

Stock Code: 603444

Stock Name: G-bits

G-bits Network Technology (Xiamen) Co., Ltd.
2024 Interim Report (Summary)

August 2024

Should there be any discrepancy between the English version and the Chinese version of this Report, the Chinese version shall prevail.

Part I Important Notes

I. The summary of the Interim Report is extracted from the full text of the Interim Report. To gain a thorough understanding of the Company's operational achievements, financial status, and future development plans, investors are advised to carefully read the full Interim Report on the website www.sse.com.cn.

II. The board of directors (or the "Board"), supervisory board, directors, supervisors, and senior management of the Company guarantee the truthfulness, accuracy, and completeness of the Interim report, ensuring that there are no false records, misleading statements, or material omissions, and agree to assume joint and several liability for this Interim Report.

III. All directors of the Company attended the board meeting for the review of the Interim Report.

IV. This Interim Report is unaudited.

V. The profit distribution proposal or reserve capitalization proposal for the reporting period approved by the Board

The Company plans to distribute a cash dividend of RMB 45.00 per 10 shares (including taxes) based on the total number of shares outstanding on the equity registration date of the 2024 semi-annual profit distribution plan, excluding the shares repurchased. As of August 14, 2024, the Company's total share capital is 72,041,101 shares, with 282,800 shares held in the repurchase account, resulting in a base of 71,758,301 shares. The total proposed cash dividend is RMB 322.91 million (including taxes), accounting for 62.36% of the net profit attributable to shareholders of the Company for the first half of 2024. This profit distribution will not involve any capital reserve transfer to share capital or other forms of profit distribution.

According to Article 18 of the *Rules for Repurchase of Shares by Listed Companies*: "Shares repurchased with cash, whether through tender offers or centralized bidding, are deemed equivalent to cash dividends and should be included in the calculation of cash

dividend ratios." During first half of 2024, the Company repurchased a total of 241,500 shares through its dedicated repurchase account via centralized bidding, with a total payment of RMB 44.73 million (excluding transaction fees).

In summary, the combined amount of cash dividends and repurchases for the first half of 2024 is estimated RMB 367.64 million, representing 71.00% of the net profit attributable to shareholders of the Company for the first half of 2024.

Since its IPO in January 2017, the Company has cumulatively distributed and repurchased a total of RMB 5.67 billion (including the announced but not yet implemented semi-annual dividend for 2024), which is 6.30 times the net proceeds raised from the initial public offering.

Part II Basic Information of the Company

I. Company Profile

Stock Profile				
Types of Stocks	Stock Exchange	Stock Name	Stock Code	Previous Stock Name
A-shares	Shanghai Stock Exchange	G-bits	603444	N/A

Contact Information	Board Secretary	Securities Affairs Representative
Name	LIANG Lili	CAI Luxi
Telephone	0592-3213580	0592-3213580
Office Address	G-bits Building, No.4 Wang Hai Road, Software Park II, Xiamen	G-bits Building, No.4 Wang Hai Road, Software Park II, Xiamen
Email	ir@g-bits.com	ir@g-bits.com

II. Key Financial Information

	Unit: RMB Yuan		
	30 June 2024	31 December 2023	YoY+/- (%)
Total assets	6,941,681,046.33	6,636,771,238.42	4.59
Equity attributable to shareholders of the Company	4,942,655,048.75	4,463,842,027.96	10.73
	H1 2024	H1 2023	YoY+/- (%)
Operating revenue	1,959,649,131.75	2,348,924,659.16	-16.57
Net profit attributable to shareholders of the Company	517,827,593.16	675,971,006.54	-23.39
Net profit attributable to shareholders of the Company after deducting non-recurring profits and losses	462,597,868.33	645,696,206.55	-28.36
Net cash flows from operating activities	594,283,192.43	601,649,840.64	-1.22
Weighted average return on equity (%)	11.00	15.82	a decrease of 4.82 percentage points
Basic earnings per share (RMB/share)	7.18	9.40	-23.62
Diluted earnings per share (RMB/share)	7.18	9.39	-23.54

Description:

i. Overview of Main Game Revenue and Profits

The Company's operating revenue primarily derives from its core self-developed products: *Asktao (PC)*, *Asktao (Mobile)*, and *Overmortal (Mainland version)*. During the reporting period, the game gross billings¹ generated from these three self-developed products is as follows:

Unit RMB million Yuan			
Item	H1 2024	H1 2023	YoY+/- (%)
Asktao (PC)	656.43	564.35	16.31
Asktao (Mobile)	1,155.09	1,353.55	-14.66
Overmortal (Mainland version)	311.10	688.47	-54.81
Total	2,122.62	2,606.38	-18.56

1. Domestic Game Business

(1) The operating revenue and profit of *Asktao (PC)* have increased year-over-year during the reporting period.

(2) The operating revenue, distribution expenses and profit of *Asktao (Mobile)* have all decreased year-over-year during the reporting period.

(3) The operating revenue, distribution expenses and profit of *Overmortal (Mainland Version)* and *Aobi Island: Dreamland* have all decreased year-over-year during the reporting period.

(4) *Dragon POW! (Mainland Version)*, launched in August 2023, along with *Beasts Evolved 2* and *Pica Town: Dream Origin Gameplay* both launched in December 2023, have contributed operating revenue and profit compared to the same period last year.

(5) The newly launched *Alchemy Family*, *Chinese Cuisine Cruise* and *One Piece: Dream Pose* have contributed operating revenue compared to the same period last year. However, these products have not yet achieved profitability.

2. Overview of Overseas Business

¹ The game gross billings refer to the amount of player recharges. The difference between gross billings and the Company's operating revenue is primarily due to factors such as revenue-sharing costs paid to operators, related taxes and fees, and unutilized player items.

The Company's overseas operating revenue for the period totaled RMB 255.03 million, an increase of 113.77% compared to the same period last year. This growth was primarily driven by the launch of *Dragon POW! (Overseas Version)*, *Monster Never Cry (European and American Version)*, and *Outpost: Infinity Siege (Steam)*. As of the end of the reporting period, the overall overseas game business, considering the inclusion of development costs, has not yet generated profits.

ii. Overview of Company Personnel

(1) At the end of the reporting period, the total number of employees was 1,463, an increase of 16 compared to the end of the previous year, primarily due to the increase in R&D personnel.

(2) At the end of the reporting period, the average monthly number of employees was 1,485, an increase of 168 compared to the same period last year (a growth of 12.76%). Among them, the number of R&D personnel increased by 124, and the number of overseas operational personnel increased by 45.

The total number of employees increased year-over-year, leading to a corresponding increase in basic salary-related expenses. However, bonuses accrued based on operating performance decreased year-over-year, resulting in overall employee compensation expenses remaining largely unchanged compared to the previous year.

iii. Overview of Equity Investment Business

The Company's investment targets mainly consist of upstream and downstream enterprises in the game industry or industry investment funds. There were a few new equity investments this year. The total return from investment business (including investment income, fair value changes, asset impairment losses, etc.) during the reporting period are detailed in the table below:

Unit: RMB Yuan

Item	H1 2024	H1 2023
Investment income recognized under the equity method for joint ventures and associates (Profits of the investee recognized based on ownership percentage)	24,252,754.63	58,257,678.97
Provision for impairment of long-term equity investments (Impairment of equity investments)	-41,887,915.72	-149,355.22
Investment income (Gain on disposal of equity investments)	38,774,948.78	
Gain or loss from fair value changes of other non-current financial assets (Fair value changes of investees)	-4,251,370.95	-3,051,901.71
Investment income during the holding period of other non-current financial assets (Dividends from investees)	10,000,000.00	
Total	26,888,416.74	55,056,422.04

iv. Overview of Foreign Exchange Gain/Losses

The period-end central parity rate of the USD against the RMB was 7.1268, representing an increase of 0.62% compared to the end of the previous year. Some of the Company's transactions are settled in USD, and the Company holds a relatively large amount of USD. The income generated from exchange rate changes during the period amounted to RMB 20.73 million (of which RMB 12.66 million is attributable to shareholders of the Company). In the same period last year, the income from exchange rate changes was RMB 68.98 million (with RMB 42.10 million attributable to shareholders of the Company), resulting in a year-over-year decrease in income of RMB 48.25 million.

v. Overview of Operating Cash Flow

The net cash flow from operating activities for the reporting period decreased by 1.22% compared to the same period last year. This was primarily due to a year-on-year decrease in game gross billings from core products, leading to an 11.02% decrease in cash inflows from operating activities. Expenditures on distribution and revenue-sharing costs paid to game developers decreased, resulting in a 14.19% decrease in cash outflows from operating activities.

vi. Overview of Deferred Game Revenue

As of June 30, 2024, the Company's unamortized deferred game revenue balance

amounts to RMB 516.17 million, an increase of RMB 75.66 million compared to the previous year-end balance of RMB 440.51 million. The main reason is the launch of new games during the reporting period, including *Alchemy Family*, *Dragon POW! (Overseas Version)*, *Chinese Cuisine Cruise*, *Monster Never Cry (European and American Version)*, and *One Piece: Dream Pose*. This has resulted in an increase in deferred revenue based on the progress of item consumption or the estimated lifespan of paying players.

vii. Adjusted Net Profit Attributable to Shareholders of the Company

To better reflect the operating performance of the Company's main business, the impact of exchange rate changes and equity investment activities on profit has been excluded. The adjusted net profit attributable to shareholders of the Company for reporting period decreased by 22.51% compared to the same period last year. The summary is as follows:

Unit: RMB Yuan

Item	H1 2024	H1 2023	YoY+/- (%)
Net profit attributable to shareholders of the Company	517,827,593.16	675,971,006.54	-23.39
Less: (1) The investment income from the repurchase of partial equity in Chengdu Yuxiang Technology Co., Ltd recognized by the Company	38,774,948.78		
(2) Changes in Equity Holdings Period (Gains or Losses from Changes in Fair Value, Investment Income, and Asset Impairment Losses, etc.)	4,630,731.79	41,357,885.54	-88.80
(3) Foreign Exchange Gains	12,663,807.08	42,097,352.48	-69.92
(4) Taxes and Charges Related to Investment Operations and Foreign Exchange Movements	-2,800,013.97	-7,009,728.26	60.06
Adjusted Net Profit Attributable to Shareholders of the Company	464,558,119.48	599,525,496.78	-22.51

Note: 1) The data listed in the table above are attributable to shareholders of the Company.
2) Government subsidies and revenue amortization deferrals also affect the performance data for the reporting period. For consistency in analysis, the adjusted data in the table above do not exclude the impact of government subsidies and revenue amortization deferrals.

III. Quarterly Key Accounting Data during the Reporting Period

Unit: RMB Yuan

Item	Q2 2024	Q1 2024	Q2 2024 QoQ+/- (%)	Q2 2023	Q2 2024 YoY+/- (%)
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Item	Q2 2024	Q1 2024	Q2 2024 QoQ+/- (%)	Q2 2023	Q2 2024 YoY+/- (%)
Operating revenue	1,032,384,127.82	927,265,003.93	11.34	1,204,554,622.60	-14.29
Net profit attributable to shareholders of the Company	264,464,585.84	253,363,007.32	4.38	369,418,231.91	-28.41
Net profit attributable to shareholders of the Company after deducting non-recurring profits and losses	264,624,775.23	197,973,093.10	33.67	365,081,137.68	-27.52
Net cash flows from operating activities	363,712,658.76	230,570,533.67	57.74	356,063,608.17	2.15

Description:

i. Analysis of Quarter-on-Quarter Changes from Q1 to Q2 2024

1. Operating revenue and net profit attributable to shareholders of the Company after deducting non-recurring profits and losses, increased in Q2 2024 compared to Q1 2024. This was primarily due to the 8th-anniversary version update for *Asktao (Mobile)*, which led to a rise in operating revenue and overall profit.

2. The change in net profit attributable to shareholders of the Company after deducting non-recurring profits and losses, was 33.67%, which is greater than the 4.38% change in net profit attributable to shareholders of the Company. This difference was mainly due to the recognition of investment income from the repurchase of partial equity in Chengdu Yuxiang Technology Co., Ltd in Q1 2024.

3. The net cash flow from operating activities significantly increased in Q2 2024 compared to Q1 2024, primarily due to higher product sales receipts in Q2 and the payment of year-end bonuses for 2023 in Q1.

ii. Analysis of Year-on-Year Changes from Q2 2023 to Q2 2024

Operating revenue and net profit attributable to shareholders of the Company after deducting non-recurring profits and losses, decreased in Q2 2024 compared to the same period last year. This decline was primarily due to:

1. A decrease in game business revenue and profit, including: (1) A significant reduction in revenue and profit for *Overmortal (Mainland Version)* in Q2 2024 compared to the previous year. (2) Revenue recognition in Q2 2023 from deferred revenue balance related to the expiration of the Company's collaboration with the developer of *Mole's World*.

2. The income from exchange rate changes in Q2 2024 was RMB 11.25 million, compared to RMB 94.32 million in Q2 2023, representing a decrease of RMB 83.08 million (with a decrease of RMB 50.55 million attributable to shareholders of the Company).

3. Provision for impairment of equity investments increased by RMB 41.89 million in Q2 2024 compared to the previous year, primarily due to the unsatisfactory performance in Guangzhou Zhuoyou Information Technology Co., Ltd., Guangzhou Alpha Network Technology Co., Ltd., Chengdu Vanepus Information Technology Co., Ltd., and Guangzhou Youqu Interactive Network Technology Co., Ltd., leading to impairment provisions in accordance with accounting standards.

IV. Shareholder Composition

(I) Number and shareholding of the Company's shareholders

Total number of ordinary shareholders at the end of the reporting period						27,881	
Total number of preferred shareholders with voting rights restored at the end of the reporting period						-	
Top 10 shareholders							
Name of shareholder	Increase/decrease in the Reporting Period	Number of shares held at the end of the reporting period	Shareholding percentage (%)	Restricted shares held	Pledged, marked, or frozen shares		Nature of Shareholder
					Status	Quantity	
LU Hongyan		21,412,615	29.72		None		Domestic individual
CHEN Tuolin		8,240,025	11.44		None		Domestic individual
Hong Kong Securities Clearing Company Ltd.	-3,521,394	3,537,418	4.91		None		Overseas corporation
HUANG Zhihui		1,374,782	1.91		None		Domestic individual
LI Peiyong		1,350,000	1.87		None		Domestic

							individual
China Minsheng Bank Co., Ltd. - Huaxia CSI Animation & Game Exchange-Traded Open-End Index Securities Investment Fund	522,398	1,204,406	1.67		None		Other
Agricultural Bank of China - Ping An Low Carbon Economy Mixed Securities Investment Fund	720,000	720,000	1.00		None		Other
Guotai Asset Management Co., Ltd. - Social Security Fund Portfolio 1102	666,579	666,579	0.93		None		Other
China Merchants Bank Co., Ltd. - China Europe Internet Pioneer Mixed Securities Investment Fund	534,245	534,245	0.74		None		Other
Agricultural Bank of China - CSI 500 Exchange-Traded Open-End Index Securities Investment Fund	273,400	476,531	0.66		None		Other
Related or acting-in-concert parties among the shareholders listed above	N/A						
Explanation of preferred shareholders with voting rights restored and their shareholding quantities	N/A						

Part III Management Discussion and Analysis

I. Overview of Core Business during the Reporting Period

(I) Core Business Operations of the Company

The Company specializes in the development and operation of online games, with a focus on cultivating innovative talent and pursuing efficient work methods. Its goal is to provide differentiated products and services to global users, creating and sharing delightful experiences in the entertainment industry.

Since its establishment in 2004, the Company has immersed itself in the game industry. Through years of rapid growth and technological accumulation, it has continually expanded in scale and strengthened its R&D capabilities, enriching its product portfolio. Rooted in traditional Chinese culture, the Company has developed games such as *Ashtao (PC)*, *Ashtao (Mobile)*, and *Overmortal*. *Ashtao (PC)* has been in continuous operation for 18 years since its debut in 2006. Building on its strong user base and IP popularity, the Company launched the mobile version of the MMORPG *Ashtao (Mobile)* in April 2016, which has maintained steady long-term operation for the past 8 years. In February 2021, the Company launched *Overmortal*, an ink-wash style idle mobile game about the Taoist cultivation of immortality. Since its release, it has maintained stable iterative updates. In 2023 and the first half of 2024, the combined revenue from *Ashtao (PC)*, *Ashtao (Mobile)*, and *Overmortal (Mainland version)* accounted for 71.19% and 68.17% of the Company's total revenue, respectively.

Leiting Games, an independently operated platform by the Company, has accumulated extensive experience and expertise in game operation over the years. As of the reporting date, Leiting Games has successfully managed a diverse portfolio of games, including *Ashtao (Mobile)*, *Overmortal*, *Aobi Island: Dreamland*, *Dragon POW!*, *Chinese Cuisine Cruise*, *World Flipper*, *Tale of Immortal (PC)*, *Funny Fighters: Battle Royale*, and *Gumballs*.

The Company will continue to iterate and update existing products to enhance game performance and user experience, as well as prolong the lifecycle of products through continuous IP development. In terms of new product research and development, the

Company will remain focused on MMORPG, idle games, and SLG while exploring content-oriented products. The goal is to consistently strengthen the engineering capabilities of the R&D team and develop high-quality games that combine entertainment, playability, and commercially viable design. Regarding product licensing, the Company will continue to focus on classic gaming IPs, multiplayer competitive games, mid-core games, and commercially viable games with experiential differences. This approach will be adjusted according to market dynamics and other relevant factors.

The Company will increase its investment in overseas markets continuously. Apart from a few reserved IP-based products, all in-house developed products must be targeted towards overseas markets to be considered for approval. The Company will also continue to recruit outstanding producers and operation teams with profound insights into various cultures worldwide to accelerate the development of its overseas business.

(II) Primary Business Model of the Company

i. Revenue Streams

The payment models for online games primarily include pay for virtual items, pay for downloads, pay based on playtime, and in-game advertising. The Company's game product revenue mainly comes from the payment model based on virtual items, wherein players can enter the game for free, and the operator primarily profits from selling virtual items within the game. Payment for virtual items is the prevalent revenue model adopted by the online game industry in China.

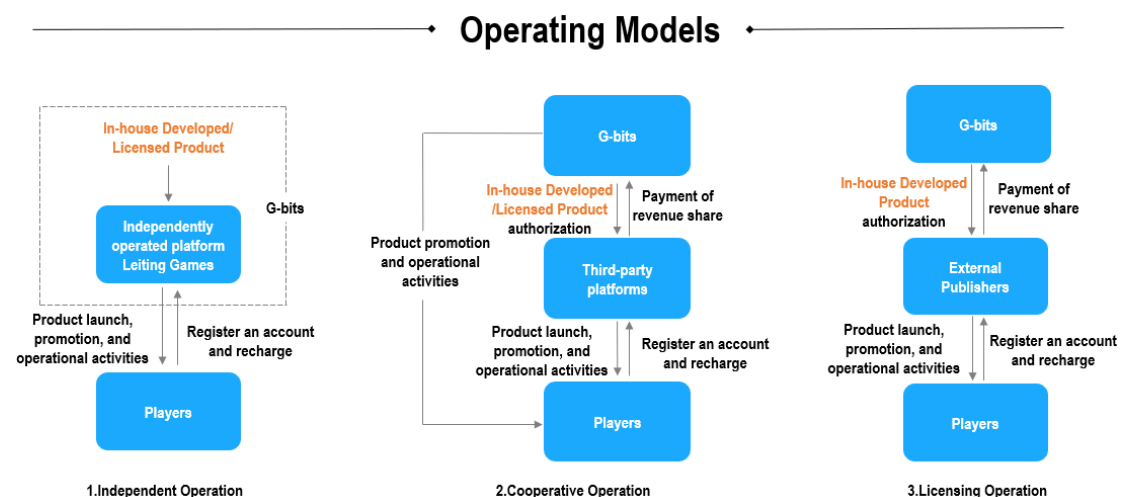
ii. Operating Models

There are three main operating models for the Company's games: independent operation, cooperative operation, and licensing operation. Among them, *Asktao (PC)* is licensed to Beijing Guangyu Online Technology Co.,Ltd. Other in-house developed and licensed products mainly adopt independent operation and cooperative operation models. The three operation models are as follows:

1.Independent Operation: The Company publishes games on its platform and is responsible for promotion and operation. These games might be developed by the Company or by external developers.

2.Cooperative Operation: The Company partners with third-party platforms, such as the App Store and Android app store including Huawei, vivo, and Google Play, to co-publish and promote its games, whether developed in-house or licensed.

3.Licensing Operation: The Company licenses its self-developed games to external publishers, who are responsible for managing the game's publishing and promotion. The Company's responsibilities are limited to providing technical support and ongoing content development.

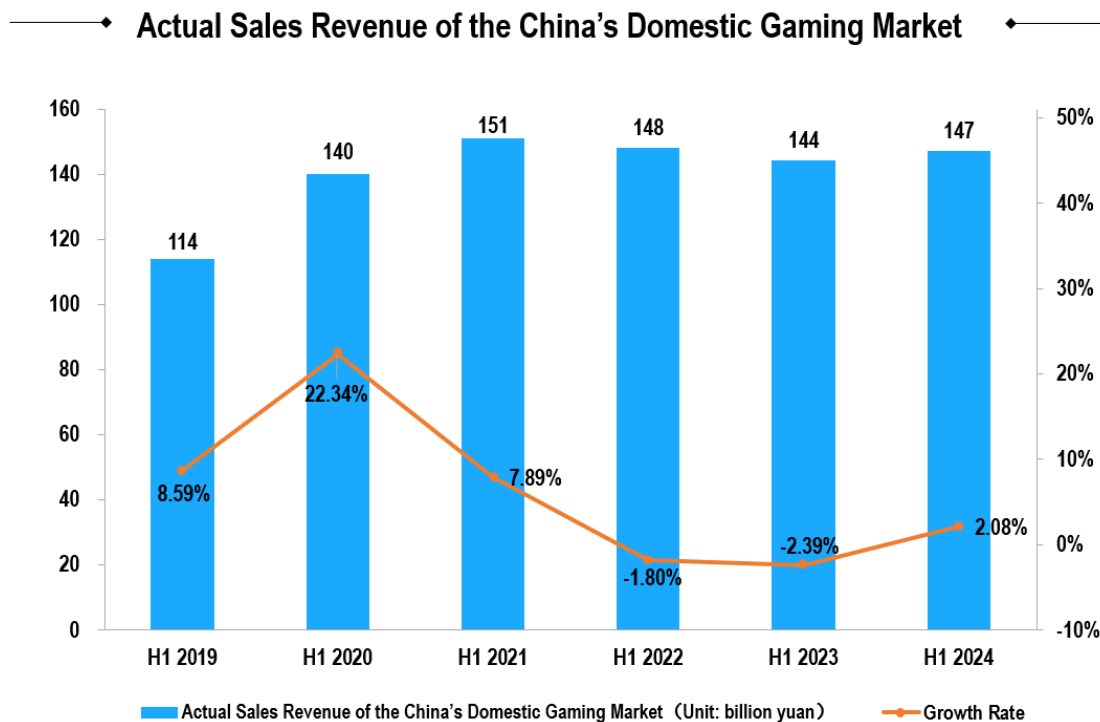


(III) Industry Overview During the Reporting Period

i. Industry Landscape

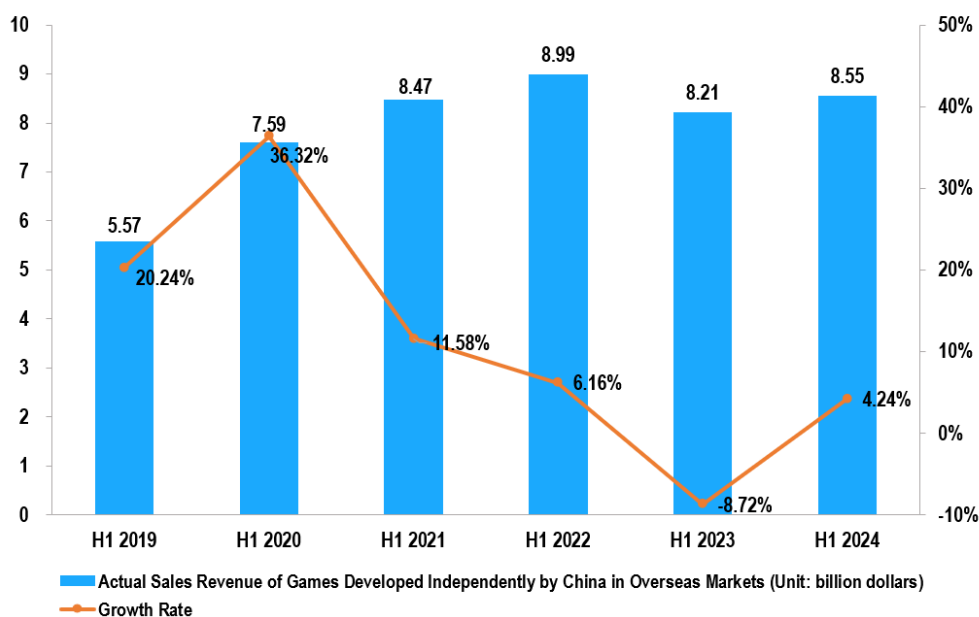
According to the *China Game Industry Report for January-June 2024* released by the Game Committee of China Audio-visual and Digital Publishing Association (CADPA), the actual sales revenue of the domestic game market in China reached RMB147.27 billion from January to June 2024, a year-on-year growth of 2.08%. The number of game users in China reached 0.67 billion, with a year-on-year growth of 0.88%. In the segmented market, mobile games accounted for 73.01% of the actual sales revenue of the domestic game market,

maintaining dominance despite a slight decline. The share of actual sales revenue from PC games continues to rise. Revenue from mini-program mobile games reached RMB 16.60 billion, with a year-on-year growth of 60.52%, which has maintained a high growth rate for three consecutive years.



“Going global” remains a key development strategy for many Chinese game companies. As one of the important ways to promote Chinese culture internationally, China-developed games have reached nearly a hundred countries and regions, including Europe, the United States, Japan, and South Korea. From January to June 2024, the actual sales revenue of games developed independently by China in overseas markets reached US\$8.55 billion, with a year-on-year growth of 4.24%, which is mainly due to several newly launched products becoming hits.

Actual Sales Revenue of Games Developed Independently by China in Overseas Markets



ii. Impact of Industry Policies on the Company's Sector

In recent years, regulatory authorities have attached great importance on the healthy development of the game industry, implementing a series of policy aimed at various aspects of game development, publishing, and operation. These policies introduce new requirements and standards in areas such as minor protection, cultural values, network ecology governance, data security, personal information protection, and the management of emerging technologies. The goal is to guide the industry towards standardized and high-quality development. In the long term, effective regulation is crucial for the advancement and progress of the industry.

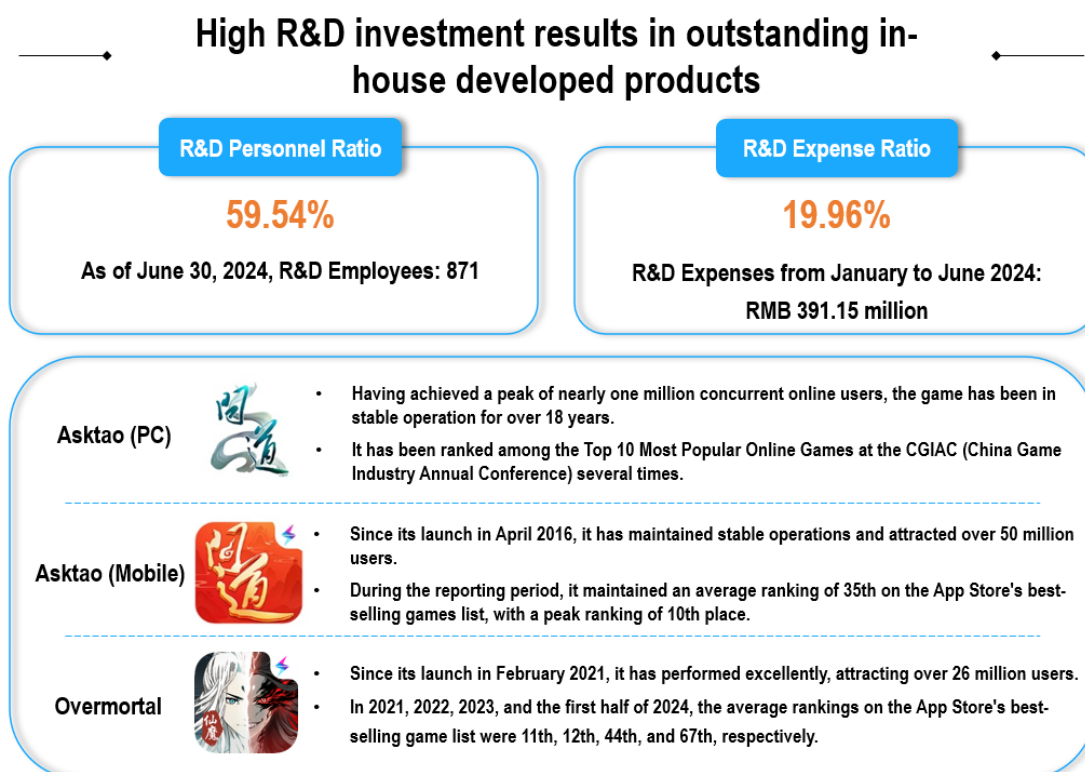
In response, the Company will adhere to strategies of globalization, high quality, and differentiation, with a commitment to cultural confidence and technological innovation, to deliver exceptional gaming experiences to players worldwide. The Company will focus on content development, improve its internal management system, and continue to implement pre-, during-, and post-regulation of games, strengthen the governance of the content ecosystem of game products, effectively protect minors, and maintain a healthy game environment for its products. The Company will continuously monitor and analyze industry

policies, keep up with industry trends in real-time, and improve its policy risk management capabilities.

II. Analysis of Core Competencies During the Reporting Period

(I) Strong Independent Research and Development (R&D) Capabilities

i. Overview of the Company's R&D Performance

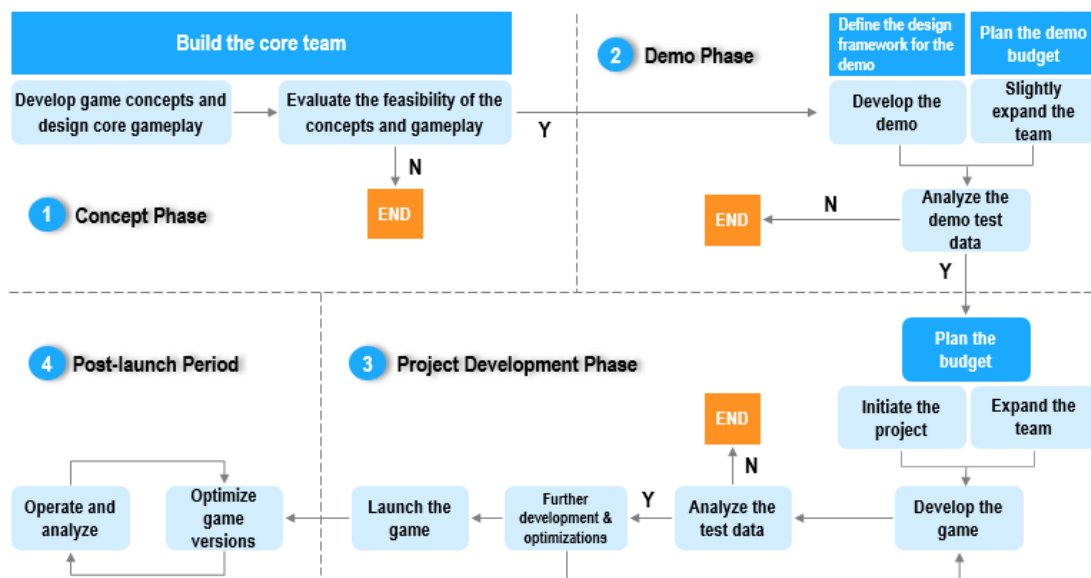


The Company attached great importance to R&D and talent development. During the reporting period, The Company's R&D expense amounted to RMB 391.15 million, accounting for 19.96% of its revenue. This sustained investment has laid the foundation for its innovation. The Company's R&D team has grown year on year, with the number of employees reaching 692 at the end of 2022, 855 at the end of 2023, and 871 at the end of the reporting period, representing 55.18%, 59.09%, and 59.54% of the total number of employees respectively.

ii. Boost R&D Performance with the Minimum Viable Product (MVP) Approach

Games, as a form of cultural entertainment, derive their strength from delivering fresh

and captivating experiences to users. The Company places significant emphasis on product innovation, striving to develop games that stand out both unique and commercially. By focusing on differentiation, the Company continuously explores innovative approaches in core gameplay, conceptualization, art style, and other aspects, thereby enhancing the competitive edge of its products. However, this pursuit of differentiation also escalates the complexity of project development, necessitating enhanced capabilities in gameplay refinement, project management, and data analysis within the development teams. Drawing from years of experience, the Company has embraced an iterative development model known as the MVP approach in its R&D process.



In applying the MVP approach to the Company's R&D, at the start of a project, the Company assembles a core team to develop a prototype based on the creative designer's idea. Extensive user testing is then used to validate the feasibility of the core gameplay mechanics. Throughout the development process, the game undergoes numerous iterations and is fine-tuned based on test data. This MVP approach, starting from the demo version, allows the Company to keep a tight rein on product direction, avoid wasteful investments, and control R&D costs. Frequent testing during development helps the Company to control variables between two successive tests, allowing the Company to analyze user behavior feedback more accurately. As a result, the Company has able to address issues that arise during development in a timely manner, increasing R&D efficiency. As the demo evolves into a final project, the Company continually refines and adapts the MVP approach to ensure

seamless integration among gameplay testing, art resources and commercialization design.

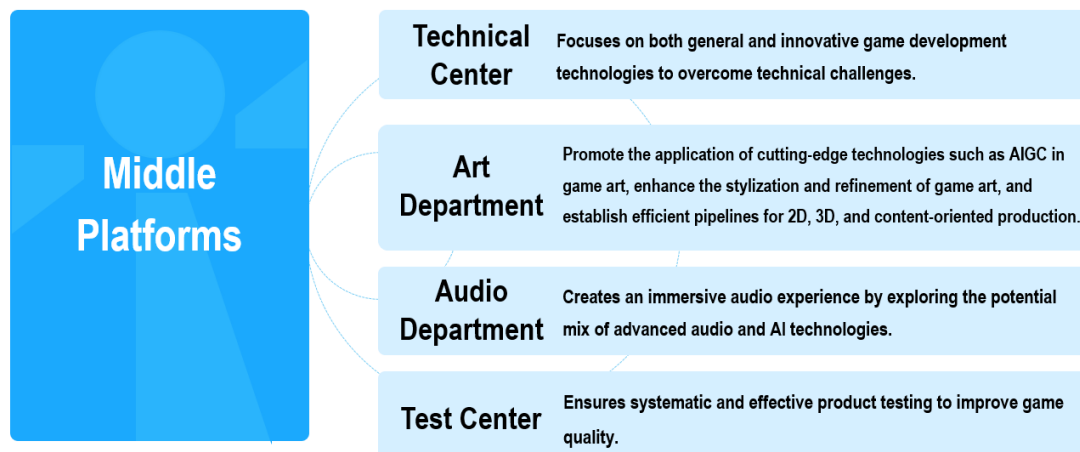
While the MVP approach is effective in controlling R&D costs, it doesn't imply smaller projects or less overall investment. The scope of the project depends on the experience of the core team, project management skills, technological accumulation, the nature of the project, etc. The Company is committed to nurturing excellent game producers over the long term, and through the MVP approach, the Company filters projects and allocates more resources in the hope of producing more innovative, engaging, and high-quality products.

In addition, the MVP approach involves the Company's operation team working closely with the R&D team on a variety of tests and analyses. This allows the Company to gain a deep understanding of the market and users of its products, so that the Company can tailor its strategies and minimize the risks and costs of release.

iii. Construction of Middle Platforms Builds Up Strong R&D Foundation

The Company has prioritized the establishment of solid R&D middle platforms. This includes the Company's Technical Center, Art Center, Audio Department, and Test Center. These pillars support every aspect of development, from R&D and art design, to soundtrack creation and product testing. This system not only ensures development, efficiency, and high-quality output, but also optimizes the allocation of resources across projects, minimizing redundant costs and ensuring a stable R&D process.

◆ Strong Development Support from Middle Platforms ◆



The Company's Technical Center specializes in game development, focusing on both

conventional and emerging technologies. It provides strong support including performance testing and optimization, effectively tackling technical challenges and improving R&D efficiency. Currently, the main tasks of the Technical Center include:

1. GS Language Development: Developing compilers and auxiliary tools for GS (Game Script); building server frameworks, client frameworks and various public services rooted in GS; creating GIP management tools (GS install package) for the unified storage and management of various packages; developing various toolchains and common development tools for each project team based on the GS, and providing common automated build and deployment solutions.

2. Engine and Rendering Technology Research: Conducting in-depth research on Unity, Unreal engines and 3D rendering technologies; developing a powerful combat bottom layer and combat editor to enhance the overall performance and development efficiency of combat in games.

3. AI Technology Exploration and Application: Focusing on cutting-edge AI technologies, actively exploring the integration of AI technologies across all stages of game development, including planning, development, and testing, to improve R&D efficiency and game experience. The Technical Center has established AIWebHub within the Company, consolidating various commonly used AI drawing tools and models, providing functions such as AI drawing, online data management, computational power sharing, drawing workflow and technical sharing, facilitating the rapid application of AI drawing in the Company's game development processes.

The Company's Art Center focuses on improving the quality and style of game art. It establishes efficient pipelines for 2D, 3D, and content-oriented production lines, laying a solid foundation for both existing and future projects. Tailoring unique art styles to fit each game's theme, the Art Center strives to create differentiated game experiences while catering to diverse aesthetic preferences, incorporating mainstream elements to evoke emotional resonance with players. Through continuous testing and iteration, it seeks the optimal balance between distinctiveness and mainstream appeal. Focusing on artistic excellence, the

Art Center sets rigorous standards and guidelines for each product, continually enhancing design capabilities and quality control. The Art Center closely monitors the development in new technologies and actively promotes the application of cutting-edge technologies, such as AIGC, in game art. In the field of game image generation, these techniques are utilized in the early stages of projects for art style exploration and continuously training and optimizing AI models for various game art styles. These AI drawing tools help reduce the time and resources required for producing large volumes of content, enabling a more efficient workflow and enhancing the productivity of game art production.

The Company's Audio Department is dedicated to creating immersive audio that integrates with the game's narrative and gameplay. It pioneers the use of state-of-the-art audio and AI technology to effectively create audio that enhances the gaming experience and is tailored to player preferences.

The Company's Test Center manages project testing for daily and version updates to ensure that the performance is up to the standard. The center ensures a stable allocation of testing resources, improving both the efficiency and standardization of our testing process. By drawing on past experience, it provides reusable testing methodologies to ensure that our games maintain a stable quality.

(II) Exceptional Game Operations







i. Overview of Company's Game Operations

Leiting Games, an independently operated platform, is committed to a quality-first approach that prioritizes the user experience. The high-quality, unique, and highly engaging games under Leiting Games' operations have gained significant popularity and earned an excellent reputation.

With years of experience, Leiting Games has developed a comprehensive understanding of operating various game genres including MMORPG, Roguelike, idle games, and casual simulation. The classic MMORPG *Ashtao (Mobile)* has maintained stable operations for many years, and the idle Taoist immortality cultivation game *Overmortal* has

shown excellent performance. Additionally, several casual games such as *Aobi Island: Dreamland*, *Dragon POW!*, and *Chinese Cuisine Cruise* are highly popular among young players.

Exceptional Game Operations

<p>Outstanding Performance in Classic MMORPGs</p>  <p>Asktao (Mobile)</p> <ul style="list-style-type: none"> • Having been on the market for 8 years, it maintains excellent performance. • The Company has enhanced and prolonged the product lifecycle through ongoing IP development. • Regularly, the Company holds featured events to meet users' needs, periodically gather users together, and promote user loyalty. 	<p>Excellent Performance in Idle Games</p>  <p>Overmortal</p> <ul style="list-style-type: none"> • Since February 2021, <i>Overmortal</i> has amassed over 26 million users. • Maintain stable iterative updates, consistently innovate marketing strategies, focus on existing users and refine user acquisition efforts to reduce inefficient investments.
<p>Simulation and Casual Games Popular with Young Players</p>  <p>Aobi Island: Dreamland</p> <ul style="list-style-type: none"> • It has over 18 million registrations. • Maintain a fast iteration and update pace, collaborate with multiple well-known brands/IPs, and launch a series of exciting events. <hr/>  <p>Dragon POW!</p> <ul style="list-style-type: none"> • Following its launch, it reached the top 2 free games list on the App Store for 3 days. The international version, reached the top 1 on the Hong Kong region's bestseller chart, and achieved the top 1 on the Google Play free charts in Taiwan and South Korea. 	<p>Unique High-Quality Games</p>  <p>Tale of Immortal (PC)</p> <ul style="list-style-type: none"> • It has dominated the charts multiple times as a global bestseller on Steam, selling 1.8 million copies worldwide in its debut month alone. <hr/>  <p>Gumballs</p> <ul style="list-style-type: none"> • Launched nearly 8 years ago, <i>Gumballs</i> has become a classic game in the Roguelike genre, earning over 180,000 five-star reviews on the App Store.

ii. Player-Centric Approach for Long-Term Operations

The Company upholds a "player-centric" game design and operation philosophy, dedicated to fostering enjoyable experiences in the entertainment industry.

The Company deeply understands user needs and develops high-quality original games beloved by players. After the game launches, the Company strengthens communication and interaction with players through various channels. For example, the *Asktao (Mobile)* project team conducts online activities annually and organizes offline events to interact with core players regarding game version planning, promotion plans, and other aspects. Moreover, the Company listens to feedback from key opinion leaders (KOLs) and collaborates with players to refine and enrich the game experience. Additionally, the official community app for *Asktao (Mobile)*, *Asktao in Hand*, launched in June 2024, provides a convenient interactive platform

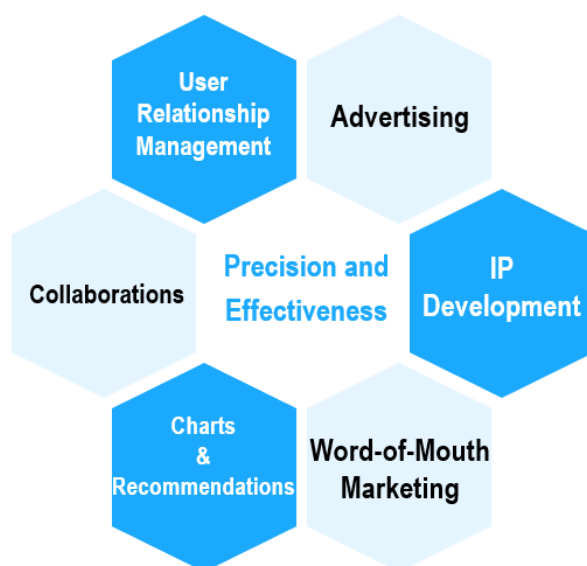
for players to access game information, share their experiences, and directly communicate with the development team, thereby facilitating a deeper immersion into the "Asktao" universe.

The Company actively responds to user demands, providing sincere and comprehensive customer service. Guided by the service philosophy of "becoming an official friend to users and creating a wonderful service experience," the Company embeds a "Contact Customer Service" button within games. It provides players with comprehensive and meticulous service through various channels such as a 24-hour customer service hotline, WeChat customer service official account, customer service forums, and customer service email, catering to users' real-time inquiries, complaints, feedback, and other requests. Additionally, to improve response speed, the Company utilizes advanced technologies such as AI to build an intelligent self-service system, further enhancing customer service levels. A service quality inspection team is also established to monitor service quality daily, aiming to enhance player experience.

iii. Precision and Effective Marketing Promotion Strategies

"Buying traffic" is one of the important methods for promoting game products. However, its rising cost can negatively impact a game's profitability. Over the years, the Company has consistently prioritized creating unique, high-quality products and tailoring its promotion strategies accordingly. The Company's promotion plans are based on the game's features, the target market, and our understanding of the player base — their preferred platforms, behaviors, and spending habits. Simultaneously, the Company explores customer acquisition from various methods, including daily live streaming, Key Opinion Customer (KOC) promotion, content creation, e-commerce, and community re-engagement. This allows the Company to reach its target audience effectively and precisely, while avoiding over-reliance on "buying traffic".

Leiting Game Key Marketing Strategies



1. User Relationship Management

The Company values user relationship management as it facilitates communication between the Company and its players, helps understand their needs deeply, and allows the Company to adapt content to meet evolving player demands. This approach benefits the Company's relationship with users and enhances its reputation within the industry. With sincerity towards the players being the core of the Company's operations, game designers, promotions staff, and customer support personnel organized numerous events for players. Some activities for users of the Company are as follow:

Since 2016, *Asktao (Mobile)* project team has been organizing multiple "Designers Talk" events annually in different cities. Since 2017, *Asktao (Mobile)* has held a national competition every year, attracting a large number of participants, creating an energetic and engaging environment. Starting from 2018, *Asktao (Mobile)* project team has held an annual *Asktao* Conference, which gives players an opportunity to engage in in-depth discussions and participate in fun events, either online or offline. Since 2020, *Asktao (Mobile)* has conducted an annual event. During this event, the head of product operations engages in one-on-one in-depth interviews with players to understand their genuine needs, listen to their feedback, and address issues they encounter in the game.

Overmortal hosts an annual "Offline Meet-and-Greet" event. Starting from 2023, these events have expanded to cities such as Hangzhou, Wuhan, Shenzhen, and Beijing, where players can engage in Q&A sessions and fun activities to strengthen their connection with the game.

Additionally, to better provide high-quality membership services, the Company launched the official community platform "Leiting Games Membership Center" in November 2022. On this platform, players can access a range of game activity benefits, get the latest game updates and news, and enjoy various membership perks such as "Game Concierge," "Direct Line to Planners," and "Game Gift Packs." By offering a one-stop service platform, players can more conveniently participate in game activities and obtain information, while the Company gains a direct platform for understanding player needs and feedback, which helps in precisely optimizing products and services.

2. Advertising

The Company primarily engages in advertising promotion activities on platforms with active user engagement by deploying advertising materials, Key Opinion Customer (KOC) recommendations, game live streams, and various other methods. At the same time, the Company supports UGC (user-generated content) across multiple platforms to spread the product information faster and further. The Company also focuses on user retention with well-designed gameplay and customer service. The Company believes that improving the user experience is the key to higher user retention and long-term product success.

In response to traditional "buying traffic" methods, the Company consistently optimizes its advertising delivery model to adapt to changes in the market and user demands. It strives to reach the target audience with higher efficiency, enhancing the level of Return on Investment (ROI). In terms of innovative marketing, the Company's games like *Ashtao (Mobile)* and *Overmortal* have run KOL (key opinion leader) promotional campaigns on short video platforms based on the dates of major version updates and user activities. These targeted promotions ensure a continuous flow of new users. Furthermore, the Company continuously explores and experiments with various innovative marketing strategies,

including e-commerce live streaming, TikTok's Star Network advertising, TikTok cloud game, and recruitment tasks.

3. IP Development

The Company's IP development aims to enrich the game's world, character portrayals, and storylines to deepen players' immersion and emotional connection to the game.

Ashtao (Mobile), a classic IP that has been in operation for almost 18 years, represents the Company's efforts to strengthen the *Ashtao* brand. To build the brand, the Company is enhancing game stories and player immersion through various *Ashtao* IP derivatives, including novels, audiobooks, merchandise, and short films. From 2018 to 2021, *Ashtao (Mobile)* successively released two official novels, *Ashtao: Dashing Spear* and *Ashtao: Tao in the Heart*. The Company invited dozens of veteran players to participate in creative discussions and trial readings for the novels, aiming to authentically represent the world of *Ashtao (Mobile)* as envisioned by the players. In November 2023, adopting a "Co-creation with Fellow Daoists" approach, the Company launched the first animated series of *Ashtao (Mobile)* titled *Wulong Daoist Adventures in Zhongzhou*. This series faithfully reproduces classic scenes and NPC characters from the game, presenting players with a more diverse and immersive gaming world.

Overmortal is a unique Taoist immortality cultivation-themed IP which is enhanced by music recordings, comics, novels, animations, and more. Since its launch in 2022, the derivative IP animation has been consistently updated on platforms such as TikTok, Kuaishou, and Bilibili. The cumulative fan base across all platforms has exceeded 3.2 million. Additionally, the game continues to engage and retain users through a long-term strategy of IP content. It has released brand documentaries such as the film *Ordinary Yet Extraordinary*, the comic *Overmortal*, the audiobook *Between Demon and Immortal*, the game's theme song, animation, and more, all of which have received widespread acclaim from players.

4. Collaborations

Based on the characteristics of games and players, the Company frequently

collaborates with products that have a high overlap with the target user base to conduct joint activities. This approach aims to attract more user attention and recognition. Collaborative partners include games, novels, animated films, online animated series, and other well-known IPs.

During the reporting period, *Ashtao (Mobile)* collaborated with *Journey to the West* for its 8th anniversary event, introducing a Monkey King-themed costume and releasing a re-arranged version of *Dare to Ask Where Is the Road* (theme song of the series *Journey to the West*) performed with traditional Chinese instruments. *Aobi Island: Dreamland* maintained frequent content updates, its collaborated with multiple well-known IPs/brands, including the Palace Museum's *The World of the Palace*, *Sherlock Holmes* and *Balala the Fairies*, launching a series of exciting activities to provide players with a rich gaming experience.

5. Charts & Recommendations

The Company's high-quality, unique, and intriguing games have earned the recognition from leading platforms such as the App Store and TapTap. The Company is regularly featured in its charts, attracting a significant number of downloads and earning widespread attention. In addition, players' ratings and discussions on these platforms have further increased its games' popularity. During the reporting period, several of the Company's games, including *Ashtao (Mobile)*, *Overmortal*, *Aobi Island: Dreamland*, *World Flipper*, *Chinese Cuisine Cruise* were featured on popular platforms such as the App Store.

6. Word-of-Mouth Marketing

The Company leverages its excellent product quality to drive word-of-mouth marketing through various third-party game platforms, recommendations from KOCs (key opinion consumers), WeChat accounts, QQ groups, and its official channels. The Company's approach includes user selection, expectation management, feature communication, and user feedback tracking to refine and improve its operations.

(III) Discussion and Analysis of Business Operations

i. Major Product Performance

Overview of Launched Products:

Name	In-house Developed/Licensed	Genre	Release Date
Asktao (PC)	In-house Developed	Turn-Based MMORPG	April, 2006
Asktao (Mobile)	In-house Developed	Turn-Based MMORPG	April, 2016
Overmortal	In-house Developed	Idle Taoist Immortality Cultivation Game	February, 2021
Aobi Island: Dreamland	Licensed	Casual Simulation	July, 2022
Outpost: Infinity Siege	In-house Developed	First-Person Shooting PC Game	March, 2024
Monster Never Cry	In-house Developed	Western Fantasy Idle Game	March, 2024
Dragon POW!	Licensed	Fantasy Roguelike Shooting Game	August, 2023
Chinese Cuisine Cruise	Licensed	Business Simulation Game	January, 2024
Funny Fighters: Battle Royale	In-house Developed	Casual Competitive RPG	July, 2019
World Flipper	Licensed, in Charge of Localization Development	RPG with Pinball Element	October, 2021
Gumballs	Licensed	Roguelike and Simulation	December, 2016

Note: (1) All the games are mobile games except *Asktao (PC)* and *Outpost: Infinity Siege*.

(2) The products in the table are sorted according to their importance and operational performance.

1. Asktao (PC)

The Company's first self-developed PC game, *Asktao (PC)*, was launched in April 2006 and quickly became a favorite among gamers, even reaching a peak of nearly one million concurrent users. The game's excellence was recognized with the Best Design for Digital Balance and the Best 2D (characters/scenes) Art Design awards at the 5th annual CGDA (China Game Developers Awards). It was also nominated as one of the Top 10 Outstanding PC Games in 2022 by CADPA (China Audio-Video and Digital Publishing Association).

Since its release in 2006, *Asktao (PC)* has won players' hearts with its high-quality gameplay and reasonable commercialization design. To prolong the game's life cycle and increase its IP value, the Company adapts to market trends and player feedback to update

the game consistently. Every year, the Company release four major updates, the new year, annual, mid-year, and zodiac updates, to keep the game fresh and maintain its profitability.



2. Ashtao (Mobile)

In April 2016, the Company launched *Ashtao (Mobile)*, an in-house developed MMORPG. It retains the narrative and world setting of *Ashtao (PC)*. Harnessing the loyal user base and IP value the PC version built over the past decade, and with extensive user research, it was deeply optimized to adapt its core gameplay to the mobile platform. The Company also incorporates user feedback into regular updates to ensure the game meets player expectations. To extend the game's life cycle, the Company persistently work on enhancing the *Ashtao* brand and its IP value.

Due to its exceptional performance, *Ashtao (Mobile)* has gained industry recognition, and was chosen as the 6th game to win the China Excellent Publication Award (Audio-Visual Electronic Game Publication) from the CADPA. It also won several other awards as well, including Best Original Mobile Game at the 2016 Golden Plume Awards, and Best Game Music Design at the 9th CGDA. It was voted one of the Top Ten Most Popular Original Mobile Online Games of 2016.

In 2024, *Ashtao (Mobile)* continued its long-term stable operation strategy. In January, the game launched the New Year update. In April, the game celebrated its 8th anniversary with

new features such as new costumes, anniversary pets, and special gift packs. The anniversary celebration also included a grand gala, which attracted a large number of viewers and maintained high levels of engagement and popularity. In July, the summer update was released, featuring new costumes and companion pets, as well as upgrades to the game's casual gameplay and benefits, providing players with a refreshed game experience. Additionally, apart from the New Year, Anniversary, Summer, and National Day updates, the Company plans to introduce a special update in November to enrich the game's content for players.

In June 2024, *Ashtao (Mobile)* launched its official community app, *Ashtao in Hand*. This app provides players with a convenient interactive platform for accessing game news, sharing experiences, and directly communicating with the planning team, making it easier for players to immerse themselves in the "*Ashtao*" universe.

During the reporting period, *Ashtao (Mobile)* maintained an average ranking of 35th on the App Store's bestselling game list, with a peak ranking of 10th.



3. Overmortal

Overmortal is an in-house developed, idle Taoist immortality cultivation mobile game with a traditional Chinese ink wash art style. The game depicts a Taoist realm inhabited by humans, immortals, monsters, and demons. It faithfully recreates the stages and mechanisms of Taoist spiritual cultivation, as well as displaying abilities and techniques from

similar novels of the genre. Accompanied by dynamic lighting and sound effects, players will enjoy an immersive and engaging gaming experience.

With outstanding game development and operational performance, *Overmortal* has received high industry recognition, winning awards such as the Best Concept Art Design award at the 12th CGDA, the Best Creativity for Mobile Games award at the 14th CGDA, and nominations for the Top 10 Outstanding Creative Games and Top 10 Emerging Games by the CADPA in 2021. The production team received the "Jury's Choice Game Production Team Award" at the 15th CGDA Outstanding Game Producer Competition and was honored with the "Outstanding Game Studio of the Year Award" at the 8th Golden Gyro Award. In 2023, *Overmortal* officially launched the "Guardians of Intangible Cultural Heritage" cultural public welfare project. It has successfully implemented various intangible cultural heritage public welfare activities, including cuju (ancient Chinese football), paper cutting, Peking opera, shadow puppetry, and more. The game was honored with the "Outstanding Cultural Heritage Game of the Year" award at the 8th Golden Gyro Award.

After over three years of operation, *Overmortal* has accumulated over 26 million registered users. In the subsequent operational strategy, the Company will focus more on existing users, refining user acquisition to reduce inefficient spending. In terms of promotion, there will be a continued emphasis on brand exposure, moderate adjustments and control of performance-based advertising expenses, and active exploration of innovative marketing methods. For user operations, activities such as daily live streaming, Key Opinion Consumer (KOC) promotion, content creation, e-commerce initiatives, and community re-engagement will be carried out to continually enhance user engagement and interaction. Simultaneously, *Overmortal* will persist in IP development, enriching game content with diverse derivative materials such as novels, music, comics, and animations to boost brand influence and foster a unique IP culture recognition among players.

During the reporting period, *Overmortal* maintained a steady update pace, continuously launching various events and versions, and introduced a new cultivation path, which received positive feedback from players. *Overmortal* maintained an average ranking of 67th on the App Store's bestselling game list, with a peak ranking of 27th.



4. Aobi Island: Dreamland

Aobi Island: Dreamland is a casual mobile game based off an existing IP launched on July 12, 2022. The game retains many iconic elements from its web-based predecessor, while introducing various social interaction features and integrating fashion trends such as modernized Chinese traditional styles. Players can engage in various in-game features such as character development, management simulation, and outfit changing. The game has been updated at a rapid pace since its release, providing players with a fresh and varied gaming experience.

Since its launch, the game has maintained a rapid iteration and update pace, continuously introducing new events, gameplay features, and various brand/IP collaborations, providing players with a diverse and enriching gaming experience.



ii. Overview of Main Reserve Products

The Company's main reserve products are as follows :

Main Reserve Products (In-house Developed)				
Products Developed In-House	Status of Game ISBN Licensing	Genre	Planned Regions for Release	Estimated Release Date
Immortal Sword (Codename M72)	ISBN License Obtained	Idle Taoist Cultivation Simulation	Mainland China, Hong Kong, Macao, Taiwan, and Southeast Asia	TBD
Scepter and Sword (Codename M88)	ISBN License Obtained	Fantasy Idle Cultivation Game	Mainland China, Hong Kong, Macao, and Taiwan, as well as Japan and South Korea	First Half of 2025
Fortress Battle	ISBN License Obtained	Tower Defense SLG	Worldwide	TBD
M11 (Codename)	ISBN License Applied	Western Fantasy Idle Game	Worldwide	TBD

Note: The ISBN License is a mandatory government approval required to legally launch a game in China.

Main Reserve Products (Licensed)				
Licensed Products	ISBN License	Genre	Authorized Regions	Estimated Release Date
League of Gods: Fantasyland	Owned	Chinoiserie RPG	Mainland China	Oct 18th, 2024

Main Reserve Products (Licensed)				
Licensed Products	ISBN License	Genre	Authorized Regions	Estimated Release Date
Billion Light Years	Owned	Science Fiction Theme Card Game with Light SLG Elements	Worldwide	TBD
Stone Heros: Squad Saga	Owned	Strategy Card Battle	Europe and America	TBD
Echoes of Vision	Owned	Urban Horror Mystery Strategy	Mainland China	Second Half of 2024
Super Kairo Manager	Owned	Business Simulation Game	Mainland China	TBD
Kingdom Adventurers	Owned	Simulation Management Strategy and RPG Progression	Mainland China	Second Half of 2024

Note: 1. The final launch status, timing, and intended release regions of games listed in the product reserve inventory are subject to uncertainty and may depend on products and market conditions. Please stay up to date with the latest news and announcements from Leiting Games.

2. The game *Billion Light Years* is identified by the codename, and this codename is provisional and does not represent the final official name.

The introduction of some reserve products is as follows:

1. Immortal Sword (Codename M72)

Immortal Sword (Codename M72) is an idle mobile game with a Taoist immortality theme. You start as a novice Taoist and gradually grow into an important member of your sect, engaging in breathtaking adventures across three realms. The game brings to life 3D aerial combat, recreating the mid-air battles and the use of magical talismans, reminiscent of renowned Chinese fantasy tales. The game has obtained its ISBN license and will conduct a test in the third quarter of 2024. The official launch date is to be determined.



2. Scepter and Sword (Codename M88)

Scepter and Sword (Codename M88) is an immersive idle MMORPG mobile game. Within the game, players have the freedom to customize their characters, combine diverse skillsets, and select their preferred class branches. Employing strategies to combat formidable foes, players explore the realm of lost mysterious legends in this world of sword and magic. You can build your own homes, engage in guild activities, participate in team battles, and embark on adventurous journeys with other players, relaxing in the laid-back idle gaming experiences. The game has obtained its ISBN license and is scheduled to be launched in the first half of 2025.



iii. Overseas Business Overview

The Company has been actively expanding its overseas business. In terms of research and development, apart from a few reserved domestic IP-based products, the Company requires all in-house developed products must be targeted towards overseas markets to be considered for approval. In terms of operation, the Company has established a testing and operation system covering most countries and regions worldwide. Additionally, localization teams deeply participate in the game development process to ensure that the products meet the preferences of different regional markets and players.

From January to June 2024, the Company's overseas business achieved operating revenue of RMB 255.03 million, representing a year-on-year growth of 113.77%. During the Reporting Period, the Company successfully launched products overseas, including *Monster Never Cry*, *Dragon POW!(Overseas version)*, *Outpost: Infinity Siege(Steam)*.

Furthermore, several in-house developed products from the Company have undergone multiple rounds of testing in overseas markets, adopting the MVP approach for rapid iteration. The Company also has a reserve of several licensed products for overseas distribution, including *Scepter and Sword (Codename M88)*, *Stone Heros: Squad Saga*, *Billion Light Year*, and more.

iv. Investment Activities Overview

The Company continues to deepen its presence in the game market, focusing on the research and development as well as operational aspects of online game. Simultaneously, it invests in upstream and downstream enterprises related to the game industry, including high-quality game developers, publishers, and industry funds.

Below are introductions to some of the enterprises in which the Company has invested or holds shares:

1. Qingci Games Inc.

Qingci Games, established in March 2012, specializes in online game development and operations. It's known for *The Marvelous Snail*, the idle mobile game with a beautiful hand-drawn art style, and the roguelike game Gumballs. It was listed on the Hong Kong Exchanges in December 2021, and G-bits holds an 18.55% stake in Qingci Games.

As of the end of 2023, the total revenue of *The Marvelous Snail* both domestically and internationally has reached approximately RMB 3.26 billion, with a cumulative registered user count exceeding 26.72 million.

2. TapTap

TapTap, founded in March 2016, manages the TapTap platform. G-bits holds a 9.67% stake in TapTap. TapTap platform is a renowned third-party platform connecting game developers, publishers, and players, allowing users to download high-quality games and share their experiences with others.

3. Xiamen Yongshi Technology Co., Ltd.

Xiamen Yongshi Technology Co., Ltd., established in December 2014, focuses on online game development and operation. G-bits holds a 20.00% stake in Xiamen Yongshi. *Azure Lane*, an anime-style game co-developed by Xiamen Yongshi, is the first domestically produced second-dimensional game to top the Japanese iOS bestselling list. Its in-house developed game, *Eye of Deep Space* has garnered over 0.14 million five-star reviews on the

App Store. Xiamen Yongshi is listed on the NEEQ. According to its 2023 annual report, it generated a net profit of RMB 87.20 million.

4. Xiamen Taojin Interactive Network Co., Ltd.

Established in June 2013, Xiamen Taojin Interactive Network Co., Ltd. focuses on online game development and production. Xiamen Taojin created the popular roguelike series *Dungeon Survivor*. G-bits holds a 30.00% stake in Xiamen Taojin. Xiamen Taojin is listed on the NEEQ. According to its 2023 annual report, it generated a net profit of RMB 14.71 million.

5. Xiamen Zhenyouqu Information Technology Co., Ltd.

Xiamen Zhenyouqu Information Technology Co., Ltd., established in August 2012, mainly develops and produces online games. G-bits holds a 10.00% stake in Xiamen Zhenyouqu. It has numerous popular games such as *Sausage Party*, *Ulala: Idle Adventure*, and *Rapid Clash*. In particular, *Sausage Party* has over 240 million downloads on TapTap.

6. Unity Technologies China

Unity Technologies China, established on November 29, 2021, is a joint venture of US-based game engine developer Unity Technologies. G-bits holds a 1.6% stake in Unity Technologies China. Founded in 2004, Unity Technologies is one of the leading engine development companies in the industry. Unity Technologies China is committed to creating a more suitable engine version for Chinese developers, and its products have extensive applications in various fields such as gaming, automotive, consumer culture and tourism, industrial manufacturing, and film and animation. In 2023, Unity Technologies China officially launched the Unity Technologies China Edition Engine.

7. PeroPeroGames

PeroPeroGames, founded in August 2017, mainly develops and produces online games. G-bits holds a 15.00% stake in PeroPeroGames. Its parkour-themed music game *Muse Dash* has accumulated sales exceeding 10 million copies, and it boasts a positive user review on

the Steam.

Part IV Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

Prepared by: G-bits Network Technology(Xiamen) Co., Ltd.

Unit: RMB Yuan

Item	30 June 2024	31 December 2023
Current assets		
Cash and Cash equivalents	2,166,411,990.84	2,397,018,382.09
Settlements Provision		
Loans to banks and other financial institutions		
Financial assets held for trading	1,694,451,974.41	1,125,621,695.38
Derivative financial assets		
Notes receivable		
Accounts receivable	249,970,431.59	238,756,746.14
Financing receivables		
Prepayments	28,025,557.49	21,422,780.34
Insurance premium receivable		
Due from reinsurers		
Receivable reinsurance contract reserve		
Other receivables	9,740,235.97	5,599,445.09
Including: Interest receivable		
Dividends receivable	3,600,000.00	
Financial assets purchased under agreements to resell		
Inventories		
Contract assets		
Assets classified as held for sale		
Current portion of non-current assets	10,759,554.45	11,536,441.92
Other current assets	13,809,526.60	11,746,515.71
Total current assets	4,173,169,271.35	3,811,702,006.67
Non-current assets		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables	10,021,236.41	11,908,237.48
Long-term equity investments	1,143,490,291.09	1,164,814,123.76
Other equity instruments investments		
Other non-current financial assets	614,056,419.81	620,273,547.42
Investment properties	163,544,055.80	170,713,042.03
Fixed assets	579,723,394.28	596,402,026.29
Construction in progress	7,653,698.17	1,660,948.61
Productive biological assets		
Oil and gas assets		
Right-of-use asset	31,391,772.66	36,327,899.47
Intangible assets	68,936,948.49	69,766,821.60
Development expenditures		
Goodwill	3,808,266.80	3,808,266.80
Long-term prepaid expenses	10,400,252.00	20,045,631.47
Deferred tax assets	90,640,169.23	83,259,745.81
Other non-current assets	44,845,270.24	46,088,941.01
Total non-current assets	2,768,511,774.98	2,825,069,231.75
Total assets	6,941,681,046.33	6,636,771,238.42
Current liabilities		
Short-term borrowings		
Borrowing from the central bank		

Item	30 June 2024	31 December 2023
Deposits and balances from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	171,816,896.10	188,815,811.08
Receipts in advance	110,212.29	501,832.24
Contract liabilities	494,956,541.14	417,007,621.68
Financial assets sold under agreements to buy		
Customer deposits and balances from banks and other financial institutions		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Payroll and employee benefits payable	391,961,788.72	455,196,050.52
Taxes payable	202,417,107.70	182,803,660.02
Other payables	34,935,807.54	34,516,136.28
Including: Interest payable		
Dividend payable		
Fees and commission payable		
Payable reinsurance		
Liabilities classified as held for sale		
Current portion of non-current liabilities	11,299,456.43	10,800,876.22
Other current liabilities	14,644,555.10	13,186,313.60
Total current liabilities	1,322,142,365.02	1,302,828,301.64
Non-current liabilities		
Insurance reserves		
Long-term borrowings		
Bonds payable		
Including: Preference share		
Perpetual debt		
Lease liabilities	23,744,423.82	28,132,847.55
Long-term Payable		
Long-term payroll and employee benefits payable		
Provisions		
Deferred income	145,775.64	159,642.70
Deferred tax liabilities	764,082.11	705,651.53
Other non-current liabilities	49,327,426.30	57,336,347.24
Total non-current liabilities	73,981,707.87	86,334,489.02
Total liabilities	1,396,124,072.89	1,389,162,790.66
Shareholders' equity:		
Paid-in capital	72,041,101.00	72,041,101.00
Other equity instruments		
Including: Preference share		
Perpetual debt		
Capital reserve	1,400,913,027.92	1,400,918,753.30
Less: treasury shares	44,728,187.00	
Other comprehensive income	79,094,885.87	73,375,545.86
Special reserve		
Surplus reserve	36,020,550.50	36,020,550.50
General reserve		
Retained earnings	3,399,313,670.46	2,881,486,077.30
Equity attributable to shareholders of the Company	4,942,655,048.75	4,463,842,027.96
Non-controlling interests	602,901,924.69	783,766,419.80
Total shareholders' equity	5,545,556,973.44	5,247,608,447.76
Total liabilities and shareholders' equity	6,941,681,046.33	6,636,771,238.42

Legal Representative: LU Hongyan
CHEN Hualiang

Chief Accountant: LIN Jiajin

Head of Accounting Department

COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

Prepared by: G-bits Network Technology(Xiamen) Co., Ltd.

Unit: RMB Yuan

Item	30 June 2024	31 December 2023
Current assets		
Cash and Cash equivalents	159,476,963.35	172,514,364.01
Financial assets held for trading	480,044,358.38	328,976,474.94
Derivative financial assets		
Notes receivable		
Accounts receivable	20,834,088.52	45,693,275.98
Financing receivables		
Prepayments	853,778.15	1,158,216.36
Other receivables	50,998,240.38	70,829,561.42
Including: Interest receivable		
Dividends receivable	40,736,500.00	69,977,500.00
Inventories		
Contract assets		
Assets classified as held for sale		
Current portion of non-current assets	5,317,202.49	5,555,356.97
Other current assets	425,146.89	383,623.67
Total current assets	717,949,778.16	625,110,873.35
Non-current assets		
Debt investment		
Other debt investments		
Long-term receivables	2,055,758.13	2,486,121.17
Long-term equity investments	2,236,427,191.12	2,150,458,973.88
Other equity instruments investments		
Other non-current financial assets	141,941,611.33	148,546,250.01
Investment properties	272,525,905.75	283,235,747.11
Fixed assets	9,592,014.04	10,328,855.38
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use asset		
Intangible assets	326,689.11	423,898.63
Development expenditures		
Goodwill		
Long-term prepaid expenses	281,324.75	364,995.95
Deferred tax assets		
Other non-current assets		
Total non-current assets	2,663,150,494.23	2,595,844,842.13
Total assets	3,381,100,272.39	3,220,955,715.48
Current liabilities		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	2,446,467.64	3,091,805.96
Receipts in advance	48,753.84	534,094.42
Contract liabilities	19,866,957.50	19,695,860.98
Payroll and employee benefits payable	81,289,590.13	103,614,920.85
Taxes payable	22,250,566.73	27,210,531.94

Item	30 June 2024	31 December 2023
Other payables	4,572,076.09	5,012,208.17
Including: Interest payable		
Dividend payable		
Liabilities classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities	1,689,723.73	1,454,183.60
Total current liabilities	132,164,135.66	160,613,605.92
Non-current liabilities		
Long-term borrowings		
Bonds payable		
Including: Preference share		
Perpetual debt		
Lease liabilities		
Long-term payable		
Long-term payroll and employee benefits payable		
Provisions		
Deferred income	145,775.64	151,675.64
Deferred tax liabilities		
Other non-current liabilities	1,791,927.05	1,777,206.67
Total non-current liabilities	1,937,702.69	1,928,882.31
Total liabilities	134,101,838.35	162,542,488.23
Shareholders' equity:		
Paid-in capital	72,041,101.00	72,041,101.00
Other equity instruments		
Including: Preference share		
Perpetual debt		
Capital reserve	1,210,013,511.42	1,210,019,236.80
Less: treasury shares	44,728,187.00	
Other comprehensive income	-24,035.06	-24,035.06
Special reserve		
Surplus reserve	36,020,550.50	36,020,550.50
Retained earnings	1,973,675,493.18	1,740,356,374.01
Total shareholders' equity	3,246,998,434.04	3,058,413,227.25
Total liabilities and shareholders' equity	3,381,100,272.39	3,220,955,715.48

Legal Representative: LU Hongyan Chief Accountant: LIN Jiajin Head of Accounting
Department: CHEN Hualiang

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

Prepared by: G-bits Network Technology(Xiamen) Co., Ltd.

Unit: RMB Yuan

Item	H1 2024	H1 2023
1. Total revenue	1,959,649,131.75	2,348,924,659.16
Including: Operating revenue	1,959,649,131.75	2,348,924,659.16
Interest income		
Net earned premiums		
Net fee and commission revenue		
2. Total cost of sales	1,282,294,987.13	1,372,301,755.60
Including: Cost of sales	230,937,298.45	269,653,185.81
Interest expenses		
Fees and commission expenses		
Surrenders		
Net payments for insurance claims		
Net provision of insurance reserve		

Item	H1 2024	H1 2023
Policyholder dividends		
Reinsurance expenses		
Taxes and surcharges	12,091,873.72	13,817,803.01
Selling expenses	537,604,809.95	643,496,326.15
General and administrative expenses	180,079,270.17	195,040,040.65
Research and development expenses	391,149,398.94	369,828,064.89
Financial expenses	-69,567,664.10	-119,533,664.91
Including: Interest expense	896,207.32	651,783.12
Interest income	49,338,496.86	45,750,292.34
Add: Other income	11,732,001.03	36,216,535.75
Investment income/(loss)	90,032,854.68	67,632,401.01
Including: Share of profits or loss of associates and joint ventures	24,252,754.63	58,257,678.97
Gain from derecognition of financial assets measured at amortized cost		
Exchange gains or losses		
Net exposure hedging gains/ (losses)		
Gain/ (loss) on the changes in fair value	-2,268,121.06	1,012,585.46
Credit impairment losses	-407,959.61	957,606.19
Assets impairment losses	-41,887,915.72	-149,355.22
Gain/ (loss) from disposal of assets	-15,567.10	161,357.95
3. Operating profit	734,539,436.84	1,082,454,034.70
Add: Non-operating income	751,447.96	193,954.18
Less: Non-operating expenses	1,092,566.08	1,261,219.80
4. Profit/(loss) before tax	734,198,318.72	1,081,386,769.08
Less: Income tax expense	109,522,329.41	187,643,728.41
5. Net profit /(loss)	624,675,989.31	893,743,040.67
(1) Categorized by operation continuity		
Net profit from continuing operations	624,675,989.31	893,743,040.67
Net profit from discontinuing operations		
(2) Categorized by ownership		
Net profit attributable to shareholders of the Company	517,827,593.16	675,971,006.54
Net profit attributable to non-controlling interests	106,848,396.15	217,772,034.13
6. Other comprehensive income, net of tax	6,006,448.75	32,736,567.34
(1) Other comprehensive income, net of tax, attributable to shareholders of the Company	5,719,340.01	31,301,728.27
(i) Other comprehensive income that will not be reclassified to profit or loss		
Remeasurement gains or losses of a defined benefit plan		
Other comprehensive income using the equity method that will not be reclassified to profit or loss		
Changes in fair value of other equity instrument investments		
Changes in fair value of enterprise's own credit risk		
(ii) Other comprehensive income to be reclassified to profit or loss	5,719,340.01	31,301,728.27
Other comprehensive income that can be reclassified to profit or loss in equity method	2,370,523.90	8,719,662.30
Changes in fair value of other debt investments		
Amount of financial assets reclassified into other comprehensive income		
Provision for credit impairment of other debt investments		
Cash flow hedging reserves (effective part of profit and loss of cash flow hedging)		
Exchange differences on translation of foreign currency financial statements	3,348,816.11	22,582,065.97
Others		
(2) Other comprehensive income, net of tax, attributable to non-	287,108.74	1,434,839.07

Item	H1 2024	H1 2023
controlling interests		
7. Total comprehensive income	630,682,438.06	926,479,608.01
Total comprehensive income attributable to shareholders of the Company	523,546,933.17	707,272,734.81
Total comprehensive income attributable to non-controlling interests	107,135,504.89	219,206,873.20
8. Earnings per share		
Basic earnings per share (yuan / share)	7.18	9.40
Diluted earnings per share (yuan / share)	7.18	9.39

Legal Representative: LU Hongyan Chief Accountant: LIN Jiajin Head of Accounting
Department: CHEN Hualiang

INCOME STATEMENT OF COMPANY

For the six months ended 30 June 2024

Prepared by: G-bits Network Technology(Xiamen) Co., Ltd.

Unit: RMB Yuan

Item	H1 2024	H1 2023
1. Total revenue	204,139,160.70	188,690,911.55
Less: Total cost of sales	25,428,002.75	24,331,834.66
Taxes and surcharges	2,636,055.87	2,380,122.39
Selling expenses		
Administrative expenses	26,677,440.36	31,248,373.61
Research and development expenses	69,169,866.33	72,013,475.11
Finance expenses	-2,367,777.20	-5,433,832.03
Including: Interest expenses (expressed with positive value)		
Interest income (expressed with positive value)	2,274,873.04	4,019,007.66
Add: Other income	1,827,938.26	23,071,223.30
Investment income/(loss)	162,678,906.70	405,947,008.66
Including: Share of profits or loss of associates and joint ventures	-1,823,242.76	-414,794.00
Gain from derecognition of financial assets measured at amortized cost		
Net exposure hedging gains/ (losses)		
Gain/ (loss) on the changes in fair value	-4,702,386.92	-2,493,559.21
Credit impairment losses	1,359,209.23	302,347.91
Assets impairment losses		
Gain/ (loss) from disposal of assets	979.59	419.03
2. Operating profit/Loss	243,760,219.45	490,978,377.50
Add: Non-operating income	6,863.31	5,795.58
Less: Non-operating expenses	440,453.54	255,057.24
3. Profit/(loss) before tax	243,326,629.22	490,729,115.84
Less: Income tax expense	10,007,510.05	16,026,823.63
4. Net profit /(loss)	233,319,119.17	474,702,292.21
(1) Net profit from continuing operations	233,319,119.17	474,702,292.21
(2) Net profit from discontinuing operations		
5. Other comprehensive income, net of tax		
(1) Other comprehensive income, net of tax		
Other comprehensive income that will not be reclassified to profit or loss		
Other comprehensive income using the equity method that will not be reclassified to profit or loss		
Changes in fair value of other equity instrument investments		
Changes in fair value of enterprise's own credit risk		

Item	H1 2024	H1 2023
(2) Other comprehensive income to be reclassified to profit or loss		
Other comprehensive income that can be reclassified to profit or loss in equity method		
Changes in fair value of other debt investments		
Amount of financial assets reclassified into other comprehensive income		
Provision for credit impairment of other debt investments		
Cash flow hedging reserves (effective part of profit and loss of cash flow hedging)		
Exchange differences on translation of foreign currency financial statements		
Others		
6. Total comprehensive income	233,319,119.17	474,702,292.21
7. Earnings per share		
(1) Basic earnings per share (yuan / share)		
(1) Diluted earnings per share (yuan / share)		

Legal Representative: LU Hongyan Chief Accountant: LIN Jiajin Head of Accounting
Department: CHEN Hualiang

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

Prepared by: G-bits Network Technology (Xiamen) Co., Ltd.

Unit: RMB Yuan

Item	H1 2024	H1 2023
1. Cash flows from operating activities		
Cash receipts from the sale of goods and the rendering of services	2,109,069,807.56	2,362,948,931.09
Net increase in customer bank deposits and due to banks and other financial institutions		
Net increase in loans from the central bank		
Net increase in funds borrowed from other financial institutions		
Cash premiums received on original insurance contracts		
Net cash received from re-insurance business		
Net increase in deposits and investments from insurers		
Cash received from interest, fees and commission		
Net increase in funds deposit		
Net increase in repurchase business funds		
Net income from securities trading brokerage business		
Tax refunds received		
Cash received relating to other operating activities	79,281,353.25	96,462,452.54
Sub-total of cash inflows	2,188,351,160.81	2,459,411,383.63
Cash paid for purchase of goods and services	247,940,247.16	387,513,135.80
Net increase in loans and payments on behalf of customers		
Net increase in deposits with central bank and other financial institutions		
Payments for claims for original insurance contracts		
Net increase in funds lent		
Cash paid for interest, fees and commission		
Commissions on insurance policies paid		
Cash paid to and on behalf of employee	636,179,184.28	610,711,025.42
Cash paid for taxes	184,541,237.26	268,724,511.21
Cash paid relating to other operating activities	525,407,299.68	590,812,870.56
Sub-total of cash outflows	1,594,067,968.38	1,857,761,542.99
Net cash flows from operating activities	594,283,192.43	601,649,840.64
2. Cash flows from investing activities		

Item	H1 2024	H1 2023
Cash received from disposal of investments	4,012,416,677.89	2,181,050,000.00
Cash received from investment income	41,830,800.38	62,707,662.00
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	75,174.00	1,310.00
Cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities		
Sub-total of cash inflows	4,054,322,652.27	2,243,758,972.00
Purchase of property, plant and equipment, intangible assets and other non-current assets	14,815,806.55	41,046,523.24
Cash paid for investments	4,549,776,111.00	2,756,960,000.00
Net increase in secured loans		
Net cash paid for acquisition of a subsidiary and other operating units		
Cash paid relating to other investing activities		
Sub-total of cash outflows	4,564,591,917.55	2,798,006,523.24
Net cash flows from investing activities	-510,269,265.28	-554,247,551.24
3. Cash flows from financing activities		
Cash received from investment		63,743,604.71
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		
Proceeds from borrowings		
Cash receipts relating to other financing activities		
Subtotal of cash inflows		63,743,604.71
Repayments for debts		
Cash payments for distribution of dividends or profit and interest expenses	288,000,000.00	428,916,112.00
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries	288,000,000.00	204,000,000.00
Cash payments relating to other financing activities	50,775,977.23	3,607,844.95
Subtotal of cash outflows	338,775,977.23	432,523,956.95
Net cash flows from financing activities	-338,775,977.23	-368,780,352.24
4. Effect of exchange rate changes on cash and cash equivalents	23,769,510.43	74,837,052.69
5. Net increase in cash and cash equivalents	-230,992,539.65	-246,541,010.15
Add: Cash and cash equivalents at beginning of year	2,395,180,751.59	2,622,640,821.07
6. Cash and cash equivalents at end of the period	2,164,188,211.94	2,376,099,810.92

Legal Representative: LU Hongyan Chief Accountant: LIN Jiajin Head of Accounting
Department: CHEN Hualiang

COMPANY STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

Prepared by: G-bits Network Technology(Xiamen) Co., Ltd.

Unit: RMB Yuan

Item	H1 2024	H1 2023
1. Cash flows from operating activities		
Cash receipts from the sale of goods and the rendering of services	219,817,551.74	176,479,019.30
Tax refunds received		
Cash received relating to other operating activities	21,633,410.97	42,120,414.02
Sub-total of cash inflows	241,450,962.71	218,599,433.32
Cash paid for purchase of goods and services	3,990,743.14	1,563,337.97
Cash paid to and on behalf of employee	120,345,737.91	120,964,069.28
Cash paid for taxes	29,716,404.17	40,189,771.25
Cash paid relating to other operating activities	12,396,420.60	13,796,480.26
Sub-total of cash outflows	166,449,305.82	176,513,658.76

Item	H1 2024	H1 2023
Net cash flows from operating activities	75,001,656.89	42,085,774.56
2. Cash flows from investing activities		
Cash received from disposal of investments	963,000,000.00	210,000,000.00
Cash received from investment income	196,347,646.75	286,022,510.83
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		
Cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities		
Sub-total of cash inflows	1,159,347,646.75	496,022,510.83
Purchase of property, plant and equipment, intangible assets and other non-current assets	410,754.65	2,892,637.93
Cash paid for investments	1,202,291,460.00	436,100,000.00
Cash Paid for disposal of subsidiaries and other business units		
Cash paid relating to other investing activities		
Sub-total of cash outflows	1,202,702,214.65	438,992,637.93
Net cash flows from investing activities	-43,354,567.90	57,029,872.90
3. Cash flows from financing activities		
Cash received from investment		63,743,604.71
Proceeds from borrowings		
Cash receipts relating to other financing activities		
Subtotal of cash inflows		63,743,604.71
Repayments for debts		
Cash payments for distribution of dividends or profit and interest expenses		224,916,112.00
Cash payments relating to other financing activities	44,733,912.38	122,760.30
Subtotal of cash outflows	44,733,912.38	225,038,872.30
Net cash flows from financing activities	-44,733,912.38	-161,295,267.59
4. Effect of exchange rate changes on cash and cash equivalents	-466.16	3,783.81
5. Net increase in cash and cash equivalents	-13,087,289.55	-62,175,836.32
Add: Cash and cash equivalents at beginning of year	171,682,308.46	312,508,715.23
6. Cash and cash equivalents at end of the period	158,595,018.91	250,332,878.91

Legal Representative: LU Hongyan Chief Accountant: LIN Jiajin Head of Accounting
Department: CHEN Hualiang

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Prepared by: G-bits Network Technology (Xiamen) Co., Ltd.

Unit: RMB Yuan

Item	H1 2024														
	Equity attributable to shareholders of the Company												Non-controlling interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Others			Subtotal
	preference share	Perpetual debt	Others												
1. Balance at the end of previous year	72,041,101.00				1,400,918,753.30		73,375,545.86		36,020,550.50		2,881,486,077.30		4,463,842,027.96	783,766,419.80	5,247,608,447.76
Changes in accounting policies															
Corrections of prior period errors															
Others															
2. Balance at the beginning of the year	72,041,101.00				1,400,918,753.30		73,375,545.86		36,020,550.50		2,881,486,077.30		4,463,842,027.96	783,766,419.80	5,247,608,447.76
3. Increase/(decrease) during the period					-5,725.38	44,728,187.00	5,719,340.01				517,827,593.16		478,813,020.79	-180,864,495.11	297,948,525.68
(1) Total comprehensive income							5,719,340.01				517,827,593.16		523,546,933.17	107,135,504.89	630,682,438.06
(2) Shareholders' contributions and reduction						44,728,187.00							-44,728,187.00		-44,728,187.00
(i) Shareholders' contributions in ordinary share						44,728,187.00							-44,728,187.00		-44,728,187.00
(ii) Other equity instruments contributions															
(iii) Amount of share-based payments recognized in equity															
(iv) Others															

Item	H1 2024														Non-controlling interests	Total shareholders' equity
	Equity attributable to shareholders of the Company															
	Share capital	Other equity instruments			Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Others	Subtotal			
	preference share	Perpetual debt	Others													
(3). Profit distribution															-288,000,000.00	-288,000,000.00
(i) Transfer to surplus reserve																
(ii) Transfer to general Reserve																
(iii) Distribution to shareholders															-288,000,000.00	-288,000,000.00
(iv) Others																
(4) Transfer within equity																
(i) Capital reserves converted to share capital																
(ii) Surplus reserves converted to share capital																
(iii) Loss made up by surplus reserves																
(iv) Changes in the defined benefit plan transferred to retained earnings																
(v) Other comprehensive income transferred to retained earnings																
(vi) Others																
(5). Special reserve																
(i). Additions																
(ii). Utilisation																

Item	H1 2024														
	Equity attributable to shareholders of the Company													Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Others	Subtotal		
	preference share	Perpetual debt	Others												
(6) Others					-5,725.38								-5,725.38		-5,725.38
4. Balance at the end of the period	72,041,101.00				1,400,913,027.92	44,728,187.00	79,094,885.87		36,020,550.50		3,399,313,670.46		4,942,655,048.75	602,901,924.69	5,545,556,973.44

Item	H1 2023														
	Equity attributable to shareholders of the Company													Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Others	Subtotal		
	preference share	Perpetual debt	Others												
1. Balance at the end of previous year	71,866,482.00				1,334,367,676.34		59,710,028.24		35,941,112.50		2,476,849,266.95		3,978,734,566.03	730,766,433.50	4,709,500,999.53
Changes in accounting policies															
Corrections of prior period errors															
Others															
2. Balance at the beginning of the year	71,866,482.00				1,334,367,676.34		59,710,028.24		35,941,112.50		2,476,849,266.95		3,978,734,566.03	730,766,433.50	4,709,500,999.53
3. Increase/(decrease) during the period	174,619.00				65,493,488.32		31,301,728.27		79,438.00		459,776,311.54		556,825,585.13	15,585,152.29	572,410,737.42
(1) Total comprehensive income							31,301,728.27				675,971,006.54		707,272,734.81	219,206,873.20	926,479,608.01
(2) Shareholders' contributions and reduction	174,619.00				65,222,087.90								65,396,706.90	278,776.51	65,675,483.41
(i) Shareholders' contributions in ordinary share	174,619.00				63,568,985.71								63,743,604.71		63,743,604.71
(ii) Other equity instruments															

Item	H1 2023														
	Equity attributable to shareholders of the Company													Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Others	Subtotal		
	preference share	Perpetual debt	Others												
contributions															
(iii) Amount of share-based payments recognized in equity					1,653,102.19								1,653,102.19	278,776.51	1,931,878.70
(iv) Others															
(3). Profit distribution									79,438.00		-216,194,695.00		-216,115,257.00	-204,000,000.00	-420,115,257.00
(i) Transfer to surplus reserve									79,438.00		-79,438.00				
(ii) Transfer to general Reserve															
(iii) Distribution to shareholders											-216,115,257.00		-216,115,257.00	-204,000,000.00	-420,115,257.00
(iv) Others															
(4) Transfer within equity															
(i) Capital reserves converted to share capital															
(ii) Surplus reserves converted to share capital															
(iii) Loss made up by surplus reserves															
(iv) Changes in the defined benefit plan transferred to retained earnings															
(v) Other comprehensive income transferred to retained earnings															

Item	H1 2023														
	Equity attributable to shareholders of the Company													Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Others	Subtotal		
	preference share	Perpetual debt	Others												
(vi) Others															
(5). Special reserve															
(i). Additions															
(ii). Utilisation															
(6) Others					271,400.42							271,400.42	99,502.59	370,903.00	
4. Balance at the end of the period	72,041,101.00				1,399,861,164.66		91,011,756.51		36,020,550.50		2,936,625,578.49	4,535,560,151.16	746,351,585.79	5,281,911,736.95	

Legal Representative: LU Hongyan

Chief Accountant: LIN Jiajin

Head of Accounting Department: CHEN Hualiang

COMPANY STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Prepared by: G-bits Network Technology (Xiamen) Co., Ltd.

Unit: RMB Yuan

Item	H1 2024										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
		preference share	Perpetual debt	Others							
1. Balance at the end of previous year	72,041,101.00				1,210,019,236.80		-24,035.06		36,020,550.50	1,740,356,374.01	3,058,413,227.25
Changes in accounting policies											
Corrections of prior period errors											
Others											
2. Balance at the beginning of the year	72,041,101.00				1,210,019,236.80		-24,035.06		36,020,550.50	1,740,356,374.01	3,058,413,227.25
3. Increase/(decrease) during the period					-5,725.38	44,728,187.00				233,319,119.17	188,585,206.79

Item	H1 2024										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
		preference share	Perpetual debt	Others							
(1) Total comprehensive income									233,319,119.17	233,319,119.17	
(2) Shareholders' contributions and reduction						44,728,187.00				-44,728,187.00	
(i) Shareholders' contributions in ordinary share						44,728,187.00				-44,728,187.00	
(ii) Other equity instruments contributions											
(iii) Amount of share-based payments recognized in equity											
(iv) Others											
(3). Profit distribution											
(i) Transfer to surplus reserve											
(ii) Distribution to shareholders											
(iii) Others											
(4) Transfer within equity											
(i) Capital reserves converted to share capital											
(ii) Surplus reserves converted to share capital											
(iii) Loss made up by surplus reserves											
(iv) Changes in the defined benefit plan transferred to retained earnings											
(v) Other comprehensive income transferred to retained earnings											
(vi) Others											
(5). Special reserve											
(i). Additions											
(ii). Utilisation											
(6) Others						-5,725.38				-5,725.38	

Item	H1 2024										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
		preference share	Perpetual debt	Others							
4. Balance at the end of the period	72,041,101.00				1,210,013,511.42	44,728,187.00	-24,035.06		36,020,550.50	1,973,675,493.18	3,246,998,434.04

Item	H1 2023										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
		preference share	Perpetual debt	Others							
1. Balance at the end of previous year	71,866,482.00				1,143,391,521.98		-24,035.06		35,941,112.50	1,662,880,135.80	2,914,055,217.22
Changes in accounting policies											
Corrections of prior period errors											
Others											
2. Balance at the beginning of the year	71,866,482.00				1,143,391,521.98		-24,035.06		35,941,112.50	1,662,880,135.80	2,914,055,217.22
3. Increase/(decrease) during the period	174,619.00				65,500,864.41				79,438.00	258,507,597.21	324,262,518.62
(1) Total comprehensive income										474,702,292.21	474,702,292.21
(2) Shareholders' contributions and reduction	174,619.00				65,500,864.41						65,675,483.41
(i) Shareholders' contributions in ordinary share	174,619.00				63,568,985.71						63,743,604.71
(ii) Other equity instruments contributions											
(iii) Amount of share-based payments recognized in equity					1,931,878.70						1,931,878.70
(iv) Others											
(3). Profit distribution									79,438.00	-216,194,695.00	-216,115,257.00
(i) Transfer to surplus reserve									79,438.00	-79,438.00	
(ii) Distribution to shareholders										-216,115,257.00	-216,115,257.00
(iii) Others											
(4) Transfer within equity											

Item	H1 2023										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
		preference share	Perpetual debt	Others							
(i) Capital reserves converted to share capital											
(ii) Surplus reserves converted to share capital											
(iii) Loss made up by surplus reserves											
(iv) Changes in the defined benefit plan transferred to retained earnings											
(v) Other comprehensive income transferred to retained earnings											
(vi) Others											
(5). Special reserve											
(i). Additions											
(ii). Utilisation											
(6) Others											
4. Balance at the end of the period	72,041,101.00				1,208,892,386.39		-24,035.06		36,020,550.50	1,921,387,733.01	3,238,317,735.84

Legal Representative: LU Hongyan

Chief Accountant: LIN Jiajin

Head of Accounting Department: CHEN Hualiang