other receivables		1,193
Accrued liabilities and other payables		(2)
Non-controlling interests		(1,347)
Subtotal		1,754
Gain on disposal of a subsidiary	5	541
Total consideration		2,295
Satisfied by:		
Cash		2,295

An analysis of the cash flows in respect of the disposal of a subsidiary is as follows:

	2024 <i>RMB'000</i>
Cash consideration	2,295
Disposed of:	
Cash and cash equivalents	(1,830)
Net inflow of cash and cash equivalents included in cash flows from investing activities	465

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

The Group had non-cash additions to equity-settled share-based payment reversal of expenses of approximately RMB1,408,000 (2024: RMB6,147,000).

The Group had non-cash additions to right-of-use assets and lease liabilities of the leases of RMB8,174,000 (2024: RMB6,751,000), in respect of lease arrangements of office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities RMB'000	Interest-bearing bank and other borrowings RMB'000	Interest payables RMB'000	Dividends payables RMB'000
At 1 January 2025	5,839	170,710	–	–
Changes from financing cash flows	(6,452)	(162,542)	–	(99,254)
New leases	8,174	–	–	–
Accretion of interest	305	1,832	–	–
Disposal	(830)	–	–	–
Dividend declared	–	–	–	99,254
At 31 December 2025	7,036	10,000	–	–

	Lease liabilities RMB'000	Interest-bearing bank and other borrowings RMB'000	Interest payables RMB'000	Dividends payables RMB'000
At 1 January 2024	11,812	139,652	–	–
Changes from financing cash flows	(9,279)	27,830	–	(56)
New leases	6,751	–	–	–
Accretion of interest	445	3,228	–	–
Disposal	(3,890)	–	–	–
Dividend declared	–	–	–	56
At 31 December 2024	5,839	170,710	–	–

32. RELATED PARTY TRANSACTIONS

The Group's principal related parties are as follows:

Name	Relationship with the Company
Wuhan Xunyu Technology Co., Ltd.	Controlled by the controlling shareholder
Mr. Fu Xi	Ultimate controlling shareholder and director of the Company
Mr. Zhao Bihao	Director of the Company and key management personnel of the Group
Mr. Zhang Yuguo	Director of the Company and key management personnel of the Group
Mr. Mao Feng	Key management personnel of the Group
Mr. Shui Yingyu	i) Key management personnel of the Group
Mr. Ren Wei	Key management personnel of the Group
Mr. Chen Tianjun	Key management personnel of the Group
Mr. Ding Zhigang	Key management personnel of the Group
Mr. Huang Tao	ii) Key management personnel of the Group

i) Mr. Shui Yingyu resigned from the Group on 28 March 2024.

ii) Mr. Huang Tao resigned from the Group on 7 May 2024.

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the reporting period:

	2025 RMB'000	2024 RMB,000
<i>Purchase of right-of-use asset</i> Wuhan Xunyu Technology Co., Ltd.	1,741	1,102
<i>Rental expense paid to a related party</i> Wuhan Xunyu Technology Co., Ltd.	696	—

The Group has two lease contracts with Wuhan Xunyu Technology Co., Ltd. The future lease payments for the non-cancellable lease contract are RMB890,000 due within one year (2024: RMB 1,230,000), inclusive and RMB68,000 due in the second to third years (2024: RMB 692,000).

32. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties:

	Note	2025 RMB'000	2024 RMB,000
<i>Due from related parties</i>			
Mr. Mao Feng	(i)	9,392	9,392
Mr. Ding Zhigang	(i)	3,875	3,875
Mr. Zhang Yuguo	(i)	3,171	3,171
Mr. Zhao Bihao	(i)	2,927	2,927
Mr. Chen Tianjun	(i)	1,982	1,982
Mr. Ren Wei	(i)	1,938	1,938
		23,285	23,285
<i>Lease liabilities</i>			
Wuhan Xunyue Technology Co., Ltd.		938	1,806

(i) The aggregate amounts due from key management personnel, amounting to RMB23,285,000 (2024: RMB23,285,000), were withholding individual income tax for equity-settled shared-based payments.

(c) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB,000
Salaries, allowances and benefit in kind	3,383	6,152
Pension scheme contributions	58	281
Equity-settled share-based payments	–	13
Total compensation paid to key management personnel	3,441	6,446

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2025 and 2024 are as follows:

At 31 December 2025

Financial assets

	Financial assets at fair value RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	39,516	–	39,516
Financial assets at fair value through other comprehensive income	9,000	–	9,000
Trade receivables	–	591,690	591,690
Financial assets included in prepayments, other receivables and other assets	–	229,779	229,779
Due from related parties	–	23,285	23,285
Restricted cash	–	2,813	2,813
Cash and cash equivalents	–	324,299	324,299
	48,516	1,171,866	1,220,382

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	140,990
Financial liabilities included in other payables and accruals	7,265
Interest-bearing bank and other borrowings	10,000
Lease liabilities	7,036
	165,291



33. FINANCIAL INSTRUMENTS BY CATEGORY STATEMENTS (CONTINUED)

At 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss <i>RMB'000</i>	Financial assets at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
Financial assets at fair value through profit or loss	91,839	–	91,839
Trade receivables	–	493,143	493,143
Financial assets included in prepayments, other receivables and other assets	–	262,483	262,483
Due from related parties	–	23,285	23,285
Restricted cash	–	101,618	101,618
Cash and cash equivalents	–	310,442	310,442
	91,839	1,190,971	1,282,810

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade payables	90,236
Financial liabilities included in other payables and accruals	7,331
Interest-bearing bank and other borrowings	170,710
Lease liabilities	5,839
	274,116

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Carrying amounts

	2025 RMB'000	2024 RMB,000
Financial assets		
Financial assets at fair value through profit or loss	39,516	91,839
Financial assets at fair value through other comprehensive income	9,000	–

Fair values

	2025 RMB'000	2024 RMB,000
Financial assets		
Financial assets at fair value through profit or loss	39,516	91,839
Financial assets at fair value through other comprehensive income	9,000	–

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, amounts due from related parties and short-term interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At the end of the reporting period, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.



34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value: As at 31 December 2025

	2025			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL (note 21)	–	39,516	–	39,516
Equity instruments at FVTOCI (note 21)	–	–	9,000	9,000

	2024			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL (note 21)	–	91,839	–	91,839

There were no transfer between level 2 and level 3 in the current year.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Financial instruments measured at fair value

The following table analysed the financial instruments which are measured at fair value at the end of the reporting period into the three-level hierarchy.

	Fair value		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2025 RMB'000	2024 RMB'000			
Financial assets					
Private securities investment fund (note (a))	13,539	12,517	Level 2	Net asset value	N/A
Open ended money market fund	25,177	–	Level 2	Quoted prices	N/A
Unlisted equity interests presented as financial assets measured at FVTOCI	9,000	–	Level 3	Adjusted net asset approach	Carrying amount (note (b))
Structured deposits and wealth management products, at fair value	800	79,322	Level 2	Discounted cash flow method using the expected return	Interest rate: 2.0% (2024: 0.30%-3.87%) note (c)
	48,516	91,839			

Note:

- (a) The entity has determined that the reported net asset value represents fair value at the end of the reporting period.
- (b) The unobservable input is carrying amount of investment from investee. The higher the carrying amount, the higher the fair value. If the respective unobservable inputs of financial assets held by the Group had been 50 basis point higher or lower, the pre-tax other comprehensive income for the year ended 31 December 2025 would have been approximately RMB45,000 higher/lower.
- (c) The unobservable input is interest rate of the products. The higher the interest rate, the higher the fair value. If the respective unobservable inputs of financial assets held by the Group had been 50 basis point higher or lower, the pre-tax profit or loss for the year ended 31 December 2025 and 2024 would have been approximately RMB4,000 and RMB397,000 higher/lower respectively.

Reconciliation of Level 3 fair value measurements of equity instruments at FVTOCI

	2025 RMB'000
As at 1 January 2024	–
Addition during the year	9,000
As at 31 December 2025	9,000



34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 2024.

During each reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The board of directors reviews and agrees policies for managing each of the risks which are summarised below:

Foreign Currency risk

The Group has transactional currency exposures. These exposures arise from cash and bank balances denominated in foreign currencies held by the units whose functional currency is the RMB. The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the exchange rates of foreign currencies, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) In foreign currency rate %	Increase/ (decrease) in profit before tax RMB,000
As at 31 December 2025		
If HKD weakens against RMB	5	(141)
If HKD strengthens against RMB	(5)	141
If USD weakens against RMB	5	(2,071)
If USD strengthens against RMB	(5)	2,071
As at 31 December 2024		
If HKD weakens against RMB	5	(1,148)
If HKD strengthens against RMB	(5)	1,148

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)**Maximum exposure and year-end staging as at 31 December 2025 and 2024**

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the reporting period. The amounts presented are gross carrying amounts for financial assets.

At 31 December 2025	12-month ECLs		Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000		
Trade receivables*	–	–	–	621,961	621,961	
Contract assets*	–	–	–	3,387	3,387	
Financial assets included in prepayments, other receivables and other assets						
– Normal**	229,495	–	–	–	229,495	
– Doubtful**	–	2,211	8,965	–	11,176	
Restricted cash	2,813	–	–	–	2,813	
Cash and cash equivalents	324,299	–	–	–	324,299	
Due from related parties	23,285	–	–	–	23,285	
	579,892	2,211	8,965	625,348	1,216,416	

At 31 December 2024	12-month ECLs		Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000		
Trade receivables*	–	–	–	499,125	499,125	
Contract assets*	–	–	–	33,445	33,445	
Financial assets included in prepayments, other receivables and other assets						
– Normal**	206,243	–	–	–	206,243	
– Doubtful** –	–	58,499	6,748	–	65,247	
Restricted cash	101,618	–	–	–	101,618	
Cash and cash equivalents	310,442	–	–	–	310,442	
Due from related parties	23,285	–	–	–	23,285	
	641,588	58,499	6,748	532,570	1,239,405	

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Maximum exposure and year-end staging as at 31 December 2025 and 2024 (Continued)

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on external credit ratings and historical credit loss experience is disclosed in note 18 and note 19 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and amounts due to other related parties. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group’s financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

	Weighted average interest rate %	On demand within 1 year RMB'000	Within 2 to 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount RMB'000
At 31 December 2025					
Lease liabilities	3.5%	5,392	2,359	7,751	7,036
Interest-bearing bank and other borrowings	2.4%	10,240	–	10,240	10,000
Trade payables	–	140,990	–	140,990	140,990
Financial liabilities included in other payables and accrual	–	7,265	–	7,265	7,265
		163,887	2,359	166,246	165,291
At 31 December 2024					
Lease liabilities	3.5%	4,409	2,012	6,421	5,839
Interest-bearing bank and other borrowings	2.1%	170,866	–	170,866	170,710
Trade payables	–	90,236	–	90,236	90,236
Financial liabilities included in other payables and accrual	–	7,331	–	7,331	7,331
		272,842	2,012	274,854	274,116

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's net debt consists of interest-bearing bank and other borrowings less cash and cash equivalents. Total equity represents equity attributable to owners of the parent.

At the end of the reporting period, the Group's strategy was to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. The gearing ratios at the end of the reporting periods are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB,000</i>
Interest-bearing bank and other borrowings	10,000	170,710
Less: Cash and cash equivalents	324,299	310,442
Net debt	(314,299)	(139,732)
Equity attributable to owners of the parent	1,220,542	1,298,350
Total equity and net debt	906,243	1,158,618
Gearing ratio	N/A	N/A



36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB,000
NON-CURRENT ASSETS		
Investment in subsidiaries	122,665	124,073
Total non-current assets	122,665	124,073
CURRENT ASSETS		
Due from related parties	347,878	503,683
Prepayments, other receivables and other assets	–	5,568
Financial assets at fair value through profit or loss	25,177	18,415
Cash and cash equivalents	43,820	4,523
Total current assets	416,875	532,189
CURRENT LIABILITIES		
Other payables and accruals	69	157
Total current liabilities	69	157
NET CURRENT ASSETS	416,806	532,032
TOTAL ASSETS LESS CURRENT LIABILITIES	539,471	656,105
EQUITY		
Share capital	278	278
Reserves	539,193	655,827
TOTAL EQUITY	539,471	656,105

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Shareholder capital contribution RMB'000	Share-based payment reserve RMB'000	(Accumulated loss)/ retained profit RMB'000	Total equity RMB'000
At 1 January 2024	278	546,780	-	86,069	6,603	(3,548)	636,182
Profit for the year	-	-	-	-	-	13,776	13,776
Equity-settled share-based payments	-	-	-	6,076	71	-	6,147
Vested restricted share unit	-	3,522	-	-	(3,522)	-	-
At 31 December 2024 and 1 January 2025	278	550,302	-	92,145	3,152	10,228	656,105
Loss for the year	-	-	-	-	-	(11,523)	(11,523)
Equity-settled share-based payments	-	-	-	437	(1,845)	-	(1,408)
Vested restricted share unit	-	781	-	-	(781)	-	-
Special dividend paid	-	(99,254)	-	-	-	-	(99,254)
Repurchase of shares	-	-	(4,449)	-	-	-	(4,449)
At 31 December 2025	278	451,829	(4,449)	92,582	526	(1,295)	539,471

37. CAPITAL COMMITMENT

There is no material capital commitment as at 31 December 2025 and 2024.


38. COMPARATIVE INFORMATION

Certain Comparative figures have been reclassified, to conform to current year's presentation.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.


Definitions and Glossary



“AGM”	the forthcoming annual general meeting of the Company to be held on June 4, 2026
“Articles” or “Articles of Association”	the Memorandum and Articles of Association of the Company adopted and effective on May 30, 2023
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Auditor”	the external auditor of the Company
“Beijing Fulu Fuxi”	Beijing Fulu Fuxi Technology Co., Ltd. (北京福祿福喜科技有限公司), a limited liability company established in the PRC on December 31, 2021, a wholly-owned subsidiary of Fuluxi
“Board”	the board of Directors
“CG Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Company” or “Fulu”	Fulu Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2101)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entities”	the entities we control through the contractual arrangements, namely the PRC Holdcos and their respective subsidiaries
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to each of Mr. Fu Xi, Mr. Zhang Yuguo, Mr. Shui Yingyu, Mr. Zhao Bihao, FuXi Limited, Fuxu Holdings, Fuzhi Holdings, Zhangyuguo Holdings, Shuiyingyu Holdings and Zhaobihao Holdings or all of them as a group of Controlling Shareholders
“Director(s)”	director(s) of the Company
“Fulu Gongxiang”	Wuhan Fulu Gongxiang Network Technology Co., Ltd.(武漢市福祿共想網絡科技有限公司), a limited liability company established in the PRC on April 10, 2025, which is owned as to 82%, 15% and 3% by Wuhan Fulu, Xuzhou Fulu Tongxiang Enterprise Management Partnership (Limited Partnership) (徐州福祿同享企業管理合夥企業(有限合夥)) and Ms. Guo Chenxi, respectively
“Fulu HK”	Fulu (Hongkong) Limited (福祿(香港)有限公司), a limited liability company established in Hong Kong on November 21, 2019, the parent company of WFOE and a wholly-owned subsidiary of the Company
“Fulu Media”	Wuhan Fulu Media Co., Ltd. (武漢福祿傳媒有限公司), a limited liability company established in the PRC on June 15, 2023, is owned as to 25%, 60% and 15% by Wuhan Fulu, Hubei Yisong Enterprise Management Partnership (Limited Partnership) and Hubei Yisong Enterprise Management Partnership (Limited Partnership), respectively

“Fulu Open Platform”	our proprietary technology platform that offers applications to digital goods vendors and digital goods sales channels to enable them to better manage the digital goods and services transaction process
“Fulu Technology” or “WFOE”	Fulu (Wuhan) Technology Group Co., Ltd. (福祿(武漢)科技集團有限公司), formerly known as Fulu (Wuhan) Technology Co., Ltd. (福祿(武漢)科技有限公司) before October 9, 2023, a limited liability company established in the PRC on December 25, 2019 and a wholly-owned subsidiary of Fulu HK
“Fulu Xiangsui”	Wuhan Fulu Xiangsui Network Technology Co., Ltd.(武漢福祿相隨網絡科技有限公司), a limited liability company established in the PRC on May 20, 2025, which is owned as to 82%, 15% and 3% by Wuhan Fulu, Wuhan Fulu Xiangsui Enterprise Management Partnership (Limited Partnership) (武漢福祿相隨企業管理合夥企業(有限合夥)) and Ms. Guo Chenxi, respectively
“Fuluxi”	Beijing Fuluxi Technology Co., Ltd. (北京福祿喜科技有限公司), formerly known as Fulu Fuxi (Wuhan) Technology Co., Ltd. (福祿福喜(武漢)科技有限公司) before June 8, 2023, a limited liability company established in the PRC on April 21, 2022, which is owned as to 60%, 7%, 30% and 3% by Wuhan Fulu, Haikou Fulu Fuxi Corporate Management Partnership (Limited Partnership) (海口福祿福禧企業管理合夥企業(有限合夥)), Mr. Qian Yi and Mr. Ni Shaoliang, respectively
“FuXi Limited”	FuXi Limited, a limited liability company incorporated in the BVI on June 27, 2019 and wholly owned by Mr. Fu Xi. It is one of our Controlling Shareholders
“Fuxu Holdings”	Fuxu Holdings Limited, a limited liability company incorporated in the BVI on September 12, 2019, which is owned as to 99.99% and 0.01% by Fuze Holdings Limited and FuXi Limited, respectively
“Fuzhi Holdings”	Fuzhi Holdings Limited, a limited liability company incorporated in the BVI on September 3, 2019, which is owned as to 94.1% and 5.9% by Fuze Holdings Limited and FuXi Limited, respectively
“Global Offering”	the Hong Kong public offering and the International offering of the Company’s Shares
“GMV”	gross merchandize value, which equals to the sales price per item (inclusive of VAT) multiplied by the number of items sold. The GMV of digital goods transactions we facilitated as disclosed in this annual report excludes the GMV of digital goods transactions that occur in online stores we operate for digital goods vendors
“Group” or “the Group”, “we”, “us”, or “our”	the Company, our subsidiaries and the Consolidated Affiliated Entities from time to time, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the subsidiaries as if they were the subsidiaries of the Company at the relevant time (or the Company and any one or more of its subsidiaries, as the context may require)
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong


Definitions and Glossary



“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hubei Kejin”	Hubei Kejin Network Technology Co., Ltd. (湖北氦金網絡科技有限公司), a limited liability company established in the PRC on May 22, 2017, a wholly-owned subsidiary of Fulu Xiangsui
“IFRS Accounting Standards”	International Financial Reporting Standards, as issued from time to time by the Hong Kong Institute of Certified Public Accountants
“Kashgar Yiqiwan”	Kashgar Yiqiwan Network Technology Co., Ltd. (喀什一起玩網絡科技有限公司), a limited liability company established in the PRC on March 27, 2017, and one of the PRC Holdcos
“Latest Practicable Date” or “the date of this annual report”	March 27, 2026, the latest practicable date for ascertaining certain information in this annual report before its publication
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	September 18, 2020, being the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Luzhi Holdings”	Luzhi Holdings Limited, a limited liability company incorporated in the BVI on September 20, 2019 and owned as to 14.52%, 3.65%, 4.06%, 7.15%, 18.38%, 10.24%, 19.36%, 2.99%, 11.00%, 3.21%, 2.72% and 2.72% by Mr. Yang Yuquan, Mr. Liu Lufeng, Mr. Tian Xuan, Mr. Ding Chao, Mr. Xu Jian, Mr. Ren Wei, Mr. Mei Qiaojun, Ms. Shen Yaling, Mr. Chen Tianjun, Mr. Li Jun, Mr. Wang Qiang and Ms. Guo Chenxi, respectively
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nanjing Hongsheng”	Nanjing Hongsheng Network Technology Co., Ltd. (南京宏昇網絡科技有限公司), a limited liability company established in the PRC on April 28, 2024, a wholly-owned subsidiary of Fulu Media
“Nomination Committee”	the nomination committee of the Company
“PRC” or “China”	the People’s Republic of China, for the purposes of this annual report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan

“PRC Holdcos”	Kashgar Yiqiwan and Wuhan Fulu
“PRC Legal Advisor”	SGLA Law Firm (Wuhan), acting as legal counsel as to PRC law to the Company
“Prospectus”	the prospectus of the Company dated September 7, 2020
“Registered Shareholders”	the registered shareholders of the PRC Holdcos
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the year ended December 31, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a nominal value of US\$0.0001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shuiyingyu Holdings”	Shuiyingyu Holdings Limited, a limited liability company incorporated in the BVI on June 25, 2019. It is one of our Controlling Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Tianjin Ruyi”	Tianjin Ruyi Consulting Co., Ltd. (天津如意諮詢有限公司), a limited liability company established in the PRC on March 11, 2021, a wholly-owned subsidiary of Fulu Technology
“Tibet Fulong”	Tibet Fulong Venture Capital Management Partnership (Limited Partnership) (西藏福隆創業投資管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on January 12, 2017 and owned by Mr. Ren Wei as to 11.75%, Mr. Fu Xi as to 35.36%, Mr. Ding Chao as to 6.29%, Mr. Xu Jian as to 39.31%, Mr. Chen Tianjun as to 4.37%, Mr. Mei Qiaojun as to 1.18% and Mr. Li Jun as to 1.75%. Mr. Fu Xi is our Controlling Shareholder and an executive Director. Mr. Ren Wei and Mr. Chen Tianjun are members of our senior management. Mr. Ding Chao, Mr. Mei Qiaojun and Mr. Li Jun are our employees. Mr. Xu Jian is our former employee. Mr. Fu Xi is the sole general partner of Tibet Fulong
“Tibet Fulu”	Tibet Fulu Network Technology Co., Ltd. (西藏福祿網絡科技有限公司), a limited liability company established in the PRC on December 8, 2016, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu

Definitions and Glossary



“Tibet Fuxu”	Tibet Fuxu Venture Capital Management Partnership (Limited Partnership) (西藏福旭創業投資管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on January 17, 2017 and owned by Mr. Fu Xi as to 37.74%, Mr. Yang Yuquan as to 15.01%, Mr. Liu Lufeng as to 3.78%, Ms. Shen Yaling as to 3.09%, Mr. Wang Qiang as to 2.81%, Ms. Guo Chenxi as to 2.81%, Mr. Zhang Yuguo as to 2.02%, Mr. Zhao Bihao as to 15.09%, Mr. Tian Xuan as to 4.19%, Mr. Xu Jian as to 0.11%, Mr. Ding Chao as to 1.72%, Mr. Mei Qiaojun as to 2.44%, Mr. Chen Tianjun as to 7.43% and Mr. Li Jun as to 1.75%. Mr. Fu Xi, Mr. Zhang Yuguo and Mr. Zhao Bihao are our Controlling Shareholders and executive Directors. Mr. Chen Tianjun is a member of our senior management. Mr. Yang Yuquan, Mr. Liu Lufeng, Mr. Wang Qiang, Ms. Guo Chenxi, Mr. Ding Chao, Mr. Mei Qiaojun and Mr. Li Jun are our employees. Ms. Shen Yaling and Mr. Xu Jian are our former employees. Mr. Fu Xi is the sole general partner of Tibet Fuxu
“Tibet Huluwa”	Tibet Huluwa Network Technology Co., Ltd. (西藏葫蘆娃網絡科技有限公司), a limited liability company established in the PRC on May 15, 2019, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Fulu Xiangsui
“US\$”	U.S. dollars, the lawful currency of the United States of America
“VAT”	value-added tax
“VIE(s)”	variable interest entity(ies)
“Wuhan Fulu”	Wuhan Fulu Network Technology Co., Ltd. (武漢福祿網絡科技有限公司), a limited liability company established in the PRC on March 24, 2009, and one of our PRC Holdcos
“Wuhan Fuyue”	Wuhan Fuyue Network Technology Co., Ltd. (武漢福悅網絡科技有限公司), a limited liability company established in the PRC on June 6, 2025, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Wuhan Lishuo”	Wuhan Lishuo Technology Co., Ltd. (武漢立碩科技有限公司), a limited liability company established in the PRC on January 6, 2017, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Fulu Gongxiang
“Wuhan Souka”	Wuhan Souka Technology Co., Ltd. (武漢搜卡科技有限公司), a limited liability company established in the PRC on June 8, 2017, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Wuhan Tianshi”	Wuhan Tianshi Technology Co., Ltd. (武漢天識科技有限公司), a limited liability company established in the PRC on July 24, 2014, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Wuhan Xunyue”	Wuhan Xunyue Technology Co., Ltd. (武漢訊悅科技有限公司), a limited liability company established in the PRC on April 17, 2015 and owned as to 57.436%, 16.452%, 12.196%, 8.216%, 3.6%, 1.1%, 0.5% and 0.5% by Mr. Fu Xi, Mr. Zhang Yuguo, Mr. Wu Xuliang, Mr. Shui Yingyu, Mr. Zhao Bihao, Mr. Yang Yuquan, Mr. Tian Xuan and Mr. Liu Lufeng, respectively.

“Wuhan Yilu”	Wuhan Yilu Network Technology Co., Ltd. (武漢億祿網絡科技有限公司), a limited liability company established in the PRC on November 19, 2015, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Kashgar Yiqiwan
“Wuhan Yiqiyou”	Wuhan Yiqiyou Network Technology Co., Ltd. (武漢一起遊網絡科技有限公司), a limited liability company established in the PRC on June 4, 2012, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Xinjiang Fulu”	Xinjiang Fulu Network Technology Co., Ltd. (新疆福祿網絡科技有限公司), a limited liability company established in the PRC on December 27, 2016, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Xinjiang Fuyou”	Xinjiang Fuyou Network Technology Co., Ltd.(新疆福佑網絡科技有限公司), (formerly known as Fulu Fuyou Internet Technology Co., Ltd. (福祿福佑網絡科技有限公司) before August 20, 2025), a limited liability company established in the PRC on February 6, 2023, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Xinjiang Huluwa”	Xinjiang Huluwa Network Technology Co., Ltd. (新疆葫蘆娃網絡科技有限公司), a limited liability company established in the PRC on February 25, 2019, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Zhangyuguo Holdings”	Zhangyuguo Holdings Limited, a limited liability company incorporated in the BVI on June 25, 2019. It is one of our Controlling Shareholders
“Zhaobihao Holdings”	Zhaobihao Holdings Limited, a limited liability company incorporated in the BVI on June 25, 2019. It is one of our Controlling Shareholders
“%”	per cent

Unless otherwise expressly stated or the context otherwise requires, all data in this document is as of the Latest Practicable Date.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.