

37 Interactive Entertainment Network

Technology Group Co., Ltd.

2024 Annual Report (Summary)

April 2025

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of 37 Interactive Entertainment Network Technology Group Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee the truthfulness, accuracy and completeness of the contents of this Report, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Xu Zhigao, the Company’s legal representative, and Ye Wei, the Company’s Chief Financial Officer & Board Secretary, hereby guarantee that the financial statements carried in this Report are truthful, accurate and complete.

All the Company’s directors have attended the Board meeting for the review of this Report.

Huaxing Certified Public Accountants LLP has issued an unqualified audit report with an emphasis of matter paragraph for the Company, for which the Company’s Board of Directors and Supervisory Committee have provided detailed statements. And investors are advised to pay attention to the said contents.

Any plans and other forward-looking statements in this Report shall not be deemed as promises to investors. Investors and other stakeholders shall be fully aware of the risk and understand the difference between plans, forecasts and promises. Most of these forward-looking contents can be found in “XI Prospects” of “Part III Management Discussion and Analysis” herein.

The Company is subject to the disclosure requirements for listed companies engaged in software and IT services.

The Board has approved a final dividend plan as follows: based on the total issued share capital (exclusive of shares in the Company’s account for repurchased shares) on the date of record, a cash dividend of RMB 3.70 (tax inclusive) per 10 shares is planned to be distributed to all the shareholders of the Company, with no bonus issue from either profit or capital reserves.

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Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	37 Interactive Entertainment	Stock code	002555
Place of listing	Shenzhen Stock Exchange		
Company name in Chinese	三七互娱网络科技集团股份有限公司		
Abbr.	三七互娱		
Company name in English (if any)	37 INTERACTIVE ENTERTAINMENT NETWORK TECHNOLOGY GROUP CO.,LTD.		
Legal representative	Xu Zhigao		
Registered address	Room 7001, 7/F, Tower B1, Wanjiang Fortune Plaza, 88 Ruixiang Road, Wuhu City, Anhui Province		
Zip code	241000		
Change of registered address	For business development purposes, the registered address of the Company has changed from "11/F, Creative Advertising Complex, Wuhu Advertising Industrial Park, Middle Beijing Road, Jiujiang District, Wuhu City, Anhui Province" to "Room 7001, 7/F, Tower B1, Wanjiang Fortune Plaza, 88 Ruixiang Road, Wuhu City, Anhui Province" on 31 March 2022.		
Office address	Room 7001, 7/F, Tower B1, Wanjiang Fortune Plaza, 88 Ruixiang Road, Wuhu City, Anhui Province		
Zip code	241000		
Company website	https://www.37wan.net/		
Email address	ir@37.com		

II Contact Information

	Board Secretary	Securities Affairs Representative
Name	Ye Wei	Wang Sijie
Office address	Room 7001, 7/F, Tower B1, Wanjiang Fortune Plaza, 88 Ruixiang Road, Wuhu City, Anhui Province	Room 7001, 7/F, Tower B1, Wanjiang Fortune Plaza, 88 Ruixiang Road, Wuhu City, Anhui Province
Tel.	0553-7653737	0553-7653737
Fax	0553-7653737	0553-7653737
Email address	ir@37.com	ir@37.com

III Media for Information Disclosure and Place where this Report Is Lodged

Stock exchange website where this Report is disclosed	China Securities Journal, Shanghai Securities News, Securities Times, and Securities Daily
Media and website where this Report is disclosed	http://www.cninfo.com.cn
Place where this Report is lodged	Room 7001, 7/F, Tower B1, Wanjiang Fortune Plaza, 88 Ruixiang Road, Wuhu City, Anhui Province

IV Change to Company Registered Information

Unified social credit code	91340200713927789U
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Changes to the principal activities of the Company since going public (if any)	No changes in the Reporting Period
Every change of controlling shareholder since incorporation (if any)	No changes in the Reporting Period

V Other Information

The independent auditor hired by the Company:

Name	Huaxing Certified Public Accountants LLP
Office address	7-9/F, Tower B, Zhongshan Building, 152 Hudong Road, Gulou District, Fuzhou City, Fujian Province
Accountants writing signatures	Zhang Fengbo and Gao Yunjun

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

Name	Office address	Representative	Period of supervision
Orient Securities Company Limited	24/F, 318 South Zhongshan Road, Huangpu District, Shanghai	Wang Bin and Wang Dehui	From 10 March 2021 until the proceeds of the private placement are used up

The financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

VI Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes No

	2024	2023	2024-over-2023 change (%)	2022
Operating revenue (RMB)	17,440,957,495.58	16,546,871,737.85	5.40%	16,406,034,152.65
Net profit attributable to the Listed Company's shareholders (RMB)	2,673,021,327.30	2,658,570,193.44	0.54%	2,954,377,452.38
Net profit attributable to the Listed Company's shareholders after deducting non-recurring profits and losses (RMB)	2,591,270,839.95	2,497,299,725.79	3.76%	2,883,122,221.75
Net cash flows from operating activities (RMB)	2,997,982,682.73	3,147,037,336.46	-4.74%	3,557,168,897.26
Basic earnings per share (RMB/share)	1.21	1.20	0.83%	1.34
Diluted earnings per share (RMB/share)	1.21	1.20	0.83%	1.34
Weighted average return on equity (%)	20.58%	20.83%	-0.25%	25.41%
	31 December 2024	31 December 2023	Change of 31 December 2024 over 31 December 2023 (%)	31 December 2022
Total assets (RMB)	19,582,691,938.40	19,134,551,079.36	2.34%	17,095,183,320.91

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Equity attributable to the Listed Company's shareholders (RMB)	12,920,729,844.38	12,706,945,475.87	1.68%	12,184,007,604.82
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Indicate by tick mark whether the lower of the net profit attributable to the Listed Company's shareholders before and after deducting non-recurring profits and losses was negative for the last three accounting years, and the latest independent auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes No

Indicate by tick mark whether the lower of the net profit attributable to the Listed Company's shareholders before and after deducting non-recurring profits and losses was negative.

Yes No

VII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	4,750,141,063.60	4,481,828,025.84	4,107,396,586.92	4,101,591,819.22
Net profit attributable to the Listed Company's shareholders	616,151,756.28	648,481,822.67	632,833,102.61	775,554,645.74
Net profit attributable to the Listed Company's shareholders after deducting non-recurring profits and losses	615,975,014.06	658,657,652.80	602,298,270.38	714,339,902.71
Net cash flows from operating activities	1,170,121,295.13	959,062,219.86	137,734,103.07	731,065,064.67

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes No

VIII Non-recurring Profits and Losses

Applicable Not applicable

Unit: RMB

Items	2024	2023	2022	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	1,370,429.32	2,836,160.40	2,302,146.59	
Government grants recognized in profit or loss (exclusive of those that are closely related to the Company's normal business operations and given in accordance with defined criteria and in compliance with government policies, and have a continuing impact on the Company's profit or loss)	73,289,931.28	59,144,627.86	44,774,565.68	Mainly due to government grants other than the rebates of value-added tax

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Gain or loss on fair-value changes in financial assets and liabilities held by a non-financial enterprise, as well as on disposal of financial assets and liabilities (exclusive of the effective portion of hedges that is related to the Company's normal business operations)	8,600,080.44	113,869,356.66	40,786,428.45	
Reversed portions of impairment allowances for receivables which are tested individually for impairment	1,626,737.10		4,029,906.92	
Non-operating income and expenses other than the above	-2,212,101.11	7,082,898.99	-7,376,565.55	
Less: Income tax effects	9,148,746.86	25,007,516.39	16,473,069.34	
Non-controlling interests effects (net of tax)	-8,224,157.18	-3,344,940.13	-3,211,817.88	
Total	81,750,487.35	161,270,467.65	71,255,230.63	--

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Part III Management Discussion and Analysis

I Industry Overview for the Reporting Period

The Company is subject to the disclosure requirements for listed companies engaged in software and IT services as stated in Guideline No. 3 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies—Industry-specific Information Disclosure.

1. Steady growth in domestic and overseas markets; high-quality development of the gaming industry

According to the 2024 China's Game Industry Report released by the Game Publishing Committee of China Audio-video and Digital Publishing Association (CADPA), in 2024, the actual sales revenue of the domestic gaming market reached RMB325,783 million, representing a year-over-year (YoY) increase of 7.53% and setting a new record. The number of game users totaled 674 million, a YoY increase of 0.94%, also reaching a historical high.

In 2024, the mini-game segment continued its explosive growth, with several outstanding products emerging. These games expanded into previously untapped user demographics within existing application scenarios. Their accessible entry points more precisely and effectively attracted target players, while fragmented gameplay and lightweight user experiences introduced more casual gaming modes. These features met users' demand for light, fragmented entertainment and brought new growth potential to the gaming industry. In 2024, revenue from domestic applet games amounted to RMB39,836 million, a YoY growth of 99.18%, indicating that the sector remains in a rapid growth phase.

In 2024, Chinese gaming companies proactively coped with a growth slowdown and increasingly fierce competition in the global gaming market. Revenue of self-developed Chinese games in overseas markets reached USD18,557 million, a YoY increase of 13.39%, surpassing RMB100 billion for the fifth consecutive year and setting another record high. The United States, Japan, and South Korea remained the primary overseas markets for Chinese mobile games, accounting for 31.06%, 17.32%, and 8.89% of total revenue, respectively. Among the top 100 self-developed mobile games in terms of overseas revenue, strategy games accounted for 41.38%, shooting games for 10.40%, and role-playing games for 10.37%. These three categories have remained the top three for five consecutive years.

2. Policy-guided healthy development driven by both culture and technology

In 2024, policies continued to guide the gaming industry towards boutiqueization and high-quality, healthy development. In July 2024, the Third Plenary Session of the Twentieth Central Committee of the Communist Party of China approved the Decision of the Central Committee of the Communist Party of China on Further Deepening Reforms in a Comprehensive Way and Promoting Chinese-Style Modernization, which put forward further requirements for improving the systems and mechanisms for promoting high-quality economic development and deepening the reform of the cultural system.

In August 2024, the State Council issued the Guideline on Boosting High-quality Development of Service Consumption (hereinafter referred to as the "Guideline"). The Guideline outlined several key tasks aimed at boosting the vitality of life-enhancing consumption, including cultural and entertainment consumption. Furthermore, the Guideline calls for more efforts to "improve the quality of online literature, online performances, online games, radio and television programs, and online audiovisual services" and "encourage the development of new business formats such as immersive experiences, script-based entertainment, digital art, and online performance live-streaming". These initiatives are expected to further boost high-quality development in the industry.

In March 2025, the General Office of the CPC Central Committee and the General Office of the State Council issued the Special Action Plan for Boosting Consumption, proposing to "strengthen consumption brand leadership. Focus on commerce, logistics, culture and tourism, and other service sectors, and formulate targeted policies to enhance service quality. Develop more Chinese service brands. Integrate outstanding traditional Chinese culture into product design, support the development of original intellectual property (IP) brands, promote consumption of animation, games, e-sports and their derivative products, and expand

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domestic and international markets for fashionable domestic brands”.

On one hand, Chinese game developers are committed to creating high-quality games, exploring innovative integrations of culture and gaming, and promoting the inheritance and development of outstanding traditional Chinese culture. On the other hand, emerging technologies represented by artificial intelligence have brought new opportunities to China’s gaming industry.

In response to national policies, the Company has earnestly implemented management requirements. It delved into the essence of traditional culture in game R&D and operational strategies. And it has actively sought to integrate cultural significance into player experiences and apply innovative technologies to achieve mutual empowerment of cultural and industrial value.



For example, the Company incorporated Cantonese culture, Anhui-style culture, the ancient Maritime Silk Road, and Peking opera facial makeup into its globally published game Trading Legend (叫我大掌柜), helping overseas players gain a deeper understanding of Chinese culture. Furthermore, it actively explored the "Games+" integrated development model of "technology + cultural tourism" to facilitate the promotion of cultural tourism in cities such as Guangzhou, Huangshan, and Wuhu. During the Reporting Period, the Company’s game Xun Dao Da Qian (寻道大千) incorporated the spectacular scenery of Huangshan into in-game scenes. By combining online and offline experiences, the game allowed players to feel the rich historical context of Huangshan and promoted diverse expressions of culture through gaming.



The Company also launched innovative cultural tourism campaigns such as the “CongMei City Tour Program—Wuhu” and the “Wuhu Intelligent Manufacturing Industrial Tour” to facilitate the digital communication and inheritance of traditional culture and cultural-tourism consumption in the new era. Additionally, under the guidance of the Guangzhou Municipal Cyberspace Administration, 37 Interactive Entertainment hosted the “Intangible Heritage Guangzhou Red” online promotional campaign, which showcased the charm of intangible cultural heritage through innovative formats. These included a digital culture experience exhibition, AI co-creation experiences, and in-game collaborations with Shi Guang Za Huo Dian (时光杂货店), connecting tradition and modernity, integrating intangible heritage into daily life, and expanding its cultural influence.

As AI technology continues to mature, the development of games in sync with AI has become increasingly prominent. Technological innovation in AI is increasingly seen as a key factor in the global competitiveness of products. The Company adheres to technology-driven innovation, and explores the potential for deep integration of AI and other emerging technologies with the Should there be any discrepancy between the English version and the Chinese version of this Report, the Chinese version shall prevail.

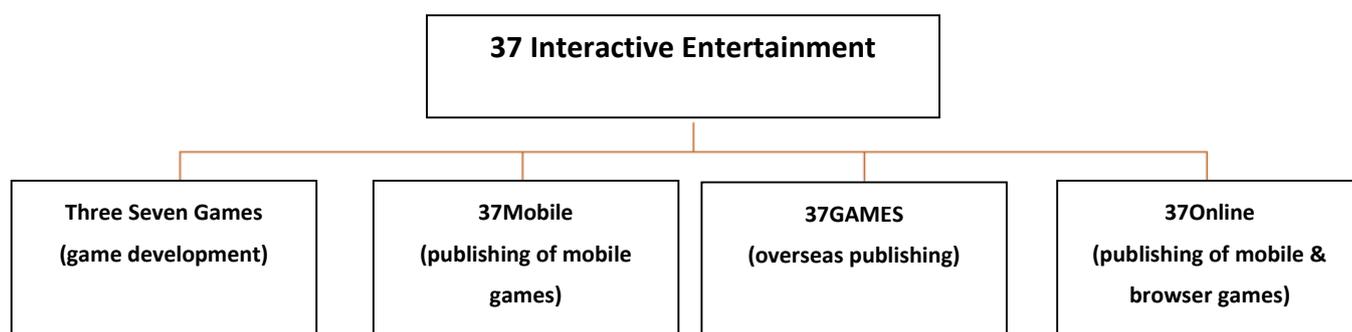
Company's business. Also, it improves work efficiency and promotes organic innovation capabilities. During the Reporting Period, the Company played a significant role in drafting the association standard—Compliance Guidelines for Data Application of Generative Artificial Intelligence. This standard offers companies a valuable reference for their compliant application of generative AI, helping to enhance their data security capabilities.

In terms of protection for minors, apart from implementing the real-name authentication system and anti-addiction requirements required by competent authorities, the Company has strengthened protection for minors by consistently improving and upgrading its protection system for minors. We have always advanced various tasks in a proactive and positive manner to ensure minors are well-protected in cyberspace. The Company has rolled out an upgraded version of the "real-name registration and anti-addiction system for minors" for our proprietary platforms. Additionally, we have optimized the logo and wording of the "age-appropriate prompt". Meanwhile, the Company has refined and upgraded our "Parent Monitoring Platform", optimized our customer service procedures, and aided guardians in queries and verification, all aimed at creating a clean and healthy cyberspace for minors.

The Company has remained focused on its core business and deepened its "integration of R&D and operation" strategy. We have continued to enhance our capability of producing quality games, solidify our core competitive edge in overseas expansion, and explore possibilities of integrating technology into our business by leveraging resources both within and outside the technology domain. With steady strides, we have advanced high-quality and sustainable business development, dedicated to offering the public a wealth of premium cultural content.

II Principal Operations of the Company in the Reporting Period

The Company specializes in the development and publishing of games for global players, with the excellent game development brand "Three Seven Games", as well as professional game publishing brands "37Mobile", "37GAMES" and "37Online". The Company precisely grasped the industry development trends, made continuous improvements in operation, and remained a top performer in the industry, while adhering to the "boutiqueization, diversification and globalization" strategy. For the Reporting Period, the Company recorded operating revenue of RMB17,441 million, a YoY increase of 5.40%, and a net profit attributable to its shareholders of RMB2,673 million, a YoY increase of 0.54%.



(I) Overview of the principal operations of the Company in the Reporting Period

1. Continuously enhancing the long-term operation of diverse products

In response to industry trends, the Company has consistently adhered to the "diversification" strategy, understanding the demands of diverse user bases and continuously expanding its user base. By tapping into new markets and nurturing new growth

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drivers, we have continuously pushed back the boundaries of our game genres. In addition to delving into the existing four primary genres: Massive multiplayer online role playing games (MMORPGs), strategy games, gacha games, and business simulation games, we have developed games where RPG, casual, and puzzle elements are incorporated. These diverse and lightweight games have diversified player experiences. During the Reporting Period, the Company's globally published mobile games achieved peak monthly gross billing of over RMB2.3 billion.

During the Reporting Period, the Company released the anniversary version of its Chinese-style fun cultivation game *Xun Dao Da Qian* (寻道大千). Combining teamwork-based social interaction with strategy gameplay, this version featured deepened content and increased engagement, enhancing user stickiness. This version also saw an in-depth collaboration between the game *Xun Dao Da Qian* (寻道大千) and other popular IPs, such as the novels *Soul Land* and *A Record of a Mortal's Journey to Immortality*, the animated movie *Ne Zha*, and *Boonie Bears*. The differentiated content and customized integration have offered players immersive experiences and new unique gameplay. As a result, the game achieved long-term operation through brand empowerment and social interaction, established a diversified and sustainable user operation system, and helped the Company garner leading experience in the mini-game domain.



In August 2024, the modern-themed simulation mobile game *Shi Guang Za Huo Dian* (时光杂货店) was published by the Company as the agent. Fully recreating the 1990s, the game offers players a chance to relive childhood memories. To ensure better immersive experiences for players, the Company forged collaborations between the game and popular film and TV productions. This has further enhanced the Company's edge in publishing and operating business simulation games.

During the Reporting Report, the Company celebrated the third anniversary of its self-developed card mobile game *The Soul Land: Hun Shi Dui Jue* (斗罗大陆: 魂师对决). To mark that special occasion, the Company introduced new soul masters and gameplay revolving around the "Tang San's Journey to Becoming a God" storyline in the original work. This update evoked a sense of nostalgia among users for the IP, increasing the number of the game's daily active users and prolonging the product life cycle.

Regarding the mobile game *Fan Ren Xiu Xian Zhuan: Ren Jie Pian* (凡人修仙传: 人界篇), the Company launched its anniversary version in mid-2024, which featured new content of the Immortality Chapter and was published using a traffic management-centric approach. This has not only helped the Company expand its active user base but has also allowed it to continuously improve the game's ecosystem and enrich players' experiences. The game has thus become a flagship product in the Company's cultivation-themed massively multiplayer online role-playing game (MMORPG) lineup.

Trading Legend (叫我大掌柜), a Chinese-style simulation mobile game of the Company, has successfully converted new players through an engaging and nostalgic marketing approach and intellectual property (IP) collaborations. By creating a long-term ecosystem with a focus on user interactions, this game has consistently sparked a boom. On the game's third anniversary, a "palace version" featuring ancient palace elements was released. In this version, players role-play as minor palace characters and climb the ranks. This version has helped the Company expand its user base and prolong the game's life cycle, further demonstrating the Company's capability of long-term operation. During the Reporting Period, the Company also deeply integrated Anhui-style intangible cultural heritage into the gameplay and promotion of *Trading Legend* (叫我大掌柜), creating

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another exemplary case of mutual empowerment between games and traditional culture.

We adopted an innovative marketing approach combined with top-tier celebrity endorsements for Ba Ye (霸业), one of our self-developed strategy mobile games on the theme of the Three Kingdoms. With a constant stream of creative materials, this game saw a growing player base, helping the Company stabilize the structure of its strategy game portfolio.

Ling Hun Xu Zhang (灵魂序章), the self-developed game based on the Soul Land IP, reinterpreted the classic fun of the Soul Land IP through lightweight gameplay, continuously offering new game content for IP fans and establishing a benchmark for lightweight gaming under the “integration of R&D and operation” strategy.

Regarding the 3D realistic ant-themed strategy mobile game, Underground Kingdom (小小蚁国), the Company has continuously optimized its mechanics to help players gather resources more efficiently and make the overall gaming experience more seamless. This optimization has reduced the daily quest burden on players, improved long-term player retention, and ensured steady operations.

The Company consistently adheres to long-term operation, providing players with meticulous and comprehensive long-term services. It deeply integrates the highlights of its intellectual property (IP) to continuously innovate in terms of reflow methods and activities, consistently prolonging the product life cycle and igniting product vitality. This demonstrates the Company’s strong capabilities of long-term game operation.

2. Continuously exploring global market opportunities, and promoting the mutual empowerment between games and culture

During the Reporting Period, the Company achieved overseas operating revenue of RMB5,722 million. The Company, drawing upon its years of experience in overseas expansion, has continuously explored its overseas markets in line with the “tailored games” strategy. It continued to seek growth opportunities in the overseas market, achieved regional breakthroughs, and continued to refine its long-term operation strategy. We have consolidated our strengths in sectors such as MMORPGs, strategy games, gacha games, and business simulation games, and opened up opportunities in the casual game market, thereby boosting the steady growth of our overseas business.

Puzzles & Survival, a phenomenal product launched overseas by the Company, integrates “Match-3 gameplay + SLG”, demonstrating strong competitiveness and wide user appeal across multiple international markets. It performed especially well in key regions including Hong Kong, Macao and Taiwan of China, Europe and North America, Japan, South Korea, and Vietnam. It ranked among the top 8 outbound mobile games by revenue on the Sensor Tower 2024 leaderboard, highlighting its exceptional market performance and commercial value. Since its launch in 2020, Puzzles & Survival has generated over RMB10 billion in gross billing, showcasing its global brand presence and growth potential.

During the Reporting Period, the Company continued to explore player preferences and market trends within the strategy game genre to iterate high-quality products through theme diversification and gameplay differentiation. For example, as an iteration of Puzzles & Survival, Puzzles & Chaos integrates “Match-3 gameplay + SLG” while retaining the core experiences of Puzzles & Survival. Compared to its predecessor, Puzzles & Chaos features greatly enhanced art design and special effects. Since its launch, the game has consistently broken new ground in overseas markets with growing gross billing, ranking among the top 20 strategy games in different regions worldwide multiple times.

The ant-themed game Ant Legion aims to represent a realistic and detailed insect world. By delving into player demands through preliminary research and considering the R&D and operational capacity, the Company has developed an immersive, ant world-themed version. In this version, players build ant colonies, fend off predators, and lead their ant armies to conquer the challenging natural environment, securing victories one after another. These continuous breakthroughs have led to a steady rise in player satisfaction.

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The Company has deeply integrated the gameplay themes and promotional materials of its products with excellent traditional Chinese culture. This approach creates a communication method that resonates with diverse regional, national, and audience groups, promoting the global expression of Chinese stories.

For example, the game Trading Legend (叫我大掌柜) has demonstrated the Company's commitment to carrying forward traditional Chinese culture. During the Reporting Period, the Company initiated collaborations between the game with the classic costume drama The Legend of Zhen Huan and the Chinese comic book Fox Spirit Matchmaker. The game incorporated hot pot, a key element of Chinese culinary culture, into its content and launched a promotional video featuring Sichuan's intangible cultural heritage art of jin qian ban (brass coin clapper talk). The goal is to bring distinctive gameplay to global players, giving them an immersive taste of Chinese culture. During the Reporting Period, Puzzles & Survival collaborated with the national-level intangible cultural heritage project Guangzhou-Style Color Porcelain to launch a themed version showcasing this traditional craft, representing an innovative expression of Chinese traditional culture. The casual incremental mobile game Xiao Yao Wen Dao (小妖问道) features meticulously customized promotions in localities and thematic packaging. Through collaboration with popular fantasy IPs such as Soul Land and A Record of a Mortal's Journey to Immortality, this game has contributed to cultural exchanges, achieved impressive market performance, and garnered positive feedback from international players. These have laid a solid foundation for the Company's expansion into overseas markets of casual incremental games.

3. Building a rich product pipeline for the global market

The Company focuses on its core gaming business. On one hand, it continuously expands the boundaries of self-development capabilities, actively expands into various categories, and develops products with a global perspective. It carefully works out details regarding gameplay design, art quality, music effects, etc., continues to invest in product iteration, user experience and other aspects, and has formed professional layouts in MMORPGs, strategy games and light games. Remaining "Dedicated to Making Premium Games", it has a strong pipeline of refined self-developed mobile games. On the other hand, based on its self-developed brands, the Company consistently prioritizes high-quality content as its strategic direction. Through multi-dimensional approaches such as investment empowerment and business support, the Company has carried out in-depth collaborations with reputable game developers such as EyuGame and Yanqu Network. This approach has allowed the Company to accumulate abundant external R&D reserves, which is conducive to its diversified arrangements for product supply. In terms of IP, the Company has secured adaptation rights for several IPs including Battle Through the Heavens (斗破苍穹), Lord of Mysteries (诡秘之主), and Soul Land (斗罗大陆), providing a richer content foundation for building a diversified product portfolio.



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The Company has built a portfolio of games across genres such as MMORPGs, strategy games, gacha games, and business simulation games. These games cover diverse themes, including western fantasy, oriental fantasy, Three Kingdoms, modern themes, and ancient themes. These include: the Chinese comic oriental fantasy MMORPG The Soul Land: Lie Hun Shi Jie (斗罗大陆: 猎魂世界), the Japanese Chibi-style MMORPG Code MLK (代号 MLK), the realistic Three Kingdoms SLG Code Zheng Qi SLG (代号正奇 SLG), the American cartoon-style survival SLG Code XSSLG (代号 XSSLG), the oriental fantasy SLG Code GMSLG (代号 GMSLG), the traditional Chinese ink painting-themed business simulation game Zhui Xu (赘婿), the oriental fantasy RPG Code Dou Po (代号斗破), and the oriental fantasy RPG Code Po Jian (代号破茧).



The Company is currently accelerating the release schedule of its reserved products, aiming to deliver a more diversified gaming experience for players. In early 2025, several titles including Shi Guang Da Bao Zha (时光大爆炸) and Ying Xiong Mei You Shan (英雄没有闪) were launched successively. Among them, Shi Guang Da Bao Zha (时光大爆炸) ranked fourth on the WeChat mini-game grossing chart, while Ying Xiong Mei You Shan (英雄没有闪) quickly entered the top five of the iOS grossing chart, and topped the WeChat mini-game grossing chart, demonstrating strong growth potential.

Looking ahead, certain key games in the pipeline are presented below:

Developer	Name of game	Game category, theme and style	Intended publishing area
Self-developed	The Soul Land: Lie Hun Shi Jie (斗罗大陆: 猎魂世界)	Chinese comic oriental fantasy MMORPG	Global
Self-developed	Lost Archive: Prologue (失落之门: 序章)	Western fantasy MMORPG	Global
Self-developed	Code MLK (代号 MLK)	Japanese Chibi-style MMORPG	Global
Self-developed	Code Zheng Qi SLG (代号正奇 SLG)	Realistic Three Kingdoms SLG	Global
Self-developed	Code M1 (代号 M1)	Casual game with European and American cartoon elements	Global
Self-developed	Code MR (代号 MR)	Chibi-style RPG	Global
Self-developed	Code DLXD (代号 DLXD)	Chibi-style fantasy RPG	Global
Self-developed	Code XSSLG (代号 XSSLG)	American cartoon survival SLG	Global
Self-developed	Code GMSLG (代号 GMSLG)	Oriental fantasy SLG	Global
Self-developed	Ji Su San Guo: Yi Miao Kai Zhan (极速三国: 一秒开战)	Three Kingdoms SLG	Overseas
Agency	Code Dou Po (代号斗破)	Oriental fantasy RPG	Domestic
Agency	Zhui Xu (赘婿)	Traditional Chinese ink painting-style business simulation game	Domestic
Agency	Shi Shi Da Lu (史诗大陆)	Western fantasy RPG	Domestic

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Agency	Battle of Chibi 2 (赤壁之战 2)	Three Kingdoms-themed SLG	Domestic
Agency	Si Ji Cheng Yu Duo Mi Nuo (四季城与多米糯)	Chibi-style fantasy business simulation game	Domestic
Agency	Code Po Jian (代号破茧)	Oriental fantasy RPG	Domestic
Agency	Dou Shou Zhan Chang (斗兽战场)	Giant-themed SLG	Domestic
Agency	Cong Qian You Zuo Shan (从前有座山)	Oriental fantasy MMORPG	Domestic
Agency	Code RS (代号 RS)	Realistic survival SLG	Overseas
Agency	Code AK (代号 AK)	Realistic microworld SLG	Overseas
Agency	Code AS (代号 AS)	Mechanized beast realistic SLG	Overseas
Agency	Shi Guang Da Bao Zha (时光大爆炸)	Oriental history-themed business simulation game	Overseas
Agency	Ragnarok: Back to Glory	Chibi-style Norse mythology MMORPG	Overseas
Agency	Seaside Resort: Match 3	Modern cartoon seaside resort-themed match-3 game	Overseas

4. Leveraging cutting-edge technological advantages and business applications

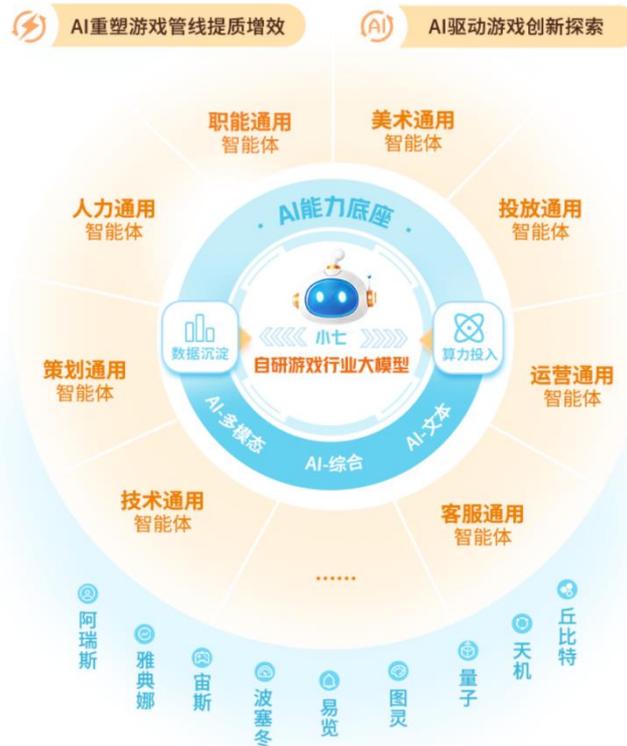
(1) Continuous upgrades to the AI capability system and the development of a comprehensive AI empowerment ecosystem based on a self-developed industry-specific large language model

As one of the earliest game companies in China to systematically adopt AI technologies, the Company places a high strategic emphasis on the deployment and application of big data and AI technologies. After years of technological accumulation and business practice, the Company has established an AI architecture centered on the **AI capability foundation**, which covers the **intelligent product layer** and **business application layer**, forming a full-link AI empowerment system for game R&D and operation. This system comprehensively enhances the industrialization level of the Company's game R&D and operation.

Building the AI capability foundation: Based on deep data accumulation from business scenarios and computility investment, the Company continuously conducts internal training and inference optimization on the massive, high-quality data accumulated over the years, independently developing the gaming-specific large language model "Xiao Qi". The Company, using "Xiao Qi" and incorporating an advanced external large language model cluster, has developed more than 40 AI capabilities. This AI capability foundation fully empowers various general and specialized systems across the Company, following the technology iteration path of chatbot/tool-copilot-agent-digital labor.

Upgrade of the intelligent product matrix: Based on the industry-specific large language model "Xiao Qi", the Company has comprehensively upgraded its existing intelligent products, including "Turing", "Quantum", "Destiny", "Yi Lan", and "Cupid", into more automated and intelligent AI agents. These upgrades span across business areas such as market analysis, product planning, art design, development assistance, advertising, operational analysis, intelligent customer service, and general office tasks. The upgraded AI agents can generate images, videos, and 3D materials that meet the Company's product needs, accurately support advertising campaigns, and perform excellently in code generation and text creation, thus fully empowering game R&D and operation.

三七互娱AI布局全链路



(2) AI reshapes the game pipeline for quality and efficiency enhancement across multiple dimensions

At the business application layer, the Company has leveraged AI technology to achieve intelligent production and application across various content formats, including AI-multimodal, AI-text, and AI-comprehensive categories. For example, in the publishing process, over 80% of the 2D art assets used by the Company are now generated using AI technology as a support. In terms of AI-3D generation, the Company was also an early adopter of tools and 3D model training, continuously increasing the proportion of AI-3D applications, with mature use of art assets such as characters and item models. AI-3D assisted asset generation accounts for more than 30%. In 2024, the effectiveness of AI-generated videos became evident, with more than 70% of the Company's in-game advertising videos involving AI in their generation. In addition, text-based scenarios such as AI customer service, AI translation, and AI code generation have shown continuous improvement, while comprehensive applications such as AI advertising and AI data analysis have also been gradually implemented.

In terms of R&D, AI algorithms have been employed to capture high-precision and high-performance motions, and the capture function for facial expressions has been introduced, addressing the pain points such as high costs and overly long periods typically identified with specialized traditional motion capture equipment. This has enhanced both R&D efficiency and quality. In terms of AI balance testing, many of our self-developed products such as *The Soul Land: Hun Shi Dui Jue* (斗罗大陆: 魂师对决), *Ba Ye* (霸业), *The Soul Land: Lie Hun Shi Jie* (斗罗大陆: 猎魂世界), and *Code MLK* (代号 MLK) have benefited from the AI-assisted stat balance testing function with improved training efficiency and access process, resulting in better player experiences and prolonged game life cycles. At the same time, the Company continues to research 2D art algorithms related to 2D visual effects style transfer and 2D animation asset generation to simplify 2D game development processes. AI Agents are also used to assist game planners in writing and skill design, thereby enhancing the effectiveness of gameplay design.

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In general office scenarios, the Company's AI assistant, based on the large language model of "Xiao Qi", is extensively applied in employees' daily work, comprehensively improving efficiency. This represents a new level of intelligent transformation in corporate operation.

As the Company continues to promote AI applications, AI reshapes the workflow of each business link and improves the level of automation. As AI technologies continue to deepen in business applications, the optimization and upgrading of all business pipelines have enabled teams to focus more on creativity and emotional expression. With the industry's ongoing technological iteration and innovation, the Company will continue to explore the implementation of advanced AI capabilities in reasoning and decision-making, providing deeper support and assistance for the efficient operation of all stages of game development and publishing.

(3) AI drives game innovations

Supporting Game Project Initiation: During the early stages of game project establishment and new version updates of operating products, the Company utilizes AI technology to assist in designing game characters, combat scenarios, and game items. This optimizes characters, gameplay environments, animation effects, and style testing outcomes, thereby enhancing the efficiency of project approval and version update processes.



Exploration of AI Full-Element Generated Games: The Company is currently developing an iterative version of a casual tile-matching game using reasoning large language models and generative multimodal models, of which the game plot, art, programming, music and other elements were completed by AI. On top of the original full-element AI generation, this new version adds functionality that allows real-time content generation based on user preferences, thereby creating a non-linear gaming experience. Just as users receive different video recommendations when browsing short videos, each player in this mode can experience a personalized story progression, realizing a "one player, one narrative" model. The Company continues to improve and optimize this innovative exploration of "AI+game", aiming to integrate multimodal content generation, data algorithm models and game development to improve R&D efficiency. At the same time, relying on AI generation and personalized recommendations, it accurately grasps user needs, provides a new interactive experience, and builds key technology reserves for commercial products in the future.

Development of a General AI Solution for In-Game Housing Systems: The Company is continuously integrating technologies such as large language models, AI voice, and AI motion capture to develop intelligent NPC systems and AI-powered in-game housing systems. It is exploring the convergence of games with UGC content creation, aiming to enable NPCs to perform autonomous behaviors based on compound reasoning, and to provide players with emotional companionship and personalized interactive experiences. Players can enjoy character development, story and scene design, item creation, and other innovative social interaction experiences within increasingly enriched housing systems, laying a technological foundation for more diverse and personalized gameplay in the future.

The Company is actively exploring innovative applications of AI in gaming. At present, it continues to accumulate technological reserves for future AI game products through technological verification and capability accumulation, while building

a capability foundation for the implementation of commercial products in the future. Under the premise of ensured technological feasibility, it explores paths for deep integration between AI and game content, and focuses on the potential of AI in enhancing gameplay and interactive experience, with the aim of delivering more immersive and personalized gaming experiences to users.

5. Empowering business innovation and sustainable development through investment

Benefiting from our pioneering strides in the exploration of AI applications, we have remained open-minded about transformations in industry technologies and ecosystems. Marching forwards steadily and surely, we have insisted on a progressive layout of AI applications and continuously iterated and optimized innovative tools in better alignment with the Company's business development requirements. Furthermore, taking into consideration the requirements of each business process, we have been exploring the in-depth integration of advanced technologies and business.

In recent years, the global AI technology sector has entered a new stage of development. Riding the technological transformation trend, the Company advances both independent exploration and internal development. Meanwhile, the Company focuses its investment arrangements in such areas as foundational large language models, AIGC, AI application, AI computility, XR, and interactive sensors. This approach helps the Company capture innovation opportunities for cutting-edge technologies and promote collaboration and connection between its investment activities and principal business.

The Company invests in large language models and application layers and continually explores the applicability of these models and AI technologies to the Company's R&D line. Specifically, the Company has, directly or indirectly, invested in leading companies such as Zhipu AI, Baichuan AI, Moonshot AI, aiXcoder, DeepLang AI, Yahaha, Studio 51, and DeepMirror Technology. Supported by foundational large language models, the Company strives to unlock the potential of AIGC to empower diverse vertical scenarios. Furthermore, the Company is actively building an industrial chain of "AI + computility". To this end, it has invested in firms such as iStar, CIX, Tingyu Tech, Huixi, HYQ, and Eeasy Tech. These investments aim to build an integrated industrial chain, linking computility infrastructure, large language model algorithms, and AI applications.

The Company continuously monitors hardware and technological advancements, with a strong focus on hard & core technology, and emphasizes business synergy. It has invested in cultural, entertainment, and high-tech sectors, such as computility, optical displays, extended reality ("XR") devices, cultural and entertainment content, semiconductors and materials, spatial computing engines, AI, new sensing technology, and AIGC-based social platforms for games. The Company's goal is to empower innovative and sustainable business growth through investments, thereby forging new competitive edges in the industry.

(II) The Company's principal operations and business models

The Company is principally engaged in the development, publishing, and operation of online games (mostly mobile and browser games). The business models of the Company's online games mainly include independent operation and third-party joint operation.

Under the independent operation mode, the Company obtains the licenses of games through independent R&D or being an operator of other games, and publishes and operates these products through its own or third-party channels. The Company is fully responsible for the operation, promotion and maintenance of the games; providing unified management services for online promotion, online customer service and top-up payment; and updating games along with game developers based on the real-time feedback of users and games.

Under the third-party joint operation mode, the Company cooperates with one or more game operators or game application platforms to jointly operate games. And the aforesaid parties are responsible for the management of their own channels, including operation, promotion, the recharge and charge system, while the Company provides technical support services along with game developers.

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(III) The Company's presence on the market and primary growth drivers

Focusing on cultural and creative businesses based on the development, publishing, and operation of online games, the Company is an excellent comprehensive entertainment provider in China's A-stock market. It is a Top 20 Global Public Game Company, Key Cultural Export Company of China, Civilized Institution in Guangdong Province, and Top 30 Cultural Enterprise of Guangzhou, and MSCI ESG AA-rated company, among others. With "bringing joy to the world" as its mission, the Company is dedicated to becoming an excellent and sustainable entertainment provider.

The Company has been steadily advancing with the development strategy of "boutiqueization, diversification and globalization", and promoting high-quality and sustainable development.

III Core Competitiveness Analysis

1. Forging ahead with determination, the team has seized market opportunities swiftly

The Company has been deeply engaged in the cultural and creative industry for many years. Its core management team is deeply involved in the front line of business, working hard together with all the employees. Always upholding the spirit of marathon-like perseverance, the Company has been forging ahead with breakthroughs, as well as pursuing better financial results and faster growth while maintaining sound operation. Over the years, the Company has demonstrated keen market insight, seizing emerging opportunities in the industry through a robust team of skilled professionals and scientific management mechanisms. Anticipating the "shift from web games to mobile games" in its early stages, the Company spearheaded overseas market penetration over a decade ago. Presently, we remain aligned with the trend towards mini-games. Navigating numerous industry transitions, we have achieved sustained growth. Throughout the development, the Company has consistently emphasized talent cultivation and team building. The Company has built a high-caliber talent pool. Through a scientific talent promotion mechanism, remuneration management system, and performance incentive scheme, the Company inspires employee motivation and creativity. With "bringing joy to the world" as its mission, the Company is advancing towards the vision of "becoming an excellent and sustainable entertainment provider".

2. Strengths in the integration of R&D and operation have been consolidated, enriching the product portfolio

The Company has continuously advanced its strategy of "integration of R&D and operation", deepened its diversified product portfolio, and established a robust and efficient multidimensional product supply system. First, the Company has consistently pushed back the boundaries of its self-development capabilities, delved into core product categories, and adopted a global perspective to create a central supply layer with self-developed products at the core. Second, through investment empowerment and business support, the Company has fostered deeper partnerships with numerous high-quality developers both domestically and internationally, continuously accumulating deeply customized premium products. Third, by collaborating with long-term and stable developers, the Company has further refined its product offerings. Under this supply system, the Company has built a robust product supply chain, continuously enriched the portfolio of high-quality products and drove steady business growth.

With the "integration of R&D and operation" model, the Company can fully combine its strengths in product R&D and operation. This, on the one hand, facilitates a deeper understanding of the market and user demands by the R&D team, thereby increasing the success rate of products under development. On the other, through close collaboration between R&D and operations teams, the Company can optimize the updates and promotions of already launched products, thus effectively achieving long-term operation and prolonging product life cycles.

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3. Publishing capabilities have been continuously iterated to facilitate long-term operation from a global perspective

In response to the ever-evolving global gaming market, the Company adheres to a strategy of “tailored games” for overseas users with diverse cultural backgrounds, gaming preferences and payment habits. Tailored promotion and operation strategies are adopted for different countries, regions and game types. The Company focuses on publishing different genres of games in different regions, and localizes game content and promotional materials to reflect the cultural characteristics of each region. Over the years, the Company's publishing team has successfully launched numerous quality games across diverse genres and themes in global markets. During this journey, we have kept abreast of the latest market trends, and accordingly, innovated our marketing strategies. By employing various creative marketing strategies, such as collaboration with renowned IP, celebrity endorsements, and immersive storytelling, we have established a long-term ecosystem revolving around user interactions, thus fortifying robust publishing barriers and facilitating the long-term operation of multiple products.

4. Technology-driven innovation and breakthroughs to embrace industry transformation

As one of the earliest gaming enterprises in China to systematically adopt AI, the Company prioritizes innovation and fosters an open and inclusive environment for knowledge exchange. By deeply integrating big data and AI technologies into its business operations, the Company has empowered all aspects of the value chain—from product development and content production to publishing, operation and asset accumulation. Over the years, it has accumulated vast amounts of data and technological advantages, continuously iterating and optimizing its full-cycle digital intelligent products, upgrading its game industrialization pipeline, and enhancing R&D and operational efficiency. In addition, through strategic investment in technology, the Company is gradually establishing a presence across the industry chain spanning computing infrastructure, large language model algorithms, and AI applications. This enables resource sharing and the leveraging of complementary strengths, allowing the Company to stay at the forefront of technological advancement and build a win-win ecosystem.

IV Analysis of Principal Operations

1. Overview

See “II Principal Operations of the Company in the Reporting Period” above.

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2024		2023		Change (%)
	Amount	As % of operating revenue (%)	Amount	As % of operating revenue (%)	
Total operating revenue	17,440,957,495.58	100%	16,546,871,737.85	100%	5.40%
By operating division					
Online games	17,292,612,326.74	99.15%	16,395,640,117.42	99.09%	5.47%
Others	148,345,168.84	0.85%	151,231,620.43	0.91%	-1.91%
By product category					
Mobile games	16,882,137,496.98	96.80%	15,898,475,091.13	96.09%	6.19%
Browser games	410,474,829.76	2.35%	497,165,026.29	3.00%	-17.44%

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Others	148,345,168.84	0.85%	151,231,620.43	0.91%	-1.91%
By operating segment					
Domestic	11,719,192,858.18	67.19%	10,739,497,361.46	64.90%	9.12%
Overseas	5,721,764,637.40	32.81%	5,807,374,376.39	35.10%	-1.47%
By marketing model					
Independent operation	15,602,811,026.98	89.46%	14,691,612,109.38	88.79%	6.20%
Joint operation and others	1,838,146,468.60	10.54%	1,855,259,628.47	11.21%	-0.92%

Unit: RMB

	2024				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating revenue	4,750,141,063.60	4,481,828,025.84	4,107,396,586.92	4,101,591,819.22	3,764,728,286.75	3,995,845,600.54	4,282,389,285.62	4,503,908,564.94
Net profit attributable to the Listed Company's shareholders	616,151,756.28	648,481,822.67	632,833,102.61	775,554,645.74	774,563,286.72	451,498,048.35	966,242,525.44	466,266,332.93

Reasons for business seasonality (or periodicity) and risk of fluctuations:

There is no significant seasonality or periodicity in the operations of the Company.

(2) Operating Division, Product Category, Operating Segment and Marketing Model Contributing over 10% of Operating Revenue or Operating Profit

Applicable Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Online games	17,292,612,326.74	3,614,006,305.99	79.10%	5.47%	7.22%	-0.34%
By product category						
Mobile games	16,882,137,496.98	3,382,546,583.63	79.96%	6.19%	4.99%	0.22%
Browser games	410,474,829.76	231,459,722.36	43.61%	-17.44%	55.31%	-26.41%
By operating segment						
Domestic	11,719,192,858.18	2,269,641,380.99	80.63%	9.12%	26.86%	-2.71%
Overseas	5,721,764,637.40	1,456,907,403.99	74.54%	-1.47%	-9.08%	2.13%

Core business data restated according to the changed methods of measurement that occurred in the Reporting Period:

Applicable Not applicable

(3) Whether Revenue from Physical Sales Is Higher than Service Revenue

Yes No

(4) Execution Progress of Major Signed Sales and Purchase Contracts in the Reporting Period

Applicable Not applicable

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(5) Breakdown of Cost of Sales

By operating division

Unit: RMB

Operating division	Items	2024		2023		Change (%)
		Amount	As % of cost of sales	Amount	As % of cost of sales	
Online games	Royalties	3,262,957,661.43	87.56%	3,046,472,983.28	89.82%	7.11%
	Cost of servers	246,798,060.99	6.62%	209,070,747.64	6.16%	18.05%
	Amortization of copyright money	101,158,538.33	2.71%	106,404,582.53	3.14%	-4.93%
	Other costs	3,092,045.24	0.08%	8,782,892.65	0.26%	-64.79%
Other	Agency promotion cost	79,762,710.53	2.14%	0.00	0.00%	100.00%
	Other costs	32,779,768.46	0.89%	20,849,373.22	0.62%	57.22%
Total		3,726,548,784.98	100.00%	3,391,580,579.32	100.00%	9.88%

Note:

Other costs are mainly agency promotion costs, labor costs and technical service charges.

Breakdown of the cost of sales for the principal operations:

Unit: RMB

Breakdown of cost	2024		2023		Change (%)
	Amount	As % of cost of sales	Amount	As % of cost of sales	
Royalties	3,263,056,877.78	87.56%	3,046,472,983.28	89.82%	7.11%
Cost of servers	248,810,685.72	6.68%	210,656,293.98	6.21%	18.11%
Amortization of copyright money	101,196,386.86	2.72%	106,404,582.53	3.14%	-4.89%
Other costs	113,484,834.62	3.04%	28,046,719.53	0.83%	304.63%
Total	3,726,548,784.98	100.00%	3,391,580,579.32	100.00%	9.88%

(6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

Yes No

For details, see Note IX Changes in the Scope of Consolidated Financial Statements in Part X.

(7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable Not applicable

(8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	6,618,695,108.72
Total sales to top five customers as a % of total sales of the Reporting Period (%)	37.96%
Total sales to related parties among top five customers as a % of total sales of the Reporting Period (%)	0.00%

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Top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As a % of total sales revenue (%)
1	Customer A	2,120,173,575.97	12.16%
2	Customer B	2,025,786,909.08	11.62%
3	Customer C	1,890,574,419.09	10.84%
4	Customer D	405,012,846.96	2.32%
5	Customer E	177,147,357.62	1.02%
Total	--	6,618,695,108.72	37.96%

Other information about major customers:

Applicable Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	2,728,447,203.72
Total purchases from top five suppliers as a % of total purchases of the Reporting Period (%)	73.22%
Total purchases from related parties among top five suppliers as a % of total purchases of the Reporting Period (%)	0.00%

Top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As a % of total purchases (%)
1	Supplier A	1,189,572,972.25	31.92%
2	Supplier B	1,055,017,515.70	28.31%
3	Supplier C	187,868,069.17	5.04%
4	Supplier D	170,890,993.23	4.59%
5	Supplier E	125,097,653.37	3.36%
Total	--	2,728,447,203.72	73.22%

Other information about major suppliers:

Applicable Not applicable

3. Expenses

Unit: RMB

	2024	2023	Change (%)	Main reason for change
Distribution and selling expenses	9,712,300,686.99	9,090,808,791.22	6.84%	
General and administrative expenses	515,515,048.85	592,119,581.61	-12.94%	As the Company's operating results failed to meet the appraisal indicators in the third appraisal period of the Fourth Employee Stock Ownership Plan during the Reporting Period, the share-based payments recognized for 2022 and 2023 were reversed in full.
Financial expenses	-161,323,359.39	-221,476,247.52	27.16%	Due to the decreased deposits and interest rate, interest income from deposits decreased during the Reporting Period compared with last year.
Research and development expenses	646,356,784.55	713,563,181.73	-9.42%	As the Company's operating results failed to meet the appraisal indicators in the third appraisal period of the Fourth Employee Stock Ownership Plan during the Reporting Period, the share-based payments recognized for 2022 and 2023 were reversed in full.

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4. R&D Investments

Applicable Not applicable

Major R&D project	Purpose	Progress	Specific objectives	Expected impact on the Company
The Soul Land: Lie Hun Shi Jie (斗罗大陆: 猎魂世界)	To enrich the product matrix and improve product competitiveness	Under development	To become a high-quality MMO game of a Chinese comic oriental fantasy style	To further enhance the R&D capacity, strengthen the capability to develop quality games, and enrich the diversified product portfolio
Lost Archive: Prologue (失落之门: 序章)			To become a benchmark game with Western magic realism and next-generation quality	
Code MLK (代号 MLK)			To become a high-quality MMO game of a Japanese Chibi style	
Code Zheng Qi SLG (代号 正奇 SLG)			To become a high-quality SLG game of a realistic Three Kingdoms style	
Code M1 (代号 M1)			To become a high-quality casual game of a western cartoon style	
Code MR (代号 MR)			To become a high-quality RPG game of a Chibi survival theme	
Code DLXD (代号 DLXD)			To become a high-quality RPG game of a Chibi fantasy style	

Details about R&D personnel:

	2024	2023	Change (%)
Number of R&D personnel	1,318	1,471	-10.40%
R&D personnel as % of total employees	40.57%	42.67%	-2.10%
Educational background of R&D personnel			
Bachelor's degree	1,000	1,108	-9.75%
Master's degree	83	71	16.90%
Junior college and below	235	292	-19.52%
Age structure of R&D personnel			
Below 30	658	831	-20.82%
30-40	641	625	2.56%
Over 40	19	15	26.67%

Details about R&D investments:

	2024	2023	Change (%)
R&D investments (RMB)	646,356,784.55	713,563,181.73	-9.42%
R&D investments as % of operating revenue	3.71%	4.31%	-0.60%
Capitalized R&D investments (RMB)	0.00	0.00	0.00%
Capitalized R&D investments as % of total R&D investments	0.00%	0.00%	0.00%

Reasons for any significant change in the composition of R&D personnel and the impact:

Applicable Not applicable

Reasons for any significant YoY change in the percentage of R&D investments in operating revenue:

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Applicable Not applicable

Reason for any sharp variation in the percentage of capitalized R&D investments and rationale:

Applicable Not applicable

5. Cash Flows

Unit: RMB

Items	2024	2023	Change (%)
Sub-total of cash inflows from operating activities	18,271,611,622.68	17,171,716,871.55	6.41%
Sub-total of cash outflows used in operating activities	15,273,628,939.95	14,024,679,535.09	8.91%
Net cash flows from operating activities	2,997,982,682.73	3,147,037,336.46	-4.74%
Sub-total of cash inflows from investing activities	17,042,752,562.48	13,847,650,873.38	23.07%
Sub-total of cash outflows used in investing activities	20,450,949,186.60	15,293,575,099.80	33.72%
Net cash flows from investing activities	-3,408,196,624.12	-1,445,924,226.42	-135.71%
Sub-total of cash inflows from financing activities	5,230,305,900.00	3,267,000,000.00	60.10%
Sub-total of cash outflows used in financing activities	6,022,978,802.14	5,553,398,865.79	8.46%
Net cash flows from financing activities	-792,672,902.14	-2,286,398,865.79	65.33%
Net increase in cash and cash equivalents	-1,199,975,466.22	-574,990,372.12	-108.69%

Explanation of why any of the data above varies significantly on a year-over-year basis:

Applicable Not applicable

1. Net cash flows from investing activities decreased 135.71% YoY, primarily driven by the increased net cash outflows used in the purchase and recovery of financial management products and term deposits during the Reporting Period.

2. Net cash flows from financing activities increased 65.33% YoY, primarily driven by the decreased cash outflows of financial management products and term deposits used as pledges for bank loans during the Reporting Period.

Explanation of why the net cash flows from operating activities varied significantly from the net profit of the Reporting Period:

Applicable Not applicable

The net cash flows from operating activities varied from the net profit of the Reporting Period primarily because items of asset impairment allowances, asset depreciation and amortization, deferred income tax expense, gain on changes in fair value, investment income, etc. did not affect cash flows from operating activities but did affect net profit, and there were movements in trade receivables and payables. For further information, see "57. Supplementary information for the cash flow statement" in Note VII of Part X.

V Analysis of Non-principal Operations

Applicable Not applicable

Unit: RMB

	Amount	As % of profit before	Reason/source	Recurrent or not
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		income tax expenses		
Investment income	111,101,221.06	3.60%	Mainly due to dividends during the period of holding equity investments, gains on investments from disposal of equity investments, and financial management products	No
Gain/loss on changes in fair value	-31,087,890.91	-1.01%	Mainly due to changes in fair value of equity investments and financial management products	No
Impairment loss on assets	-35,464,905.71	-1.15%	Mainly due to impairment losses on long-term equity investments and credit risks	Impairment losses on long-term equity investments are not recurrent, while impairment losses on credit risks are recurrent
Non-operating income	4,377,488.74	0.14%	Mainly due to compensation income for breach of contract	No
Non-operating expenses	6,589,589.85	0.21%	Mainly due to expenditures on donations and compensation	No
Other income	88,261,430.73	2.86%	Mainly due to refund of VAT, refund of handling fee for personal income tax, and other government grants that are related to normal business operations	Refund of VAT is recurrent while other government grants are not.

VI Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	31 December 2024		1 January 2024		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary funds	5,058,893,098.76	25.83%	6,176,992,875.55	32.28%	-6.45%	Mainly due to the increased net cash outflows used in investing activities such as the purchase and recovery of financial management products and term deposits, as well as external equity investments during the Reporting Period
Accounts receivable	1,212,667,677.20	6.19%	1,479,267,695.67	7.73%	-1.54%	No significant change
Investment properties	689,233,033.12	3.52%		0.00%	3.52%	This is mainly because the Company's global headquarters was completed and put into use during the Reporting Period. To reactivating existing assets and

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						improve operating efficiency, the purpose of the old office building has been changed to rental or sale.
Long-term equity investments	446,322,435.18	2.28%	520,735,613.55	2.72%	-0.44%	No significant change
Fixed assets	1,076,644,793.81	5.50%	823,508,284.60	4.30%	1.20%	No significant change occurred to this item as a percentage of total assets, while the ending balance was higher than the beginning balance mainly because during the Reporting Period, the Company's global headquarters was completed and transferred to fixed assets; and based on an operating decision to optimize the asset structure, the office space for self-use formerly reported under fixed assets was re-purposed to rental or sale, which was reclassified to investment properties.
Construction in progress			534,491,192.20	2.79%	-2.79%	Mainly because the Company's global headquarters was completed and transferred to fixed assets during the Reporting Period
Right-of-use assets	6,566,577.29	0.03%	16,622,471.20	0.09%	-0.06%	No significant change occurred to this item as a percentage of total assets, while the ending balance was lower than the beginning balance mainly due to the depreciation provisions during the Reporting Period.
Short-term loans	2,653,781,111.11	13.55%	1,554,577,083.34	8.12%	5.43%	Mainly due to the increased note financings and bank loans during the Reporting Period
Contract liabilities	244,227,089.06	1.25%	280,023,602.87	1.46%	-0.21%	No significant change
Long-term loans		0.00%	306,000,000.00	1.60%	-1.60%	Mainly due to the repayment for bank loans during the Reporting Period
Lease liabilities	1,528,614.88	0.01%	3,944,589.05	0.02%	-0.01%	No significant change occurred to this item as a percentage of total assets, while the ending balance was lower than the beginning balance mainly due to the decreased lease payables as a result of rental payments made during the Reporting Period.
Trading financial assets	2,249,440,497.59	11.49%	2,024,681,502.03	10.58%	0.91%	No significant change
Prepayments	729,588,626.88	3.73%	1,143,237,497.90	5.97%	-2.24%	Mainly due to the increased prepayments for Internet traffic charges as a result of the launch of

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						new games such as Ling Hun Xu Zhang (灵魂序章) at the end of last year
Other non-current financial assets	1,037,418,816.34	5.30%	825,660,687.40	4.32%	0.98%	No significant change occurred to this item as a percentage of total assets, while the ending balance was higher than the beginning balance mainly due to the additional equity investments during the Reporting Period.
Intangible assets	1,888,794,105.85	9.65%	1,040,204,870.96	5.44%	4.21%	Mainly due to the land lot purchased by the Company last year being recognized as land use rights in the current year for reason of the receipt of the immovable property certificate
Goodwill	1,578,065,048.53	8.06%	1,578,065,048.53	8.25%	-0.19%	No significant change
Other non-current assets	2,195,871,744.13	11.21%	2,280,577,680.43	11.92%	-0.71%	No significant change occurred to this item as a percentage of total assets. The ending balance mainly included term deposits due in over one year and certificates of deposit. The beginning balance included RMB1,353 million of term deposits due in over one year and certificates of deposit, as well as RMB927 million of the newly acquired land with pending immovable property certificate. The said land was recognized as land use rights in the current year for reason of the receipt of the immovable property certificate
Accounts payable	1,667,812,211.58	8.52%	1,825,714,480.74	9.54%	-1.02%	No significant change
Notes payable	1,044,500,000.00	5.33%	1,087,000,000.00	5.68%	-0.35%	No significant change

Indicate whether overseas assets account for a higher percentage of total assets.

Applicable Not applicable

Asset	Source	Asset value (RMB)	Location	Management model	Control measures to protect asset safety	Return generated (RMB)	As % of the Company's equity	Material impairment risk or not
Other equity assets	Investments in overseas companies	515,200,548.20	Hong Kong in China, etc.		A sound business supervision mechanism and a sound risk control mechanism have been put in place	-10,070,868.15	3.99%	No
Monetary funds	Income from investments and operations	2,150,880,265.15	Hong Kong in China, Singapore, etc.		A sound business supervision mechanism and a sound risk control mechanism have been put in place		16.65%	No

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2. Assets and Liabilities at Fair Value

Applicable Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes through equity	Impairment allowance made in the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
1. Trading financial assets (exclusive of derivative financial assets)	2,024,681,502.03	3,282,893.87			10,712,508,425.27	10,493,279,388.08	2,247,064.50	2,249,440,497.59
4. Other equity investments	247,132,794.34		246,964,086.23			100,122.00	637,150.34	217,022,972.20
5. Other non-current financial assets	825,660,687.40	25,405,784.90			318,928,256.00	84,713,010.14	2,948,667.98	1,037,418,816.34
Subtotal of financial assets	3,097,474,983.77	22,122,891.03	246,964,086.23		11,031,436,681.27	10,578,092,520.22	5,832,882.82	3,503,882,286.13
Total of the above	3,097,474,983.77	22,122,891.03	246,964,086.23		11,031,436,681.27	10,578,092,520.22	5,832,882.82	3,503,882,286.13
Financial liabilities	74,311.41	8,964,999.88				295,426.44	-188.25	8,743,696.60

Contents of other changes:

Other changes were incurred by exchange rate fluctuations, etc.

Significant changes to the measurement attributes of the major assets in the Reporting Period:

Yes No

3. Restricted Asset Rights as at the End of the Reporting Period

Item	Ending carrying amount (RMB)	Reason for restriction
Monetary funds	6,500,461.77	Money frozen by bank and security deposits
Monetary funds	1,628,364,378.79	Principals and interest of term deposits with a maturity within one year as pledges
Non-current assets due within one year	448,100,530.82	Principals and interest of term deposits with a maturity of over one year (due in 2025) as pledges
Other non-current assets	821,776,423.21	Principals and interest of term deposits with a maturity of over one year as pledges
Total	2,904,741,794.59	

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VII Principal Subsidiaries and Joint Stock Companies

Applicable Not applicable

Principal subsidiaries and joint stock companies with an over 10% effect on the Company's net profit:

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Anhui 37 Jiyu Network Technology Co., Ltd.	Subsidiary	Development of mobile and browser games	6,250,000.00	2,221,288,425.64	1,614,040,919.17	1,787,531,959.38	945,507,564.42	900,580,708.46
37 Interactive Entertainment (Shanghai) Technology Co., Ltd.	Subsidiary	Publishing and operation of mobile games	10,000,000.00	15,059,015,916.16	5,759,186,776.87	17,459,877,459.34	2,194,542,937.08	1,794,314,761.98

Subsidiaries obtained or disposed of in the Reporting Period:

Applicable Not applicable

Name of subsidiary	How it was obtained or disposed of	Effects on the overall operations and performance
Guangzhou Ban Tang Jia Bing Network Co., Ltd.	Transfer	No material effects on the overall operations and performance of the Company
Shanghai Tingxiong Network Technology Co., Ltd.	Acquisition in cash	In line with the Company's strategic planning and helpful for its business development
Guangdong Qianxing Zhiqing Venture Capital Partnership (L.P.)	Entering into partnership	In line with the Company's strategic planning and helpful for its business development

Other information on principal subsidiaries and joint stock companies:

N/A

VIII Prospects

(I) Industry landscape and trends

After years of development, the current game industry is in a period of historical change from high-speed growth to high-quality development.

On the one hand, China's innovation capacity of developing original game products is generally enhanced. Types of game products will be expanded towards multiple directions, high-quality works focus on long-term development, and the game industry is embracing more and more quality products. Concurrently, breakthroughs in key technologies such as AI have presented the industry with fresh opportunities, not only leading to breakthroughs in game technologies but also offering new ways to demonstrate the fulfilment of social benefits and corporate responsibilities through "Games+" cross-sector empowerment.

On the other hand, the pace of China's game industry going overseas has accelerated, and game enterprises continue to take the global publishing strategy, opening up diversified development paths with refined operation and localized marketing. The number of countries and regions playing China's games has soared, and the international competitiveness has been strengthened day by day. Games going overseas has become an important way to boost the "going global" of Chinese culture, and the international influence of Chinese culture and Chinese elements has been continuously improved. In this sense, the game industry is making remarkable contributions to the inheritance and promotion of the traditional Chinese culture and the telling of China's stories to the rest of the world.

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(II) Development strategy and business plan of the Company

Based on the current industry pattern and development trend, the Company will continue to steadily take the development strategy of "boutiqueization, diversification, and globalization", continuously improve the operation quality, and practice the socialist core values. With "bringing joy to the world" as its mission, the Company is dedicated to becoming an excellent and sustainable entertainment enterprise, which will continue to provide high-quality and healthy entertainment products for the public.

1. Effectively enhance self-development capacity and expand the diversified product matrix

In the future, the Company will continue to scale up R&D, pay attention to the cultivation of R&D talents, deepen the core advantages of "boutiqueization", and give full play to the strategic advantages of "integration of R&D and operation". With an inheritable and iterative R&D system, it will build a pipeline for the development of next-generation games, empower product development with innovative technologies, and enhance industrialization of research findings. Also, it will break through the ceiling of self-research ability, and carry out diversified layout on the product supply side through rich self-research and external R&D reserves to bring more high-quality games to players.

2. Expand the advantages of overseas business and help spread Chinese culture

Since 2012, the Company has begun to lay emphasis on overseas markets. With the accumulation of many years of experience of overseas business, the Company has achieved remarkable results in the globalization of its business. In the future, the Company will strengthen its pace of "Going Global", give further play to the first mover advantage in the overseas market, accelerate overseas business development, and continuously integrate Chinese excellent traditional culture in game themes, content gameplay and promotion materials. Deeply integrating high-quality games with Chinese traditional culture, the Company will continue to arouse foreign players' interest in experiencing and exploring Chinese culture from the game, and launch more excellent works with Chinese characteristics, reflecting Chinese spirit and containing Chinese wisdom.

3. Continuously ignite talent vitality to erect a strong talent fortress

Talent stands as the core driver of enterprise progress. The Company is committed to igniting talent vitality and identifying organizational prospects, establishing a unique talent development paradigm, and consistently building the Company's talent fortress. Through multidimensional measures such as safeguarding employee rights, ensuring comprehensive welfare and healthcare benefits, fostering diversity, equality, and inclusivity, and incentivizing employee growth, the Company has supported the retention and sustainable development of innovative talent. Introducing diverse initiatives, including core sequence and pivotal role recognition, capability enhancement, promotion incentives, and talent development challenge initiatives, the Company has actively propelled the transition of the talent structure's focus towards individuals in core roles or exhibiting great potential, offering talent wider ways to growth and diverse organizational opportunities. This ongoing endeavor is aimed at propelling the trend towards young talent and elites and establishing a healthy and reasonable talent pool. In the future, the Company will continually optimize its talent cultivation system and development model to adeptly navigate market challenges and facilitate business growth, thus driving the growth of both the Company and its employees.

4. Focus on the leading business forms in the industry and strengthen AI application

The Company will remain dedicated to its dual identity as both a technology-driven Internet enterprise and a social entertainment service provider. Grounded in an ecosystem of high-quality content, the Company will strive to enhance the national fundamental innovation capabilities and accumulate cutting-edge technologies. The ultimate goal is to support talent development using innovation and utilize technology for the betterment of society.

The Company has continuously refined the layout of entertainment technology ecosystem and actively embraced industrial

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transformations brought about by the rapid advancement of technologies such as AI. Through independent incubation and external investments, the Company has explored the in-depth integration of AIGC technology with business and seized opportunities presented by technological innovation. In combination with its business requirements, the Company has consistently iterated and optimized its self-developed digitalized and intelligent products and developed AI tools tailored to its game business procedures, thereby covering more business scenarios and achieving higher efficiency and better quality. Furthermore, we have relentlessly explored AI's potential for optimizing game content and user experiences. In the future, the Company will continue to conduct external exploration and internal breakthrough based on the existing principal business, core R&D capability and industrial ecological layout, focusing on the integration of emerging technologies and industries, and will capitalize on opportunities arising from industrial transformation.

5. Earnestly shoulder its own responsibilities and achieve long-term, healthy and sustainable development

The Company always adheres to the unity of economic and social benefits. The Company abides by the bottom line of compliance, establishes an all-round content audit mechanism, actively responds to and strictly implements the relevant policies, requirements and rules and regulations of the industry, and continuously takes actions in the direction of juvenile protection, information security, user personal privacy protection, ecological governance of network information content, cultural inheritance and dissemination. At the same time, the Company continues to increase investment in scientific and technological innovation, rural revitalization, rural assistance, industry-university-research training, functional game development, employee development plan and other directions, so as to firmly shoulder its social responsibilities. Going forward, the Company will continue to stick to its content baseline, further give play to its advantages, serve society with its professional ability, practice corporate social responsibilities, and share the development achievements with society to the greatest extent.

(III) Possible Risks and Countermeasures

1. Changes in industry policies, risks of violation and countermeasures

In recent years, the authority in charge has attached great importance to the development of game industry, made a series of major decisions and arrangements and issued a series of policies and regulations to guide the industry to develop in a standardized and healthy way. For example, clear new standards and requirements have been put forward for protection of minors and anti-addiction of online games. Further strict management measures have been taken to promote standardized management of game industry. At the same time, information security and protection of users' privacy have drawn much attention from the society. In the long term, the regulation of the online game industry is becoming more and more standardized, which is conducive to the healthy development of the industry. The enterprises with standardized operation will benefit from it. However, in the future, if the Company fails to make corresponding adjustments timely in accordance with changes in industry policies or has a deviation in understanding management regulations in its operation, there may be a risk that the Company will be punished by relevant departments or the works will not go online as planned, which will have a significant negative impact on the Company's business development and brand image. In this regard, the Company will strictly abide by various industry policies, rules and regulations, actively implement relevant requirements for industry development, establish an internal sound quality management and control mechanism, strengthen industry policy risk management capability, and fully reduce and avoid the business risks caused by changes in industry policies.

2. Market competition risks and countermeasures

The online game industry is facing increasingly fierce competition as it gradually matures. At the same time, online game users are maturing with higher quality demand for game products. The industry is characteristic of fast product transition, limited product life cycle and volatile player preferences, among others. Intense market competition will challenge the Company's development in terms of products and market channels.

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In response, the Company will continue to implement the strategy of "boutiqueization, diversification and globalization". On the one hand, it will strengthen its core competitiveness of its own business, pay continuous attention to self-research investment, carry out R&D and innovation in product creativity, gameplay, theme, art and technology, and keep up with industry technology development trend; at the same time, it will maintain close cooperation with excellent developers to guarantee the supply of quality products, and continue to expand game categories through independently-developed and agency games to deepen the competitive edge of "integration of R&D and operation". Meanwhile, the Company will speed up the pace of exporting, give full play to the edges of it in overseas markets, face diversified operations of overseas markets, deepen the cultivation of key markets, and broaden the categories of games and increase market share. In addition, the Company will dig deeper into operational data, and timely adjust operational and R&D strategies, to meet the core demands of users, further play the role of new ideas of digital marketing operation, deepen the business strategy of multi-channel marketing and long-term service, and continuously enhance core competitiveness in the market.

Facing the current industrial competition pattern, the top-performing enterprise has obvious edges in technology R&D ability, channel operation ability, product promotion ability, user scale and market share. The Company will continue to consolidate and cement its competitive edges, actively respond to changes in the industry, reduce market competition risks and seize market opportunities.

3. Risks of core personnel turnover and countermeasures

A stable and high-quality talent team is an important guarantee for the Company to maintain its core competitive advantage. If the Company fails to effectively build a core talent team, give reasonable incentives and manages the core personnel, the employees' enthusiasm and creativity will be affected, which will have an adverse impact on the Company's core competitiveness.

In response, much attention has been attached to cultivation and acquisition of professional talents. The Company creatively builds a platform-based talent management mechanism, according to which excellent game producers are rewarded with project bonus, and given discretion of research and project concept creation. In order to attract and retain outstanding management talents and business elites, the Company has reformed the project mechanism, shortened the review cycle and established diversified objectives, so as to stimulate the innovative vitality of employees. In terms of employee performance management, the Company has set up diversified KPIs based on employees' contribution and ability, as well as reasonable team objectives and innovative incentive activities to encourage employees' creativity, so as to increase the attractiveness to core staffs and R&D personnel.

In addition, the Company cares about the long-term development of employees. The Company has established "37 Interactive Entertainment Learning and Development Center" to provide sufficient training and learning opportunities for employees and help them grow rapidly. The Company actively carried out training for newcomers and professional abilities such as "Marathon Leadership Training Camp", "Huangpu New Army", "X+ Plan" and "37TALK", promoted talent upgrading to meet the needs of business upgrading, paid attention to internal sharing, established a team of internal professional lecturers among employees, spread culture of sharing, built a talent echelon and upgraded talent development system.

Centering on the cultural concept of "health, happiness and sustainability", the Company upgraded colorful welfare system, strengthened humanistic care and promoted retention of talents. The colorful welfare system encompasses interest-free loan, love fund, commercial insurance and employee health management. During the Reporting Period, the Company also launched the "Newborn Initiative", under which a childbirth fund of RMB20,000 per child will be granted to officially employed staff with a service tenure of two years or more, further enhancing talent care and incentive measures. In addition, seasonal activities on holidays, annual physical examination, singles' fellowship, "Family Day", "Boss Face-to-Face", "37 Battle Talk", "Carnival", "Healthy 37ers" and other thematic activities were regularly held. Inter-departments' team building promoted the connection between employees and their friends, relatives and colleagues. In addition, the Company has established recreational clubs for employees,

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covering “Super Runners”, e-sports, table games, dancing, badminton, football and yoga, created cultural atmosphere that meets the characteristics of the younger generation, strengthened employees' sense of belonging, balanced employees' work and life, and took care of employees' physical and mental health in various forms.

4. Technology iteration and innovation risk and countermeasures

The game industry has seen rapid technology iteration and faster changes in cutting-edge technologies, and demand for new types of products has emerged among young users. Against this backdrop, if a game company fails to grasp the industry development trend in a forward-looking manner and promptly innovate its technology and products, its R&D and application of key technologies will be outdated, resulting in the risk of products falling behind the market.

In response, the Company continued to focus on changes in the industry's cutting-edge technologies. First, it closely followed industry changes and probed into cutting-edge technologies through investment layout to maintain sensitive to leading technologies. Second, it intensified the incubation of internal technologies, valued investment in self-developed games, improved self-development system, established an effective R&D system framework, and introduced diversified incentives to encourage employees to explore new technologies. By taking these actions, the Company has reserved technologies and products for the industry development trend.

5. Risk associated with being investigated by the China Securities Regulatory Commission with no clear conclusion yet

On 27 June 2023, the Company, Mr. Li Weiwei (the actual controller and Chairman of the Board of the Company), and Mr. Zeng Kaitian (the Vice Chairman of the Board of the Company) received the "Notification of the China Securities Regulatory Commission on Case Filing" (CSRC Case No. 03720230061, No. 03720230062, No. 03720230063) from the said commission (hereinafter referred to as the "CSRC") respectively. For suspected information disclosure violations, according to the Securities Law of the People's Republic of China, the Law of the People's Republic of China on Administrative Penalties and other applicable laws and regulations, the CSRC decided to file a case against the Company, Li Weiwei and Zeng Kaitian.

During the period of investigation, the Company will actively cooperate with the CSRC's investigation and fulfil its information disclosure obligations in strict accordance with applicable laws, regulations and regulatory requirements.

IX Communications with the Investment Community such as Researches, Inquiries and Interviews during the Reporting Period

Applicable Not applicable

Date	Place	Way of communication	Type of the communication party	Communication party	Main discussions and materials provided by the Company	Index to the relevant information
7 May 2024	Online meeting	Online communication via an Internet platform	Other	Investors at the Company's 2023 Annual Report Online Roadshow through the Quanjing platform	About the Company's fundamentals	Log Sheet of Investor Relations Activities (No. 2024-001)
19 June 2024	Hong Kong	Other	Institution	Institutional investors	About the operations and outlook of the Company	Log Sheet of Investor Relations Activities (No. 2024-002)

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X Development and Implementation of Market Value Management System and Valuation Enhancement Plan

Indicate whether the Company has developed a market value management system.

Yes No

The Company's market value management system is aimed to regulate the Company's market value management activities, safeguard the legitimate rights and interests of the Company and investors, enhance the Company's investment value, and increase investor returns. The main contents include the goals and basic principles, organs and responsibilities, plans and methods of market value management, etc.

Indicate whether the Company has disclosed any valuation enhancement plan.

Yes No

Part IV Corporate Governance

I Corporate Governance Overview

The Company has been improving its corporate governance structure in strict accordance with the Company Law, the Securities Law, the Stock Listing Rules of the Shenzhen Stock Exchange, Guideline No. 1 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies—Operation Standards for Main Board Listed Companies and other applicable laws and regulations, as well as the Company's Articles of Association. It has established a sound and strict system for functioning of the general meeting of shareholders, the Board of Directors and the Supervisory Committee. Meanwhile, the Company has also put in place sound internal management and control systems to further improve its corporate governance. During the Reporting Period, in accordance with applicable laws and regulations and the Company's actual situation, the Company revised the Articles of Association, Rules of Procedure for General Meetings of Shareholders, Rules of Procedure for the Board of Directors, Rules for Independent Directors, and Measures for the Administration of Raised Funds, as well as formulated the Special Meeting System for Independent Directors, Rules for the Appointment of Accounting Firm, Work Rules for the Audit Committee, Work Rules for the Strategy Committee, Work Rules for the Nomination Committee, and Work Rules for the Remuneration and Appraisal Committee to further promote compliance in the Company's operation, safeguard the legitimate rights and interests of the Company and its shareholders, establish and improve internal management mechanisms, and promote the healthy and sustainable development of the Company. In the Reporting Period, the Company carried out operations and discloses information in compliance with standards, the decision-making procedures for operation and management were compliant and effective, and its actual situation of corporate governance met the relevant requirements of the normative documents on the governance of listed companies issued by the China Securities Regulatory Commission.

(I) Shareholders and general meeting of shareholders

The Company convenes and holds general meetings of shareholders in strict accordance with the Company Law, the Securities Law, the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, the Company's Articles of Association, the Rules of Procedure for General Meetings of Shareholders and other relevant laws and regulations, and engages lawyers to attend as witnesses, to ensure that all shareholders, especially minority shareholders, enjoy equal status and fully exercise their rights.

(II) The controlling shareholder and the Company

The Company has an independent business system and is able to operate on its own. The Company and its controlling shareholder are independent of each other in terms of business, personnel, assets, organization and finance. The Board of Directors, the Supervisory Committee and the internal management bodies of the Company operate independently according to the rules of procedure and the Company's systems. The controlling shareholder of the Company strictly regulates his behaviors, and, through the general meetings of shareholders, exercises his rights as an investor. He has not directly or indirectly intervened the Company's decisions or operating activities without holding a general meeting of shareholders. The controlling shareholder does not have any occupation of the Company's funds, nor does Company provides any guarantee for the controlling shareholder or any of his related parties.

(III) Directors and the Board of Directors

The Company elects directors in strict accordance with the applicable laws and regulations, as well as the Company's Articles of Association. At the end of the Reporting Period, there were nine members in the Company's Board of Directors, including four independent directors. The number of members of and composition of the Company's Board of Directors complies with relevant requirements of laws and regulations. All directors of the Company do their jobs earnestly according to the laws, regulations, Should there be any discrepancy between the English version and the Chinese version of this Report, the Chinese version shall prevail.

Guideline No. 1 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies—Operation Standards for Main Board Listed Companies, the Articles of Association, the Company's Rules of Procedure for the Board of Directors, the Rules for Independent Directors, etc., attend meetings of the Board of Directors and the general meeting of shareholders on time, actively participate in training, study relevant laws and regulations, and earnestly perform their duties as directors honestly, diligently and conscientiously. The independent directors of the Company have maintained full independence in their work, actively participated in the meetings of the Board of Directors, and carefully deliberated on proposals, so as to effectively safeguard the interests of the Company and its minority shareholders. Under the Board of Directors, there are four special committees, i.e. the Audit Committee, the Compensation and Appraisal Committee, the Nomination Committee and the Strategy Committee, which play an important role in promoting the standardized operation and sound and sustainable development of the Company.

(IV) Supervisors and the Supervisory Committee

The Company elects supervisors in strict accordance with the relevant provisions of the laws, regulations, the Company's Articles of Association, the Rules of Procedure for General Meetings of Shareholders, the Rules of Procedure for the Supervisory Committee, etc. At the end of the Reporting Period, the Supervisory Committee consisted of three supervisors, including two employee supervisors elected by the Employees' Congress of the Company. The number of members of and composition of the Company's Supervisory Committee complies with the requirements of laws, regulations and the Company's Articles of Association. In accordance with the requirements of laws, regulations, the Rules of Procedure for the Supervisory Committee, etc., to protect the interests of shareholders, all supervisors of the Company earnestly perform their duties, supervises the financial affairs of the Company as well as the legality and compliance of the performance of duties by directors and senior managers of the Company, and safeguards the legitimate rights and interests of the Company and its shareholders loyally and diligently.

(V) Information disclosure and transparency

The Company fulfills its information disclosure obligations in strict accordance with relevant laws and regulations as well as the Measures for the Management of Information Disclosure by Listed Companies. The Company can disclose information in a truthful, accurate, complete and timely manner without false records, misleading statements or material omissions. Meanwhile, it has designated China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and www.cninfo.com.cn as the newspapers and website for its information disclosure, thus ensuring that all investors have equal access to corporate information, enhancing the transparency of the Company and effectively protecting the right to know of minority investors.

(VI) Stakeholders

While maintaining its steady development and maximizing shareholders' interests, the Company actively concerns itself with the welfare, undertakings for the public good and other issues of the region where it is located, attaches importance to social responsibilities, fully respects and safeguards the lawful interests of employees, creditors and other stakeholders, and strengthens communication and cooperation with all parties to promote its sustainable and sound development with them.

(VII) The Company and investors

In accordance with the provisions of the Investor Relations Management System, the Company has strengthened investor relations management, and expressly specified the Board Secretary as the person in charge of investor relations management, who organizes and implements the daily management of investor relations. During the Reporting Period, the Company strengthened its communication with investors through the online briefing on its annual report, answering investors' phone calls, online interactions, on-site surveys and other means.

(VIII) Internal audit system

The Company has put in place an internal audit system, set up an Internal Audit Department and employed full-time auditors,

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who audit and supervise the quality of economic operations, economic benefits, internal control system and implementation, use of expenses and assets of the Company and its subsidiaries under the leadership of the Audit Committee of the Board of Directors.

(IX) Protection of legitimate rights and interests of shareholders

The Company protects the rights of shareholders in accordance with law, attaches importance to reasonable investment returns for shareholders, and expressly prescribes the profit allocation policies in the Company's Articles of Association, especially the cash dividend policies. Thus, its profit distribution policies have been continuous and stable, with the long-term interests of the Company, the overall interests of all shareholders and the sustainable development of the Company taken into account.

Indicate whether the actual situation of corporate governance significantly deviates from the laws, administrative regulations and regulations issued by the China Securities Regulatory Commission on listed company governance.

Yes No

No such cases.

II Independence of the Company from the Controlling Shareholder and Actual Controller in Terms of Assets, Personnel, Finance, Structure and Business

The Company and its controlling shareholder are independent of each other in terms of business, personnel, assets, organization and finance. It has an independent and complete business system and is able to operate on its own.

1. Independence of business

The Company is an enterprise legal person engaged in production and operation independently, owns independent and complete R&D, purchasing and sales systems, an independent and complete business system and the ability to operate independently in the market. It does not rely on its shareholders or any other related party, and there is no horizontal competition between the Company and its controlling shareholder, who has not directly or indirectly intervened in the operations of Company.

2. Independence of personnel

The Company's senior management, including its General Manager, Deputy General Manager, Board Secretary and Chief Financial Officer, and its core technical personnel all work at the Company on a full-time basis and receive remunerations. They do not hold any administrative position at or receive salary from the corporate shareholders; the directors, supervisors and senior management of the Company are all selected in strict accordance with the relevant provisions of the Company Law and the Company's Articles of Association. The controlling shareholder has not made decisions on appointment and removal by bypassing the general meetings of shareholders, the Board of Directors and the Supervisory Committee of the Company. The employees of the Company are independent of its corporate shareholders and related parties, and the Company implements independent labor, personnel and salary management systems.

3. Independence of assets

The ownership of assets of the Company, its controlling shareholder and major shareholders is clear, and its controlling shareholder and major shareholders have not illegally occupied or used the Company's funds, assets or other resources. The Company independently owns all of its land use rights, real estate, machinery and equipment, trademarks, patents, proprietary technologies and other assets, and does not rely on the assets of shareholders for production and operation. The Company has full right to control and dispose of all of its assets.

4. Independence of structure

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The Company has established and improved the general meetings of shareholders, the Board of Directors, the Supervisory Committee, the management team headed by the General Manager and some other bodies, as well as the corresponding rules for the general meetings of shareholders, the Board of Directors and the Supervisory Committee and the Work Rules for the General Manager, thus creating a sound corporate governance structure; each functional department operates independently according to the prescribed responsibilities; there is no superior-subordinate relationship between the functional departments of the Company and its corporate shareholders or their functional departments, and no corporate shareholder has intervened in the establishment or operation of the Company's organizational structure.

5. Independence of finance

The Company has an independent financial department, an independent accounting system and an independent financial management system, and independently makes financial decisions; the Company has opened bank accounts independently and does not share bank accounts with its corporate shareholders. The Company files taxes and performs tax payment obligations independently in accordance with the law. None of its corporate shareholders and other related parties have illegally occupied or used the Company's monetary funds or other assets; the Company signs external contracts independently.

III Horizontal Competition

Applicable Not applicable

IV Annual and Extraordinary General Meetings of Shareholders Convened during the Reporting Period

1. General Meetings of Shareholders Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Date of disclosure	Resolutions of the meeting
The First Extraordinary General Meeting of Shareholders of 2024	Extraordinary General Meeting of Shareholders	46.61%	12 January 2024	13 January 2024	Announcement on Resolutions of the First Extraordinary General Meeting of Shareholders of 2024 (Announcement No. 2024-003), disclosed on www.cninfo.com.cn
The 2023 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	46.32%	10 May 2024	11 May 2024	Announcement on Resolutions of the 2023 Annual General Meeting of Shareholders (Announcement No. 2024-041), disclosed on www.cninfo.com.cn

2. Extraordinary General Meetings of Shareholders Convened at the Request of Preferred Shareholders with Resumed Voting Rights

Applicable Not applicable

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V Directors, Supervisors and Senior Management

1. General Information

Name	Gender	Age	Office title	Incumbent/Former	Start of tenure	End of tenure	Beginning shareholding (share)	Increase in the period (share)	Decrease in the period (share)	Other increase/decrease (share)	Ending shareholding (share)	Reasons for share changes
Li Weiwei	Male	47	Chairman of the Board	Incumbent	20 January 2015	23 March 2025	323,228,319				323,228,319	
Zeng Kaitian	Male	49	Vice Chairman of the Board	Incumbent	5 July 2019	23 March 2025	245,344,374	1,129,700			246,474,074	Voluntary increase in shareholding
Hu Yuhang	Male	48	Vice Chairman of the Board	Incumbent	16 September 2020	23 March 2025	201,597,684				201,597,684	
Xu Zhigao	Male	46	General Manager	Incumbent	23 May 2023	23 March 2025	36,453,903	2,543,071			38,996,974	Voluntary increase in shareholding
Yang Jun	Male	45	Director and Deputy General Manager	Incumbent	20 January 2015	23 March 2025	2,100,000				2,100,000	
Liu Jun	Male	44	Director and Deputy General Manager	Incumbent	24 March 2022	23 March 2025	5,296,801				5,296,801	
Li Yang	Male	56	Independent Director	Incumbent	24 December 2019	23 March 2025						
Ye Xin	Male	49	Independent Director	Incumbent	24 December 2019	23 March 2025						
Lu Rui	Male	49	Independent Director	Incumbent	24 March 2022	23 March 2025						
Tao Feng	Male	44	Independent Director	Incumbent	24 March 2022	23 March 2025						
He Yang	Male	43	Chairman of the Supervisory Committee	Incumbent	27 December 2018	23 March 2025						
Cheng Lin	Female	42	Supervisor	Incumbent	27 November 2015	23 March 2025						
Liu Fengyong	Female	47	Supervisor	Incumbent	20 January 2015	23 March 2025						
Zhu Huaimin	Male	42	Deputy General Manager	Incumbent	21 January 2019	23 March 2025						
Ye Wei	Male	41	Chief Financial	Incumbent	12 October	23 March						

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			Officer and Board Secretary		2016	2025						
Total	--	--	--	--	--	--	814,021,081	3,672,771	0	0	817,693,852	--

Note: The term of office of the Company's sixth Board of Directors and Supervisory Committee expired on 23 March 2025. In view of the fact that the nomination of candidates for the new Board of Directors and Supervisory Committee is still in progress, in order to ensure the continuity and stability of the Board of Directors, the Supervisory Committee, the annual report and other related work, the re-election of the Board of Directors and Supervisory Committee will be duly postponed, and the term of office of the Board of Directors' specialized committees and senior management will also be postponed accordingly. Before the completion of the re-election, the company's sixth Board of Directors and its specialized committees, the sixth Supervisory Committee and senior management will continue to perform their respective duties and obligations in accordance with laws, regulations and the provisions of the Company's Articles of Association.

Indicate whether any director, supervisor or senior management resigned before the expiry of their tenures during the Reporting Period.

Yes No

Changes of directors, supervisors and senior management:

Applicable Not applicable

2. Biographical Information

Professional backgrounds, major work experience and current posts in the Company of the incumbent directors, supervisors and senior management:

Mr. Li Weiwei was born in 1977. Mr. Li is a member of the CPC and has no right of permanent residence in a foreign country. He has received an EMBA degree from Cheung Kong Graduate School of Business and a Doctor of Business Administration degree from Singapore Management University. From August 2000, he worked for Shenzhen Zhuanjia Network Technology Co., Ltd., then Shenzhen Quanzhi Information Technology Co., Ltd. and then Guangzhou Haiyan Network Technology Co., Ltd. From October 2011 to 18 March 2015, he served as Executive Director and General Manager of 37 Interactive Entertainment (Shanghai) Technology Co., Ltd. On 20 January 2015, he became Vice Chairman of the Third Board of Directors of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. On 24 August 2015, he was also appointed General Manager of the Company. On 21 January 2019, he became Chairman of the Board of Directors and General Manager of the Company. Mr. Li is currently Chairman of the Board of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Mr. Zeng Kaitian, Han nationality, was born in 1975. Mr. Zeng is of Chinese nationality and has no right of permanent residence in a foreign country. He received an EMBA degree from China Europe International Business School. He is a co-founder of 37 Interactive Entertainment (Shanghai) Technology Co., Ltd. In October 2011, he became Director of 37 Interactive Entertainment (Shanghai) Technology Co., Ltd., overseeing the overseas publishing of the company's online game business. On 5 July 2019, he became Director of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. Mr. Zeng is currently Vice Chairman of the Board of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Mr. Hu Yuhang, Han nationality, was born in 1976. He graduated from Lanzhou University and received an EMBA degree from Cheung Kong Graduate School of Business. He has no right of permanent residence in a foreign country. Mr. Hu became President of 37 Interactive Entertainment in October 2013 in charge of the strategic planning and day-to-day management of 37 Games, an R&D brand of 37 Interactive Entertainment. He is a seasoned expert in game R&D management and has rich experience in game R&D and project management. On 16 September 2020, he became Director of Wuhu 37 Interactive

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Entertainment Network Technology Group Co., Ltd.. Mr. Hu is currently Vice Chairman of the Board of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Mr. Xu Zhigao was born in 1978. Mr. Xu is a member of the CPC, with a bachelor's degree from Sun Yat-Sen University, and has no right of permanent residence in a foreign country. With more than a decade of experience in Mobile Internet, Mr. Xu Zhigao successively founded several Internet enterprises, and entered the industry of mobile games in 2012; in 2014, he joined 37 Interactive Entertainment, holding the post of the President of the branch company Guangzhou 37 Network Technology Co., Ltd., and taking charge of establishing the mobile-game-publishing team of the Company and developing its mobile-game-publishing business, and now, he assumes the post of the President of 37Mobile; since 23 May 2023, he has assumed the office of the General Manager of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Mr. Yang Jun, born in 1979, is a member of the CPC and has no right of permanent residence in a foreign country. He has received a master's degree in corporate management and is working on a Doctor of Business Administration program at the Cheung Kong Graduate School of Business. He is a Chinese certified public accountant. From June 2006 to April 2012, he worked for Deloitte Touche Tohmatsu (special general partner) as the Manager of the Audit Department. From April 2012 to present, he served as CFO of 37 Interactive Entertainment (Shanghai) Technology Co., Ltd. On 20 January 2015, he became Director and Deputy General Manager of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. He is currently Director and Deputy General Manager of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Mr. Liu Jun was born in 1980, with Chinese nationality, and has no right of permanent residence in a foreign country. At present, Mr. Liu Jun holds the offices of a Vice President of the 37 Interactive Entertainment Group, and a Senior Vice President of 37Mobile, in charge of overseas cooperation business; since 24 March 2022, he has assumed the posts of a Director and a Deputy General Manager of 37 Interactive Entertainment Network Technology Group Co., Ltd.; now, he is a Director and a Deputy General Manager of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Mr. Li Yang, Han nationality, was born in 1968. He is of Chinese nationality and has no right of permanent residence in a foreign country. He received an LL.B. from Zhongnan University of Economics and Law and an LL.M. and a J.D. from Peking University and completed a postdoctoral research program in laws at Wuhan University. He is a certified Independent Director. Since December 2020, he has been serving as Professor and Doctorate Supervisor of the Civil, Commercial and Economic Law School of China University of Political Science and Law, with concurrent roles as Member of the Academic Committee of the Intellectual Property Law Association of China Law Society, Guest Consultant (the Fifth Session) of the Supreme People's Court, and Hearing Officer of The Supreme People's Procuratorate, among other roles. On 24 December 2019, he became Independent Director of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. Mr. Li is currently Independent Director of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Mr. Ye Xin, Han nationality, was born in 1975. He is of Chinese nationality and has no right of permanent residence in a foreign country. He received a bachelor's degree in accounting from Xi'an Jiaotong University, a Master of Management degree from Xi'an University of Technology and an EMBA degree from Guanghua School of Management, Peking University and Cheung Kong Graduate School of Business. He is a certified Independent Director. From 1995 to 2003, he worked at the Civil Aviation Administration of China. From 2003 to 2005, he served as Deputy General Manager of Tsinghua Unisplendour Venture Investment Co., Ltd. From 2005 to 2015, he served as Director, Deputy General Manager, Board Secretary and General Manager of Shenzhen Coship Electronics Co., Ltd.. From 2016 to present, he was General Manager of Tianshi Fund Management (Shenzhen) Co., Ltd. And since 12 July 2021, he has been acting as Executive Director of Huili Resources. On 24 December 2019, he became Independent Director of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. Mr. Ye is currently Independent Director of 37 Interactive Entertainment Network Technology Group Co., Ltd.

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Mr. Lu Rui, Han nationality, was born in 1975, with Chinese nationality, and has no right of permanent residence in a foreign country. In 2006, he graduated from Accounting Department, Sun Yat-Sen University where he obtained the Doctor's degree in Management Science, and he has become a leading accounting talent nationwide. At present, he is a Professor and a Doctoral Supervisor in the Accounting Department, School of Business, Sun Yat-sen University. From July 1996 to August 2003, he served successively as a Teaching Assistant and a Lecturer in the Department of Finance and Accounting, Guangzhou Finance and Trade Management Cadre Institute; from July 2006 to December 2008, he worked as a Lecturer at Lingnan (University) College, Sun Yat-sen University; from January 2009 to June 2016, he was an Associate Professor at Lingnan (University) College, Sun Yat-sen University; from July 2016 to December 2021, he became a Professor and a Doctoral Supervisor at Lingnan (University) College, Sun Yat-sen University; since January 2022, he has served as a Professor and a Doctoral Supervisor at School of Business, Sun Yat-sen University. From April 2010 to July 2018, he was an Independent Director of Guangzhou GCI Science & Technology Co. Ltd.; from July 2011 to January 2017, he was an Independent Director of Guangzhou Haozhi Industrial Co., Ltd.; from January 2015 to May 2019, he was an Independent Director of Xilong Scientific Co., Ltd; from December 2015 to October 2021, he was an Independent Director of Foshan Electrical and Lighting Co., Ltd.; from April 2015 to December 2018, he was an Independent Director of Guangzhou Huayuan Landscape Architecture Co., Ltd.; from April 2016 to March 2019, he was an Independent Director of Youmi Technology Co., Ltd.; from January 2017 to March 2021, he concurrently held the posts of a Director and the General Manager of Sun Yat-sen University Zijing Education Co., Ltd., Guangzhou; from August 2019 to October 2021, he was an Independent Director of Huabang Construction and Investment Group Co., Ltd.; from September 2019 to September 2022, he was an Independent Director of Shenzhen Kingsino Technology Co., Ltd.; from May 2017 to May 2023, he was an Independent Director of Guangzhou Goaland Energy Conservation Tech Co., Ltd.; Since April 2019, he has been an Independent Director of Bank of Guangzhou Co., Ltd.; Since May 2020, he has been an Independent Director of PSBC Consumer Finance Co., Ltd.; Since November 2021, he has been an Independent Director of Guangzhou Resource Environmental Protection Technology Co., Ltd.; Since 24 March 2022, he has served as an Independent Director of 37 Interactive Entertainment Network Technology Group Co., Ltd.; at present, he assumes the post of an Independent Director of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Mr. Tao Feng, Han nationality, was born in 1980, with Chinese nationality, and has no right of permanent residence in a foreign country. He received the Doctor's degree in Industrial Economics from Jinan University, and has obtained the Independent Director Qualification Certificate. From March 2013 to April 2014, he was engaged in the scientific research in the direction of Industrial Economics at University of California, Irvine in the United States; since July 2009, he has successively held posts, such as Deputy Director of Institute of Industrial Economics, at Jinan University, and at present, he assumes the posts of the Director of Institute of Industrial Economics, Jinan University, a Deputy Director of "the Belt and Road Initiative" and the Guangdong-Hong Kong-Macao Greater Bay Area Research Institute, the Chief Expert of JNU's Urban High-Quality Development Research Think Tank, a Doctoral Supervisor, the Executive Dean of the School of Private Economy, Director of the Guangdong Industrial Development and Guangdong-Hong Kong-Macao Regional Cooperation Research Center, and the Director of the Guangdong-Hong Kong-Macao Greater Bay Area Modern Industrial System Research Center. Since 2020, he has held concurrent posts of an Executive Director of the China Society of Industrial Economics and the Vice Chairman of the Guangdong Economic Society; from February 2021 to June 2023, he was an Independent Director of Guangxi Bossco Environmental Protection Technology Co., Ltd.; since 17 May 2024, he has served as an Independent Director of Guangdong Baolihua New Energy Stock Co., Ltd.; since 24 March 2022, he has served as an Independent Director of 37 Interactive Entertainment Network Technology Group Co., Ltd.; at present, he assumes the post of an Independent Director of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Mr. He Yang, Han nationality, was born in 1981. He is of Chinese nationality and has no right of permanent residence in a foreign country. He received an MBA degree from University of Electronic Science and Technology of China. From June 2012 to July 2014, he was Deputy General Manager of Chengdu 37Wan Network Technology Co., Ltd.. In July 2014, he became Director

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and General Manager of Jiangsu Aurora Network Technology Co., Ltd. In December 2018, he became Employee Supervisor of the Fourth Supervisory Committee of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. In January 2019, he became Chairman of the Supervisory Committee of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. Mr. He is currently Chairman of the Supervisory Committee of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Ms. Cheng Lin, Han nationality, was born in 1982. She is of Chinese nationality and has no right of permanent residence in a foreign country. She is working on an EMBA program at Lingnan College, Sun Yat-sen University. From 2011 to 2016, she was Director of Public Affairs of 37 Interactive Entertainment (Shanghai) Technology Co., Ltd. She is currently Shareholder Supervisor of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Ms. Liu Fengyong, Han nationality, was born in 1977. She is of Chinese nationality, a member of the CPC, and a bachelor's degree holder. And she has no right of permanent residence in a foreign country. From July 2000 to September 2005, she worked for Guangzhou Pearl River Piano Group Co., Ltd. as a Legal Specialist. From November 2005 to August 2012, she was Legal Director of Guangzhou Rockmobile Network Co., Ltd. In August 2012, she became Legal Manager of 37 Interactive Entertainment (Shanghai) Technology Co., Ltd. In January 2015, she became Employee Supervisor of the Third Supervisory Committee of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. And in January 2017, she became Employee Supervisor of the Fourth Supervisory Committee of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. She is currently Employee Supervisor of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Mr. Zhu Huaimin, Han nationality, was born in 1982. He is of Chinese nationality and has no right of permanent residence in a foreign country. He holds an EMBA degree of China Europe International Business School. From July 2004 to July 2008, he worked for Beijing Sina Internet Information Service Co., Ltd. From August 2008 to December 2009, he was Technical Manager of Molihe Network Technology (Beijing) Co., Ltd. In October 2011, he joined 37 Interactive Entertainment (Shanghai) Technology Co., Ltd., serving as Vice President of Technology. On 21 January 2019, he became Deputy General Manager of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. Mr. Zhu is currently Deputy General Manager of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Mr. Ye Wei was born in 1983. He is a member of the CPC and has no right of permanent residence in a foreign country. He has received a bachelor's degree, is a Certified Public Accountant in China, and is a Shenzhen Stock Exchange certified Board Secretary. From August 2006 to July 2013, he was Audit Manager of Ernst & Young Guangzhou Office. From July 2013 to March 2015, he was Chief Financial Officer of 37 Interactive Entertainment (Shanghai) Technology Co., Ltd. On 30 March 2015, he became Chief Financial Officer of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. On 6 January 2017, he became Chief Financial Officer and Secretary to the Fourth Board of Directors of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. Mr. Ye is currently Chief Financial Officer and Board Secretary of 37 Interactive Entertainment Network Technology Group Co., Ltd.

Offices held concurrently in shareholding entities:

Applicable Not applicable

Offices held concurrently in other entities:

Applicable Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Paid by the entity or not
Li Yang	the Civil, Commercial and Economic Law School of China University of Political Science and Law	Professor and Doctorate Supervisor	1 December 2020		Yes
Ye Xin	Tianshi Fund Management (Shenzhen) Co., Ltd.	General Manager	20 January 2016		Yes
Lu Rui	The School of Business of Sun Yat-	Professor and	1 January 2022		Yes

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	Sen University	Doctorate Supervisor			
Tao Feng	The Institute of Industrial Economics of the Jinan University	Dean and Doctorate Supervisor	1 January 2020		Yes
Other information	Not applicable				

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who resigned in the Reporting Period:

Applicable Not applicable

3. Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

(1) Procedure for determining the remunerations of directors, supervisors and senior management: The Remuneration and Performance Assessment Committee of the Company's Board of Directors formulates the policy and plan for compensating the Company's directors, supervisors and senior management. The remunerations of directors and supervisors are reviewed and approved by the General Meeting of Shareholders. The remunerations of senior management are reviewed and approved by the Board of Directors. The Human Resources and Finance Departments of the Company support the Remuneration and Performance Assessment Committee to implement the remuneration plan for the Company's directors, supervisors and senior management.

(2) Criteria for determining the remunerations of directors, supervisors and senior management: The remunerations of directors and supervisors are determined based on the operational performance of the Company and the current market conditions. The remunerations of senior management are determined according to the Company's relevant regulations, taking into account the overall remuneration of the gaming industry and the remuneration of comparable companies with a similar business size, as well as the responsibilities and contributions of the senior management in the Company.

(3) Payment of remunerations of directors, supervisors and senior management: The remunerations of independent directors are paid semiannually to their personal accounts as scheduled. The remunerations of other directors, supervisors and senior management are determined based on the results of their performance assessment and are paid monthly or as scheduled in the remuneration payment system.

Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Gender	Age	Office title	Incumbent /Former	Total before-tax remuneration from the Company	Paid by any related party or not
Li Weiwei	Male	47	Chairman of the Board	Incumbent	1,380.09	No
Zeng Kaitian	Male	49	Vice Chairman of the Board	Incumbent	1,447.01	No
Hu Yuhang	Male	48	Vice Chairman of the Board	Incumbent	1,489.14	No
Xu Zhigao	Male	46	General Manager	Incumbent	924.38	No
Yang Jun	Male	45	Director and Deputy General Manager	Incumbent	1,304.06	No
Liu Jun	Male	44	Director and Deputy General Manager	Incumbent	907.82	No
Li Yang	Male	56	Independent Director	Incumbent	27	No
Ye Xin	Male	49	Independent Director	Incumbent	27	No
Lu Rui	Male	49	Independent Director	Incumbent	27	No

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Tao Feng	Male	44	Independent Director	Incumbent	27	No
He Yang	Male	43	Chairman of the Supervisory Committee	Incumbent	221.35	No
Cheng Lin	Female	42	Supervisor	Incumbent	343.66	No
Liu Fengyong	Female	47	Supervisor	Incumbent	75.38	No
Zhu Huaimin	Male	42	Deputy General Manager	Incumbent	418.38	No
Ye Wei	Male	41	Chief Financial Officer and Board Secretary	Incumbent	498.66	No
Total	--	--	--	--	9,117.93	--

Other information:

Applicable Not applicable

VI Duty Performance by Directors during the Reporting Period

1. Board Meetings Convened during the Reporting Period

Meeting	Date of the meeting	Date of disclosure	Resolutions of the meeting
The 16th Meeting of the Sixth Board of Directors	5 February 2024	6 February 2024	Announcement on Resolutions of the 16th Meeting of the Sixth Board of Directors (Announcement No. 2024-010), disclosed on www.cninfo.com.cn
The 17th Meeting of the Sixth Board of Directors	19 April 2024	20 April 2024	Announcement on Resolutions of the 17th Meeting of the Sixth Board of Directors (Announcement No. 2024-020), disclosed on www.cninfo.com.cn
The 18th Meeting of the Sixth Board of Directors	29 April 2024	30 April 2024	Announcement on Resolutions of the 18th Meeting of the Sixth Board of Directors (Announcement No. 2024-035), disclosed on www.cninfo.com.cn
The 19th Meeting of the Sixth Board of Directors	10 May 2024	11 May 2024	Announcement on Resolutions of the 19th Meeting of the Sixth Board of Directors (Announcement No. 2024-042), disclosed on www.cninfo.com.cn
The 20th Meeting of the Sixth Board of Directors	26 August 2024	27 August 2024	Announcement on Resolutions of the 20th Meeting of the Sixth Board of Directors (Announcement No. 2024-053), disclosed on www.cninfo.com.cn
The 21st Meeting of the Sixth Board of Directors	30 October 2024	31 October 2024	Announcement on Resolutions of the 21st Meeting of the Sixth Board of Directors (Announcement No. 2024-062), disclosed on www.cninfo.com.cn

2. Attendance of Directors at Board Meetings and General Meetings of Shareholders

Attendance of directors at board meetings and general meetings of shareholders							
Director	Total number of board meetings the director was supposed to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the director failed to attend	The director failed to attend two consecutive board meetings or not	General meetings of shareholders attended
Li Weiwei	6	6	0	0	0	No	2
Zeng Kaitian	6	6	0	0	0	No	2
Hu Yuhang	6	6	0	0	0	No	2
Yang Jun	6	6	0	0	0	No	2
Liu Jun	6	6	0	0	0	No	2
Li Yang	6	0	6	0	0	No	2
Ye Xin	6	0	6	0	0	No	2

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Lu Rui	6	0	6	0	0	No	2
Tao Feng	6	0	6	0	0	No	2

Explanation of why any director failed to attend two consecutive board meetings:

None.

3. Objections Raised by Directors on Matters of the Company

Indicate whether any directors raised any objections on any matter of the Company.

Yes No

No such cases in the Reporting Period.

4. Other Information about Duty Performance by Directors

Indicate whether any recommendations from directors were adopted by the Company.

Yes No

Explanation on adoption/rejection of recommendations of directors:

During the Reporting Period, all directors of the Company actively performed their duties in accordance with the Company Law, the Securities Law and other laws and regulations, as well as the Articles of Association of the Company and other regulations and requirements. They put forward relevant proposals on important operational matters of the Company in the light of the actual situation of the Company. The Company listened carefully to the suggestions of the directors to ensure that the decision-making was scientific, timely and efficient, and that the interests of the listed Company and the shareholders were effectively safeguarded.

VII Duty Performance by Specialized Committees under the Board of Directors during the Reporting Period

Committee	Members	Number of meetings convened	Date of meeting	Topic of meeting	Substantial opinion and recommendations	Other information on duty performance	Particulars about objections (if any)
Audit Committee	Chairman: Lu Rui Other members: Li Weiwei and Tao Feng	6	20 March 2024	1. The financial statements on which the independent auditor had issued the preliminary audit opinion were approved. 2. The Q4 2023 Work Summary and Q1 2024 Work Plan of the Internal Control and Audit Department was approved. 3. The 2023 Annual Work Summary and 2024 Annual Work Plan of the Internal Control and Audit Department was approved.	None	None	
			19 April 2024	1. The 2023 Annual Report was approved. 2. The 2023 Final Financial Accounts Report was approved. 3. The 2023 Internal Control Self-assessment Report was approved. 4. The Proposal on the Re-appointment of Accounting Firm was approved. 5. The 2023 Annual Special Report of the Internal Control and Audit Department on	None	None	

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				Internal Control was approved.			
			29 April 2024	1. The 2024 First Quarterly Report was approved. 2. The Q1 2024 Work Summary and Q2 2024 Work Plan of the Internal Control and Audit Department was approved.			
			26 August 2024	1. The 2024 Interim Report was approved. 2. The Q2 2024 Work Summary and Q3 2024 Work Plan of the Internal Control and Audit Department was approved. 3. The 2024 Interim Special Report of the Internal Control and Audit Department on Internal Control was approved.	None	None	
			30 October 2024	1. The 2024 Third Quarterly Report was approved. 2. The Q3 2024 Work Summary and Q4 2024 Work Plan of the Internal Control and Audit Department was approved.	None	None	
			26 December 2024	1. The audit arrangements for the 2024 Annual Report were approved.	None	None	
Remuneration and Appraisal Committee	Chairman: Ye Xin Other members: Zeng Kaitian and Lu Rui	1	19 April 2024	1. The Proposal on Adjusting Independent Directors' Allowances was approved.	None	None	
Nomination Committee	Chairman: Li Yang Other members: Li Weiwei and Tao Feng	1	19 April 2024	1. The Proposal on Adjusting the Members of the Audit Committee of the Board of Directors was approved.	None	None	
Strategy Committee	Chairman: Li Weiwei Other members: Yang Jun and Ye Xin	4	19 April 2024	1. The 2023 Final Dividend Plan was approved. 2. The Proposal on the Shareholder Return Plan for the Next Three Years (2024-2026) was approved.	None	None	
			10 May 2024	1. The 2024 First Quarterly Dividend Plan was approved.	None	None	
			26 August 2024	1. The 2024 Interim Dividend Plan was approved.	None	None	
			30 October 2024	1. The 2024 Third Quarterly Dividend Plan was approved.	None	None	

VIII Duty Performance by the Supervisory Committee

Indicate whether the Supervisory Committee identified any risk to the Company during its supervision in the Reporting Period.

Yes No

The Supervisory Committee raised no objections with respect to matters of the Company.

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IX Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the parent at the period-end	2
Number of in-service employees of principal subsidiaries at the period-end	3,247
Total number of in-service employees at the period-end	3,249
Total number of paid employees in the Reporting Period	3,249
Number of retirees to whom the parent or its major subsidiaries need to pay retirement pensions	0
Functions	
Function	Employees
Marketing	1,064
Technical	318
Financial	109
Administrative	38
R&D	1,000
Teaching	159
Operation	251
Others	310
Total	3,249
Educational backgrounds	
Educational background	Employees
Master's degree and above	279
Bachelor's degree	2,237
Junior college and below	733
Total	3,249

2. Employee Remuneration Policy

The Company strictly observes the Labor Law of the People's Republic of China and other relevant laws and regulations, including rules, regulations and normative documents issued by the various ministries and commissions of the State Council, and has implemented an employment contract system. The Company protects the rights and interests of employees by strictly implementing China's employment system, labor protection system, social security system and medical security system and paying premiums of pension insurance, medical insurance, unemployment insurance, work injury insurance and maternity insurance and making contributions to the Housing Provident Fund for employees.

The Company provides employees with generous welfare benefits, such as supplementary commercial insurance, interest-free housing loans, funds for the newborn, aid funds, nutritious breakfast, meal allowances, physical checks, employee clubs, team building activities, and gyms.

The total amount of employee remunerations of the Reporting Period is RMB1,514 million, accounting for 10.37% of the total costs (including cost of sales, distribution and selling expenses, general and administrative expenses and R&D expenses). The profitability of the Company has a low sensitivity to the variation in the total amount of employee remunerations. At the end of the Reporting Period, the Company's core technical staff accounts for 22.62% of the total number of employees, and their remunerations account for 28.01% of the total amount of employee remunerations.

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3. Training Plans

The Company conducts staff training focusing on improving employee's quality and working skills, promoting their occupational development, and attracting, developing and retaining talents to support the Company's business development and human resources appreciation. In addition, the training program is committed to promoting the corporate culture, values and code of conduct to strengthen cohesion. Guided by the Company's strategies, the program also introduced advanced management concepts, and facilitated internal management upgrades, which was a booster for cadre training and strategy implementation.

In 2024, the 37 Interactive Entertainment Learning and Development Centre focused on cultivating "backbone talent", addressing the training needs of core teams and promoting post-training behavioral transformation. Training was structured around leadership, professional competence, and core general capabilities, with a focus on enhancing the abilities of key personnel. Programs launched included the Leading Leap Plan, Integration Plan, New Hire Plan (X+ Program, "Hello, Future!"), Super Assistance Plan (new hire mentors and internal trainer development), 37TALK (AI-focused sessions and professional insight forums), and business unit-specific training camps. Based on business requirements, the Centre customized training solutions to help solve practical business problems.

4. Labor Outsourcing

Applicable Not applicable

Total hours of labor outsourced	616,993.66
Total payment for labor outsourcing (RMB)	33,285,855.29

X Profit Distribution (in the Form of Cash and/or Stock)

The profit distribution policy, especially the formulation, implementation and amendments to the cash dividend policy, in the Reporting Period:

Applicable Not applicable

In order to further promote a scientific, sustained and consistent shareholder return mechanism, increase the transparency and operability of profit distribution policy decisions, and effectively protect the legitimate rights and interests of public investors, the Company has formulated the Shareholder Return Plan of 37 Interactive Entertainment Network Technology Group Co., Ltd. for the Next Three Years (2024-2026) (hereinafter referred to as the "Shareholder Return Plan").

In order to promote the high-quality development of listed companies, in accordance with the spirit and relevant requirements of the document "Several Opinions of the State Council on Strengthening Supervision, Preventing Risks and Promoting the High-quality Development of the Capital Market", the Company actively strengthens the awareness of returning to shareholders, promotes the concept of returning to shareholders and value creation, and increases the frequency of dividend payouts. These moves to strengthen investor returns and share growth results with investors will boost their confidence in holding shares in the Company. During the Reporting Period, the Company implemented four dividend plans in a year, including the 2023 final dividend plan, the 2024 firstly quarterly dividend plan, the 2024 interim dividend plan, and the 2024 third quarterly dividend plan, on the premise of ensuring the normal operation and development of the Company, taking into account the reasonable investor returns and the sustainable development of the Company. The dividend plans of the Company are all in compliance with the Articles of Association of the Company.

The Company's 2023 final dividend plan was approved at the 19th Meeting of the Sixth Board of Directors and the 2023 Annual General Meeting of Shareholders. According to the plan, with a fixed dividend payout ratio, based on the total issued share capital (exclusive of shares in the Company's account for repurchased shares) on the date of record, a cash dividend of RMB3.70 (tax

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inclusive) per 10 shares was planned to be distributed to all the shareholders of the Company, with the remaining undistributed profit carried forward to the next year; and there would be no bonus issue from either profit or capital reserves.

The Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Decide on the 2024 Interim Dividend Plan was approved at the 2023 Annual General Meeting of Shareholders. As such, the Board of Directors was authorized to handle, with full power, all matters related to the 2024 interim dividend plan.

The Company's 2024 first quarterly dividend plan was approved at the 19th Meeting of the Sixth Board of Directors. According to the plan, with a fixed dividend payout ratio, based on the total issued share capital (exclusive of shares in the Company's account for repurchased shares) on the date of record, a cash dividend of RMB2.10 (tax inclusive) per 10 shares was planned to be distributed to all the shareholders of the Company; and there would be no bonus issue from either profit or capital reserves.

The Company's 2024 interim dividend plan was approved at the 20th Meeting of the Sixth Board of Directors. According to the plan, with a fixed dividend payout ratio, based on the total issued share capital (exclusive of shares in the Company's account for repurchased shares) on the date of record, a cash dividend of RMB2.10 (tax inclusive) per 10 shares was planned to be distributed to all the shareholders of the Company; and there would be no bonus issue from either profit or capital reserves.

The Company's 2024 third quarterly dividend plan was approved at the 21st Meeting of the Sixth Board of Directors. According to the plan, with a fixed dividend payout ratio, based on the total issued share capital (exclusive of shares in the Company's account for repurchased shares) on the date of record, a cash dividend of RMB2.10 (tax inclusive) per 10 shares was planned to be distributed to all the shareholders of the Company; and there would be no bonus issue from either profit or capital reserves.

The above-mentioned dividend plans were carried out on 21 May 2024, 24 May 2024, 4 September 2024 and 8 November 2024, respectively, representing a total dividend payout amount of RMB2.2 billion (tax inclusive) in cash.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting of shareholders	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
If the Company has no dividend plan, it should disclose the specific reasons and the next steps it intends to take to enhance investor returns	N/A
Non-controlling shareholders are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	N/A

Indicate whether the Company fails to put forward a cash dividend proposal despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable are positive.

Applicable Not applicable

Final dividend plan:

Applicable Not applicable

Bonus issue from profit (share/10 shares)	0
Cash dividend/10 shares (RMB) (tax inclusive)	3.70
Share base (share)	2,212,237,681
Cash dividends (RMB) (tax inclusive)	818,527,941.97

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Cash dividends in other forms (such as share repurchase) (RMB)	100,704,439.97
Total cash dividends (including those in other forms) (RMB)	919,232,381.94
Distributable profit (RMB)	3,522,217,783.24
Total cash dividends (including those in other forms) as % of total profit to be distributed	100%
Applicable cash dividend policy	
If it is difficult to identify the development stage of the Company but it has a significant capital expenditure arrangement, when making profit distribution, cash dividends shall account for no less than 20% in the profit distribution.	
Details of the cash and/or stock dividend plan	
Upon approval by the Board of Directors, the Company's 2024 final dividend plan is as follows: With a fixed dividend payout ratio, based on the total issued share capital (exclusive of shares in the Company's account for repurchased shares) on the date of record, a cash dividend of RMB 3.70 (tax inclusive) per 10 shares is planned to be distributed to all the shareholders of the Company, with the remaining undistributed profit carried forward to the next year; and there will be no bonus issue from either profit or capital reserves. The above dividend plan is consistent with the Company's performance growth, and also in line with relevant provisions of the Company Law, the Company's Articles of Association, the Company's Shareholder Return Plan, etc. For further information, please visit http://www.cninfo.com.cn .	

XI Establishment and Implementation of Internal Control System during the Reporting Period

1. Internal Control Establishment and Implementation

During the Reporting Period, in strict accordance with the requirements of the CSRC, the Shenzhen Stock Exchange, and such laws and regulations as the Company Law and the Company's Articles of Association, the Company established a strict internal control management system. Based on this, in combination with industry characteristics and actual business operation, the Company continuously improved and refined its internal control system, and intensified internal audit supervision. Meanwhile, the Company continuously intensified the internal control awareness and responsibility of the Board of Directors and key positions, fully recognized the significance of complete internal control system in improving business management, enhancing risk prevention and control, and helping enterprises to achieve high-quality development, and strengthened the awareness of operation in compliance. By doing so, the Company has ensured that its internal control system has been effectively executed, practically boosted its level of standardized operation, promoted its healthy and sustainable development, and protected the interests of the Company and all of its shareholders.

2. Material Internal Control Weaknesses Identified during the Reporting Period

Yes No

XII Subsidiary Management during the Reporting Period

Subsidiary	Management plan	Progress	Problems	Solutions	Solution progress	Subsequent plan
Shanghai Tingxiong Network Technology Co., Ltd. and other subsidiaries newly included in the consolidated financial statements of the Reporting Period, see Note IX Changes to the Consolidation Scope in Part X.	In strict accordance with the Rules for the Management of Majority-owned Subsidiaries, the Company strengthened guidance and compliance with respect to the subsidiaries newly included in the consolidated financial statements. Under the authorization of the Company, the subsidiaries carried out activities and operated independently.	Completed	N/A	N/A	N/A	N/A

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XIII Internal Control Assessment Report or Internal Control Audit Report

1. Internal Control Assessment Report

Date of full disclosure of the internal control assessment report	19 April 2025	
Index of full disclosure of the internal control assessment report	http://www.cninfo.com.cn	
Ratio of the total assets of the organizations included in the assessment to the Company's consolidated total assets	100.00%	
Ratio of the revenue of the organizations included in the assessment to the Company's consolidated revenue	100.00%	
Deficiency identification criteria		
Category	Financial report	Non-financial report
Qualitative criteria	<p>Signs of material deficiencies in financial report include: (1) Failure of control environment. (2) Misconduct of directors, supervisors or senior managers. (3) Major mistakes in current financial report which fail to be identified by the Company's internal control. (4) The supervision of the Audit Committee and audit department on the Company's financial report and on the internal control over internal report is ineffective. Signs of significant deficiencies in financial report include: (1) Failure to choose and apply accounting policies according to widely accepted accounting standards. (2) Failure to establish anti-fraud procedures and control management. (3) Lack of corresponding control mechanism for accounting treatment of unconventional or special transactions or lack of corresponding compensatory control. (4) One or more deficiencies in the control of the period-end financial reporting process and failure to reasonably ensure true and complete financial reports. General deficiencies refer to the control deficiencies other than material and significant deficiencies mentioned above.</p>	<p>The identification of deficiencies in non-financial reports is mainly based on the degree of impact of the deficiencies on the effectiveness of business procedures and the possibility of their occurrence. If the possibility of the deficiency is relatively low, it will reduce the work efficiency or effectiveness, increase the uncertainty of the effectiveness, or make the work result deviate from the expected goal, the deficiency is a general deficiency. If the possibility of the deficiency is relatively high, it will significantly reduce the work efficiency or effectiveness, significantly increase the uncertainty of the effectiveness, or make the work result significantly deviate from the expected goal, the deficiency is a significant deficiency. If the possibility of the deficiency is relatively high, it will severely reduce the work efficiency or effectiveness, severely increase the uncertainty of the effectiveness, or make the work result severely deviate from the expected goal, the deficiency is a general deficiency.</p>
Quantitative criteria	<p>The Company views 5% of the total profit as the indicator of overall importance of its income statement, and views 5% of net assets as the indicator of overall importance of its balance sheet. When a potential misstatement is larger than or equal to 5% of the total profit in the income statement, or a potential misstatement is larger than or equal to 5% of net assets in the balance sheet, it is considered as a material deficiency. If a potential misstatement is lower than 5% but larger than or equal to 3% of the total profit in the income statement, or a potential misstatement is lower than 5% but larger than or equal to</p>	<p>The Company views 5% of direct loss of the Company's net assets as the indicator of importance of non-financial report. When the direct loss is larger than or equal to 5% of the net assets, it is considered as a material deficiency. If the direct loss is lower than 5% but larger than or equal to 3% of the net assets, it is considered as a significant deficiency. If the direct loss is lower than 3% of the net assets, it is considered as a general deficiency.</p>

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	3% of the net assets in the balance sheet, it is considered as a significant deficiency. If a potential misstatement is lower than 3% of the total profit in the income statement, or a potential misstatement is lower than 3% of the net assets in the balance sheet, it is considered as a general deficiency.	
Number of material deficiencies in financial reports		0
Number of material deficiencies in non-financial reports		0
Number of significant deficiencies in financial reports		0
Number of significant deficiencies in non-financial reports		0

2. Internal Control Audit Report

Applicable Not applicable

Opinion paragraph	
Huaxing Certified Public Accountants LLP is of the opinion that 37 Interactive Entertainment Network Technology Group Co., Ltd. maintained, in all material respects, effective internal control over financial reporting as of 31 December 2024, based on the Basic Rules on Enterprise Internal Control and other applicable regulations.	
Report disclosed or not	Disclosed
Disclosure date	19 April 2025
Index to the disclosed report	http://www.cninfo.com.cn
Type of opinion	Unmodified unqualified opinion
Material defects in internal control not related to financial reporting	No

Indicate whether any modified opinion is expressed in the Internal Control Audit Report.

Yes No

Indicate whether the Internal Control Audit Report is consistent with the internal control self-assessment report issued by the Company's Board of Directors.

Yes No

Part V Environmental and Social Responsibility

I Material Environmental Issues

Indicate whether the Company or any of its subsidiaries falls into major pollutant-discharge entities published by environmental protection authorities.

Yes No

Administrative punishments received during the Reporting Period due to environmental issues:

Name of the Company or subsidiary	Reason for punishment	Regulation violated	Punishment	Impact on the Company	Rectification
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information in relation to major pollutant-discharge entities:

37 Interactive Entertainment is not a major pollutant-discharge entity published by environmental protection authorities. During the Reporting Period, the Company strictly complied with various environmental protection laws and regulations and received no punishments due to violation of these laws and regulations.

Actions taken during the Reporting Period to reduce carbon emissions and the results:

Applicable Not applicable

37 Interactive Entertainment has integrated “sustainable development” into its corporate vision, actively fulfilling its environmental responsibilities, working with stakeholders to address the challenges of climate change, continuously optimizing its path towards carbon neutrality, and steadily progressing towards the goal of carbon-neutral corporate operations.

In response to climate change, the Company has proactively conducted climate-related risk and opportunity analyses for several consecutive years, taken diverse measures to manage climate risks, and promoted energy conservation and consumption reduction at the newly operational Global headquarters and other office locations. The Company continuously monitors its full life cycle carbon emissions and has engaged a globally renowned testing and certification body to conduct a new round of carbon audits. In 2024, the Company’s direct emissions (Scope 1) were 133.61 tons, and energy indirect emissions (Scope 2) were 602.78 tons. These two categories represent carbon emissions within the operational boundaries of the Company, reflecting a YoY decrease of 15.12%.

The Company actively responded to the requirements of laws and regulations such as the Rules for the Issuance and Trading of Green Power Certificates for Renewable Energy issued by the National Energy Administration, participated in green power consumption, and promoted the development of the national renewable energy industry. In 2024, the Company purchased 11.1 million kilowatt-hours of domestic wind and solar green power certificates, with green electricity accounting for 91.51% of total annual electricity consumption.

In terms of ecosystem and biodiversity protection, the Company carried out its first nature-related risk and opportunity analysis during the Reporting Period to assess the impact and dependence of its operations on nature. It also supported professional environmental organizations in wetland conservation projects, jointly developed a science education platform for wetland protection with stakeholders, and encouraged employee and youth participation in environmental initiatives, contributing to the creation of a better natural environment.

37 Interactive Entertainment has set emission reduction targets aligned with the 1.5°C global warming limit goal under the

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Paris Agreement, and during the Reporting Period, the targets were validated by the Science Based Targets initiative (SBTi), a globally recognized climate action organization.

Reasons for the non-disclosure of other environmental information:

The Company is not a major pollutant-discharge entity published by environmental protection authorities. During the Reporting Period, the Company received no punishments due to violation of environmental protection laws and regulations.

II Corporate Social Responsibility (CSR)

37 Interactive Entertainment actively fulfils its corporate social responsibility, co-creating social value with stakeholders. With the support of experts and professional institutions, the Company has developed gamified public interest platforms for ancient book restoration, aerospace science education, and training support for children with autism, enhancing the engagement and enjoyment of knowledge and skills acquisition. The Company has also deepened industry-academia collaboration through innovative competitions, scholarships and grants, thematic research projects, and the sharing of industry insights, nurturing the next generation of promising talent. Under the leadership of the Company's CPC Committee, volunteer services such as digital literacy classes on campus, blood donation drives, and community visits were conducted for 41 sessions, spreading warmth and care.

The Company has also made active investments in areas such as innovation-driven development, talent cultivation, and cybersecurity. For detailed measures related to these topics, please refer to the relevant sections of the Company's 2024 Environmental, Social and Governance Report.

III Efforts in Poverty Alleviation and Rural Revitalization

1. Supporting the revitalization of rural talent and promoting high-quality development of county-level high school education

37 Interactive Entertainment has established a philanthropic strategy to "Support the Revitalization of Rural Education" and, in 2014, initiated the founding of the Guangdong Youxin Charity Foundation. The Foundation is committed to promoting high-quality and balanced educational development in underdeveloped regions. Working with schools, charitable organizations, corporate volunteers, and relevant government departments, the Foundation provides rural youth with diverse support in developing innovative thinking, exploring scientific knowledge, and accessing scholarships and grants.

During the Reporting Period, the Company, through the Guangdong Youxin Charity Foundation, continued to implement a range of flagship programs, including the "Youxin Peers" high school education assistance program, the high school enrolment guarantee program for ethnic minority girls, the "Vocational Wisdom Calling" career planning program, the "Embrace Exploration" Guangzhou Summer Camp, and the free reading program, to empower the diversified development of rural youth talent. To further cultivate young people's capacity for innovation and sense of responsibility, and to guide them in applying their knowledge to practical scenarios for sustainable development, the Company also organized four co-creation activities. These included short drama improvisation on cybersecurity literacy and the creation of gamified tools for wetland protection and aerospace science education.

As of the end of 2024, the Company's rural education revitalization initiatives had covered 6,138 high school students across 57 counties and districts in 12 provinces/autonomous regions/municipalities, including Anhui, Sichuan, Gansu, Guizhou, and Jiangxi. During the Reporting Period, 2,767 students were still within the funded period. Some recipients who sat the 2024 national college entrance examination achieved outstanding results, with admissions to top universities such as Tsinghua

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University, Peking University, Fudan University, and Sichuan University, marking the best performance in the history of the “Youxin Peers” program.

2. Supporting rural specialty products and promoting the revitalization of rural industry and culture

37 Interactive Entertainment actively responded to the “10,000 Enterprises Revitalize 10,000 Villages” initiative and the “Hundred-Thousand-Ten Thousand Project”, leveraging its own strengths and integrating resources from multiple parties to promote the high-quality development of rural specialty industries.

Through cultural creative plans, multi-channel product promotions, and partnerships across the industrial chain, the Company helped expand the sales channels of Zhecheng lotus seeds, a specialty agricultural product from Wuwei, Anhui Province, supporting increased income for local farmers. The Company also enhanced the cultural value of rural products—for example, integrating the theme of ancient book restoration into creative packaging designs for local products such as honey and black tea, thereby raising public awareness of the restoration techniques of ancient texts.

During the Reporting Period, the Company invested RMB745,000 to support the development of specialty industries such as lotus seeds, Miao embroidery, and tea in Anhui, Guizhou, and Guangdong.

To improve rural infrastructure, the Company donated 100 solar-powered street lights to Zhen’an Town, Yunfu, Guangdong Province, enhancing the convenience of local residents’ night-time travel. In promoting rural culture, the Company led employees to personally participate in agricultural support volunteer activities such as crop harvesting and sowing, fostering greater engagement and interaction. In collaboration with stakeholders, the Company also integrated rural specialty cuisine and intangible cultural heritage food preparation techniques into the digital product My Intangible Cultural Heritage Treasure: A Culinary Journey, exploring a new model of “digital empowerment of intangible cultural heritage for rural revitalization”.

Part VI Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Number	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Number	Percentage (%)
1. Restricted shares	610,515,810	27.53%				2,754,578	2,754,578	613,270,388	27.65%
1.1 Shares held by the government									
1.2 Shares held by state-owned corporations									
1.3 Shares held by other domestic investors	610,515,810	27.53%				2,754,578	2,754,578	613,270,388	27.65%
Including: Shares held by domestic corporations									
Shares held by domestic natural persons	610,515,810	27.53%				2,754,578	2,754,578	613,270,388	27.65%
1.4 Shares held by overseas investors									
Including: Shares held by overseas corporations									
Shares held by overseas natural persons									
2. Un-restricted shares	1,607,348,471	72.47%				-2,754,578	-2,754,578	1,604,593,893	72.35%
2.1 RMB-denominated common shares	1,607,348,471	72.47%				-2,754,578	-2,754,578	1,604,593,893	72.35%
2.2 Domestically listed foreign shares									
2.3 Overseas listed foreign shares									
2.4 Others									
3. Total shares	2,217,864,281	100.00%				0	0	2,217,864,281	100.00%

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Reasons for share changes:

Applicable Not applicable

During the Reporting Period, the shareholding increases by the Company's directors and senior management were locked up according to applicable laws, regulations and regulatory documents.

Approval of share changes:

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Effects of share changes on the basic earnings per share, diluted earnings per share, equity per share attributable to the Company's common shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable Not applicable

During the Reporting Period, the Company implemented share repurchases with its securities account for repurchased shares by the way of centralized bidding. For details of the repurchases, see the announcements on repurchase progress. As per the Accounting Standards for Business Enterprises, the aforesaid repurchased shares were excluded in the calculation of basic earnings per share.

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

Unit: share

Name of shareholder	Beginning restricted shares	Increase in restricted shares in the Reporting Period	Shares with restriction lifted in the Reporting Period	Ending restricted shares	Reason for restriction	Lifting date
Li Weiwei	242,421,239	0	0	242,421,239	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management in the Company Law, etc.
Zeng Kaitian	184,008,280	847,275	0	184,855,555		
Hu Yuhang	151,198,263	0	0	151,198,263		
Xu Zhigao	27,340,427	1,907,303	0	29,247,730		
Yang Jun	1,575,000	0	0	1,575,000		
Liu Jun	3,972,601	0	0	3,972,601		
Total	610,515,810	2,754,578	0	613,270,388	--	--

II Issuance and Listing of Securities

1. Securities (Exclusive of Preferred Shares) Issued in the Reporting Period

Applicable Not applicable

2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

Applicable Not applicable

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3. Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Holdings as at the Period-End

Unit: share

Name of shareholder	Nature of shareholder	Shareholding percentage	Shares held	Increase/decrease in the Reporting Period	Restricted shares held	Un-restricted shares held	Pledged, marked or frozen status	
							Status	Shares
Li Weiwei	Domestic natural person	14.57%	323,228,319	0	242,421,239	80,807,080		
Zeng Kaitian	Domestic natural person	11.11%	246,474,074	1,129,700	184,855,555	61,618,519		
Hu Yuhang	Domestic natural person	9.09%	201,597,684	0	151,198,263	50,399,421	Pledged	31,450,000
Hong Kong Securities Clearing Company Ltd.	Overseas corporation	2.64%	58,539,781	-185,070,423	0	58,539,781		
Wu Weidong	Domestic natural person	1.86%	41,280,957	19,189,600	0	41,280,957		
Xu Zhigao	Domestic natural person	1.76%	38,996,974	2,543,071	29,247,730	9,749,244		
Wu Weihong	Domestic natural person	1.59%	35,253,178	0	0	35,253,178		
China Minsheng Banking Corp., Ltd. — China Securities Cartoon Games Trading Open-ended Index Securities Investment Fund	Other	1.43%	31,668,085	6,798,082	0	31,668,085		
Industrial and Commercial Bank of	Other	1.21%	26,750,529	15,132,700	0	26,750,529		

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China Limited— Huatai-PineBridge CSI 300 Trading Open- ended Index Securities Investment Fund								
China Construction Bank Corporation—E Fund CSI 300 Trading Open-ended Index Sponsored Securities Investment Fund	Other	0.83%	18,481,557	15,106,300	0	18,481,557		
Strategic investor or general corporation becoming a top-10 shareholder in a rights issue (if any) (see note 3)	N/A							
Related or acting-in-concert parties among the shareholders above	1. Among the top 10 shareholders of the Company, Wu Weidong and Wu Weihong are shareholders acting in concert. 2. The Company is not aware of whether there is, among the other top 10 shareholders, any related parties or acting-in-concert parties as defined in the Measures on the Administration of Acquisition of Listed Companies.							
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	N/A							
Special account for share repurchases (if any) among the top 10 shareholders (see note 10)	The Company had cumulatively repurchased 18,166,147 shares (or 0.82% of the total share capital as at 31 December 2024) with its securities account for repurchased shares by the way of centralized bidding. The said account of repurchased shares is not listed as a top 10 un-restricted common shareholder as required.							
Top 10 un-restricted shareholders								
Name of shareholder	Un-restricted shares held	Shares by class						
		Class	Shares					
Li Weiwei	80,807,080	RMB-denominated common shares	80,807,080					
Zeng Kaitian	61,618,519	RMB-denominated common shares	61,618,519					
Hong Kong Securities Clearing Company Ltd.	58,539,781	RMB-denominated common shares	58,539,781					
Hu Yuhang	50,399,421	RMB-denominated common shares	50,399,421					
Wu Weidong	41,280,957	RMB-denominated common shares	41,280,957					
Wu Weihong	35,253,178	RMB-denominated common shares	35,253,178					

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

China Minsheng Banking Corp., Ltd.— China Securities Cartoon Games Trading Open-ended Index Securities Investment Fund	31,668,085	RMB- denominated common shares	31,668,085
Industrial and Commercial Bank of China Limited—Huatai-PineBridge CSI 300 Trading Open-ended Index Securities Investment Fund	26,750,529	RMB- denominated common shares	26,750,529
China Construction Bank Corporation —E Fund CSI 300 Trading Open-ended Index Sponsored Securities Investment Fund	18,481,557	RMB- denominated common shares	18,481,557
37 Interactive Entertainment Network Technology Group Co., Ltd.-The Fourth Employee Stock Ownership Plan	16,301,534	RMB- denominated common shares	16,301,534
Related or acting-in-concert parties among the top 10 un-restricted shareholders, as well as between the top 10 un-restricted shareholders and the top 10 shareholders	1. Among the top 10 shareholders of the Company, Wu Weidong and Wu Weihong are shareholders acting in concert. 2. The Company is not aware of whether there is, among the other top 10 shareholders, any related parties or acting-in-concert parties as defined in the Measures on the Administration of Acquisition of Listed Companies.		
Related or acting-in-concert parties among the top 10 un-restricted shareholders, as well as between the top 10 un-restricted shareholders and the top 10 shareholders	N/A		

5% or greater shareholders, top 10 shareholders and top 10 un-restricted public shareholders involved in refinancing shares lending:

Applicable Not applicable

Unit: Share

5% or greater shareholders, top 10 shareholders and top 10 un-restricted public shareholders involved in refinancing shares lending								
Full name of shareholder	Shares in the common account and credit account at the period-begin		Shares lent in refinancing and not yet returned at the period-begin		Shares in the common account and credit account at the period-end		Shares lent in refinancing and not yet returned at the period-end	
	Total shares	As % of total share capital	Total shares	As % of total share capital	Total shares	As % of total share capital	Total shares	As % of total share capital
China Minsheng Banking Corp., Ltd.—China Securities Cartoon Games Trading Open-ended Index Securities Investment Fund	24,870,003	1.12%	5,167,400	0.23%	31,668,085	1.43%	0	0.00%
Industrial and Commercial Bank of China Limited—Huatai-PineBridge CSI 300 Trading Open-ended Index Securities Investment Fund	11,617,829	0.52%	34,800	0.00%	26,750,529	1.21%	0	0.00%
China Construction Bank Corporation—E Fund CSI 300 Trading Open-ended Index Sponsored Securities Investment Fund	3,375,257	0.15%	964,900	0.04%	18,481,557	0.83%	0	0.00%

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Indicate whether there was any change to the top 10 shareholders or top 10 un-restricted public shareholders due to refinancing shares lending/returning during the Reporting Period compared to the same period of last year.

Applicable Not applicable

Indicate whether any of the top 10 common shareholders or the top 10 un-restricted common shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes No

No such cases in the Reporting Period.

2. Controlling Shareholder

Nature of the controlling shareholder: controlled by a natural person

Type of the controlling shareholder: natural person

Name of the controlling shareholder	Nationality	Residency in other countries or regions or not
Li Weiwei	Chinese	Not
Main occupation and position	Chairman of the Board	
Interests held in other domestically and overseas listed companies in the Reporting Period	None	

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

3. Actual Controller and Acting-in-Concert Parties

Nature of the actual controller: domestic natural person

Type of the actual controller: natural person

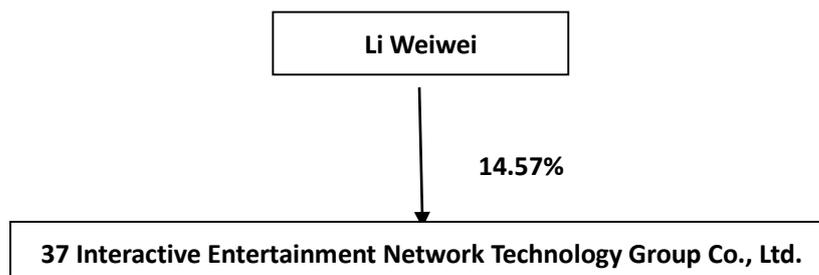
Name of the actual controller	Relationship with the actual controller	Nationality	Residency in other countries or regions or not
Li Weiwei	Actual controller himself	Chinese	Not
Main occupation and position	Chairman of the Board		
Controlling interests in other domestically and overseas listed companies in the past 10 years	None		

Change of the actual controller in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

Ownership and control relationship between the actual controller and the Company:



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Indicate whether the actual controller controls the Company via trust or other ways of asset management.

Applicable Not applicable

4. Indicate whether the cumulative number of shares held by the Company's controlling shareholder or the largest shareholder and its acting-in-concert parties that are in pledge accounts for over 80% of their total shareholdings in the Company.

Applicable Not applicable

5. Other 10% or Greater Corporate Shareholders

Applicable Not applicable

6. Restrictions on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Undertaking Makers

Applicable Not applicable

IV Share Repurchases during the Reporting Period

Progress on share repurchases:

Applicable Not applicable

Date of the repurchase plan's disclosure	Number of shares to be repurchased	As % of total share capital	Amount to be used for repurchase (RMB'0,000)	Intended repurchase period	Purpose of repurchased shares	Number of shares repurchased	Shares repurchased as % of total target shares (if any) under equity incentive plan
12 November 2022	26,086,956	1.18%	30,000-60,000	Within 12 months following the Board's approval of the repurchase plan	For subsequent employee stock ownership plans or other equity incentive plans	12,539,547	
28 December 2023	5,899,705	0.27%	10,000-20,000	Within 12 months following the approval of the repurchase plan by a general meeting of shareholders	All to be retired to reduce the registered capital	5,626,600	

Note: The Company has completed the retirement procedures for the above-mentioned repurchased shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 22 January 2025. The number of shares retired is 5,626,600 shares, accounting for 0.25% of the Company's total share capital before the retirement of the repurchased shares. Upon the completion of this retirement of shares, the Company's total share capital changed from 2,217,864,281 shares to 2,212,237,681 shares.

For further information, please refer to the Announcement on the Completion of Retirement of Repurchased Shares & Share Change, which has been disclosed by the Company on <http://www.cninfo.com.cn>.

Progress on reducing the repurchased shares by way of centralized bidding:

Applicable Not applicable

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Part VII Financial Statements

I Independent Auditor's Report

Type of the independent auditor's opinion	Unqualified opinion with an emphasis of matter paragraph
Date of report signing	18 April 2025
Name of the independent auditor	Huaxing Certified Public Accountants LLP
Name of the certified public accountants	Zhang Fengbo and Gao Yunjun

Independent Auditor's Report

To all the shareholders of 37 Interactive Entertainment Network Technology Group Co., Ltd.:

I Opinion

We have audited the financial statements of 37 Interactive Entertainment Network Technology Group Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2024, the consolidated and the Company's income statements, the consolidated and the Company's cash flow statements, and the consolidated and the Company's statements of changes in shareholders' equity for the year then ended, as well as the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Company's financial positions as at 31 December 2024, and the consolidated and the Company's operating results and cash flows for the year then ended, in conformity with China's Accounting Standards for Business Enterprises (CAS).

II Basis for Opinion

We conducted our audits in accordance with the Audit Standards for Chinese Registered Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the said Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III Emphasis Matter

Users of the financial statements are kindly reminded to pay attention to Note XVI (VII) "Other Significant Transactions and Events with Influence on Investors' Decision-making" to the financial statements: On 27 June 2023, the Company, Mr Li Weiwei (the actual controller and Chairman of the Board of the Company), and Mr Zeng Kaitian (the Vice Chairman of the Board of the Company) received the Notification of the China Securities Regulatory Commission on Case Filing (CSRC Case No. 03720230061, No. 03720230062, No. 03720230063) from the said commission (hereinafter referred to as the "CSRC"), respectively. For suspected information disclosure violations, according to the Securities Law of the People's Republic of China, the Administrative Penalty Law of the People's Republic of China and other applicable laws and regulations, the CSRC decided to initiate an investigation into the Company, Li Weiwei and Zeng Kaitian. As of the date of this auditor's report, the Company has not yet received any definitive conclusion or decision from the CSRC regarding the aforementioned matter under investigation. The contents of this paragraph are without prejudice to the audit opinion that has been issued.

IV Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial

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statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(I) Revenue recognition

1. Description

As described in Notes III – (XXX) Revenue and V – (XL) Operating Revenue and Cost of Sales," the Company is mainly engaged in the R&D and (independent and joint) operation of online games. The operation of online games depends highly on internal control and IT system, leading to inherent risk in revenue recognition, so we highlighted the revenue recognition of online games as a key audit matter.

2. Audit response

(1) The Company investigated and tested revenue-related internal controls and assessed the appropriateness of the key control points of internal control and the effectiveness of the operation of internal controls.

(2) The Company performed IT audit. The consistency between the background recharge amount and consumption amount of substantial self-developed games and the financial information was tested. The exactness of the consumption amount of ingots at period end was verified. Game operation data such as average number of online users, number of paying uses and average consumption amount per user were checked for their consistency with revenue data.

(3) The Company checked the accuracy of revenue accounting and estimate. To align the accounting process with the time cycle of reconciliation or settlement and follow the accrual basis of accounting, the Company makes revenue estimates based on the recharge amount and the agreed revenue distribution scheme or the actual consumption amount at month end and adjusts the revenue estimates according to the actually settled revenues; thus, the accuracy of revenue estimates directly influences the accuracy of revenue recognition. The accuracy of revenue estimates was assessed by sampling major games and checking the estimated monthly or annual revenues of these sampled games against the settled revenues in terms of the average discrepancy between the estimated and settled revenues.

(4) The Company checked the collection of accounts receivable from sales. Third-party collections/payments or bank deposit receipts were checked, focusing on the consistency between the original documents and book records in terms of the recipient and amount of payment.

(5) The Company performed follow-up test. A follow up test was conducted on accounts receivable to check whether they were collected in time and whether there were chargebacks to customers. Period-end estimated revenues were checked against revenues settled after the Reporting Period for assessing the existence of major discrepancies between the estimated and actually settled revenues.

(II) Internet traffic fee charges

1. Description

As described in Note V–(XLII) Distribution and Selling Expenses, the Internet traffic fee charges in the 2024 consolidated financial statements amount to RMB9,151million. Because Internet traffic fee charges amount to a substantial amount and there is inherent risk in terms of their exactness and accuracy, we highlighted the exactness and accuracy of Internet traffic charges as a key audit matter.

2. Audit response

The major audit procedures performed to address the exactness and accuracy of Internet traffic fee charges include:

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(1) We investigated and tested Internet traffic fee charges-related internal controls and assessed the effectiveness of the design and operation of relevant internal controls;

(2) We performed an analytical review to comparatively analyze the proportion of and variation in the monthly Internet traffic fee charges and assess the appropriateness of the variation;

(3) We performed a detail test on Internet traffic charges by checking the supporting documents of large vouchers, such as contracts, invoices, bills of payment and statements of accounts, and reviewing the accuracy of such charges;

(4) We performed external confirmations by checking the amounts of transactions and the balance of the accounts payable/receivable between the Company and its major suppliers and verifying the exactness and completeness of distribution and selling expenses through letters of confirmation;

(5) We performed a cut-off test on the Internet traffic fee charges recognized before and after the date of balance sheet, focusing on whether there are major inter-period adjustments.

V Other Information

The Company's management is responsible for the other information. The other information comprises all of the information included in the Company's 2024 Annual Report other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

VI Responsibilities of Management and Those Charged with Governance for Financial Statements

The Company's management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing going concern-related matters (if applicable), and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VII Auditor's Responsibilities for Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

1. Consolidated Balance Sheet

Prepared by 37 Interactive Entertainment Network Technology Group Co., Ltd.

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

31 December 2024

Unit: RMB

Item	31 December 2024	1 January 2024
Current assets:		
Monetary funds	5,058,893,098.76	6,176,992,875.55
Transaction settlement funds		
Loans to other banks		
Trading financial assets	2,249,440,497.59	2,024,681,502.03
Derivative financial assets		
Notes receivable		
Accounts receivable	1,212,667,677.20	1,479,267,695.67
Accounts receivable financing		
Prepayments	729,588,626.88	1,143,237,497.90
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	42,840,109.04	46,247,241.46
Including: Interest receivable		
Dividends receivable	12,782,059.51	10,000,000.00
Redemptory monetary capital for sale		
Inventories		
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year	923,069,692.33	164,307,298.27
Other current assets	118,850,219.61	88,085,256.86
Total current assets	10,335,349,921.41	11,122,819,367.74
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	446,322,435.18	520,735,613.55
Other equity investments	217,022,972.20	247,132,794.34
Other non-current financial assets	1,037,418,816.34	825,660,687.40
Investment properties	689,233,033.12	
Fixed assets	1,076,644,793.81	823,508,284.60
Construction in progress		534,491,192.20
Productive living assets		
Oil and gas assets		
Right-of-use assets	6,566,577.29	16,622,471.20
Intangible assets	1,888,794,105.85	1,040,204,870.96
Including: Data resources		
Development expenditure		
Including: Data resources		
Goodwill	1,578,065,048.53	1,578,065,048.53
Long-term deferred expenses	66,733,610.79	90,785,937.93
Deferred income tax assets	44,668,879.75	53,947,130.48
Other non-current assets	2,195,871,744.13	2,280,577,680.43
Total non-current assets	9,247,342,016.99	8,011,731,711.62
Total assets	19,582,691,938.40	19,134,551,079.36
Current liabilities:		
Short-term loans	2,653,781,111.11	1,554,577,083.34

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Loans from the central bank		
Loans from other banks		
Trading financial liabilities	8,743,696.60	74,311.41
Derivative financial liabilities		
Notes payable	1,044,500,000.00	1,087,000,000.00
Accounts payable	1,667,812,211.58	1,825,714,480.74
Advances from customers	362,116.34	0.00
Contract liabilities	244,227,089.06	280,023,602.87
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	384,954,362.43	408,786,174.15
Taxes payable	200,043,621.99	280,471,436.39
Other payables	200,414,366.22	201,521,074.52
Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance payables		
Liabilities held for sale		
Non-current liabilities due within one year	5,085,969.06	212,167,632.34
Other current liabilities	49,219,418.15	55,277,993.63
Total current liabilities	6,459,143,962.54	5,905,613,789.39
Non-current liabilities:		
Insurance contract reserve		
Long-term loans		306,000,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	1,528,614.88	3,944,589.05
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities	105,413,115.53	106,630,292.58
Other non-current liabilities		
Total non-current liabilities	106,941,730.41	416,574,881.63
Total liabilities	6,566,085,692.95	6,322,188,671.02
Shareholders' equity:		
Share capital	2,217,864,281.00	2,217,864,281.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	2,678,529,816.16	2,823,040,832.04
Less: Treasury shares	401,229,096.75	300,524,656.78
Other comprehensive income	-119,674,167.70	-129,511,563.25
Special reserves		
Surplus reserves	666,869,940.33	666,869,940.33
General risk reserves		
Retained earnings	7,878,369,071.34	7,429,206,642.53

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Total equity attributable to shareholders of the Company	12,920,729,844.38	12,706,945,475.87
Non-controlling interests	95,876,401.07	105,416,932.47
Total shareholders' equity	13,016,606,245.45	12,812,362,408.34
Total liabilities and shareholders' equity	19,582,691,938.40	19,134,551,079.36

Legal representative: Xu Zhigao

Chief Financial Officer: Ye Wei

Board Secretary: Ye Wei

2. Balance Sheet of the Company

Unit: RMB

Item	31 December 2024	1 January 2024
Current assets:		
Monetary funds	45,010,430.49	802,609,416.49
Trading financial assets	1,472,922,373.98	800,986,301.37
Derivative financial assets		
Notes receivable		
Accounts receivable		
Accounts receivable financing		
Prepayments	299,511.91	66,418.86
Other receivables	2,067,993,087.97	3,679,202,452.33
Including: Interest receivable		
Dividends receivable		
Inventories		
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	8,185,040.85	7,068,190.52
Total current assets	3,594,410,445.20	5,289,932,779.57
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	9,561,797,839.35	9,659,679,501.59
Other equity investments		
Other non-current financial assets	80,738,178.41	76,589,599.00
Investment properties		
Fixed assets		
Construction in progress		
Productive living assets		
Oil and gas assets		
Right-of-use assets	2,479,663.50	4,605,089.46
Intangible assets		
Including: Data resources		
Development expenditure		
Including: Data resources		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	9,230,406.43	
Other non-current assets		
Total non-current assets	9,654,246,087.69	9,740,874,190.05
Total assets	13,248,656,532.89	15,030,806,969.62
Current liabilities:		
Short-term loans	400,281,111.11	200,155,833.34

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Trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	1,713,740.20	
Advances from customers		
Contract liabilities		
Employee benefits payable	28,060.00	30,200.00
Taxes payable	17,739,439.95	11,281,109.24
Other payables	32,866,010.91	28,901,705.53
Including: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	2,552,367.41	200,318,482.28
Other current liabilities		
Total current liabilities	455,180,729.58	440,687,330.39
Non-current liabilities:		
Long-term loans		306,000,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		2,552,367.43
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities		142,444.51
Other non-current liabilities		
Total non-current liabilities		308,694,811.94
Total liabilities	455,180,729.58	749,382,142.33
Shareholders' equity:		
Share capital	2,217,864,281.00	2,217,864,281.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	6,345,690,695.32	6,468,587,957.50
Less: Treasury shares	401,229,096.75	300,524,656.78
Other comprehensive income		-60,000,000.00
Special reserves		
Surplus reserves	1,108,932,140.50	1,108,932,140.50
Retained earnings	3,522,217,783.24	4,846,565,105.07
Total shareholders' equity	12,793,475,803.31	14,281,424,827.29
Total liabilities and shareholders' equity	13,248,656,532.89	15,030,806,969.62

3. Consolidated Income Statement

Unit: RMB

Item	2024	2023
1. Total operating revenue	17,440,957,495.58	16,546,871,737.85
Including: Operating revenue	17,440,957,495.58	16,546,871,737.85
Interest income		
Premium income		
Handling charge and commission income		
2. Total operating costs and expenses	14,483,511,016.90	13,603,488,187.84

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Including: Cost of sales	3,726,548,784.98	3,391,580,579.32
Interest expense		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as policy reserve		
Expenditure on policy dividends		
Reinsurance premium expenses		
Taxes and surcharges	44,113,070.92	36,892,301.48
Distribution and selling expenses	9,712,300,686.99	9,090,808,791.22
General and administrative expenses	515,515,048.85	592,119,581.61
Research and development expenses	646,356,784.55	713,563,181.73
Financial expenses	-161,323,359.39	-221,476,247.52
Including: Interest expense	63,965,623.94	65,589,638.61
Interest income	239,018,996.99	306,044,467.16
Add: Other income	88,261,430.73	110,038,707.84
Investment income ("-" for loss)	111,101,221.06	7,525,623.19
Including: Share of profits and losses of joint ventures and associates	-9,114,042.59	-17,776,565.55
Gain on derecognition of financial assets measured at amortized cost ("-" for loss)		
Gain on exchange ("-" for loss)		
Net gain on exposure hedges ("-" for loss)		
Gain on changes in fair value ("-" for loss)	-31,087,890.91	103,982,672.05
Impairment loss on credit ("-" for loss)	20,706,759.60	-13,743,024.22
Impairment loss on assets ("-" for loss)	-56,171,665.31	-111,730,846.28
Gain on disposal of assets ("-" for loss)	747,990.04	1,431,156.84
3. Operating profit ("-" for loss)	3,091,004,323.89	3,040,887,839.43
Add: Non-operating income	4,377,488.74	20,123,970.73
Less: Non-operating expenses	6,589,589.85	13,041,071.75
4. Profit before income tax expenses ("-" for loss)	3,088,792,222.78	3,047,970,738.41
Less: Income tax expenses	424,491,264.41	414,443,596.24
5. Net profit ("-" for net loss)	2,664,300,958.37	2,633,527,142.17
5.1 Classified by continuity of operations		
5.1.1 Net profit from continuing operations ("-" for net loss)	2,664,300,958.37	2,633,527,142.17
5.1.2 Net profit from discontinued operations ("-" for net loss)		
5.2 Classified by ownership of the equity		
5.2.1 Net profit attributable to shareholders of the Company	2,673,021,327.30	2,658,570,193.44
5.2.2 Net profit attributable to non-	-8,720,368.93	-25,043,051.27

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controlling interests		
6. Other comprehensive income, net of tax	9,837,395.55	23,533,183.20
Other comprehensive income attributable to shareholders of the Company, net of tax	9,837,395.55	23,533,183.20
6.1 Other comprehensive income that will not be reclassified subsequently to profit or loss	-5,236,043.48	-23,571,778.91
6.1.1 Changes caused by remeasurement of defined benefit pension schemes		
6.1.2 Share of the other comprehensive income of the investee accounted for using equity method that will not be reclassified subsequently to profit or loss		
6.1.3 Changes in fair value of other equity investments	-5,236,043.48	-23,571,778.91
6.1.4 Changes in the fair value of the company's own credit risk		
6.1.5 Others		
6.2 Other comprehensive income that will be reclassified subsequently to profit or loss	15,073,439.03	47,104,962.11
6.2.1 Share of the other comprehensive income of the investee accounted for using equity method that will be reclassified subsequently to profit or loss	-1,271,767.54	0.00
6.2.2 Changes in fair value of other equity investments		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Allowance for credit impairments in other debt investments		
6.2.5 Cash flow hedge reserve		
6.2.6 Exchange differences on translation of foreign currency financial statements	16,345,206.57	47,104,962.11
6.2.7 Others		
Other comprehensive income attributable to non-controlling interests, net of tax		
7. Total comprehensive income	2,674,138,353.92	2,657,060,325.37
Total comprehensive income attributable to shareholders of the Company	2,682,858,722.85	2,682,103,376.64
Total comprehensive income attributable to non-controlling interests	-8,720,368.93	-25,043,051.27
8. Earnings per share:		
8.1 Basic earnings per share	1.21	1.20
8.2 Diluted earnings per share	1.21	1.20

Where business combinations under common control occurred in the current period, the net profit achieved by the acquirees before the combinations was RMB 0.00 with the amount for the same period of last year being RMB 0.00.

Legal representative: Xu Zhigao

Chief Financial Officer: Ye Wei

Board Secretary: Ye Wei

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4. Income Statement of the Company

Unit: RMB

Item	2024	2023
1. Operating revenue	0.00	9,433.96
Less: Cost of sales	0.00	0.00
Taxes and surcharges	32,439.32	50,349.85
Distribution and selling expenses		
General and administrative expenses	7,233,016.19	19,286,684.94
Research and development expenses		
Financial expenses	8,833,921.68	1,373,974.08
Including: Interest expense	16,050,038.22	23,604,095.16
Interest income	8,529,008.58	23,391,950.84
Add: Other income	7,932,182.75	6,938,175.62
Investments income ("-" for loss)	904,917,055.11	1,704,272,876.72
Including: Share of profits and losses of joint ventures and associates		
Gain on derecognition of financial assets measured at amortized cost ("-" for loss)		
Net gain on exposure hedges ("-" for loss)		
Gain on changes in fair value ("-" for loss)	27,364,378.07	18,294,520.55
Impairment loss on credit ("-" for loss)		
Impairment loss on assets ("-" for loss)		
Gain on disposal of assets ("-" for loss)		
2. Operating profit ("-" for loss)	924,114,238.74	1,708,803,997.98
Add: Non-operating income	169,747.52	1,478.73
Less: Non-operating expenses	20,001.80	70,214.21
3. Profit before income tax expenses ("-" for loss)	924,263,984.46	1,708,735,262.50
Less: Income tax expenses	-9,308,957.40	2,444,671.89
4. Net profit ("-" for net loss)	933,572,941.86	1,706,290,590.61
4.1 Net profit from continuing operations ("-" for net loss)	933,572,941.86	1,706,290,590.61
4.2 Net profit from discontinued operations ("-" for net loss)		
5. Other comprehensive income, net of tax	60,000,000.00	
5.1 Other comprehensive income that will not be reclassified subsequently to profit or loss	60,000,000.00	
5.1.1 Changes caused by remeasurement of defined benefit pension schemes		
5.1.2 Share of the other comprehensive income of the investee accounted for using equity method that will not be reclassified subsequently to profit or loss		
5.1.3 Changes in fair value of	60,000,000.00	

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other equity investments		
5.1.4 Changes in the fair value of the company's own credit risk		
5.1.5 Others		
5.2 Other comprehensive income that will be reclassified subsequently to profit or loss		
5.2.1 Share of the other comprehensive income of the investee accounted for using equity method that will be reclassified subsequently to profit or loss		
5.2.2 Changes in fair value of other equity investments		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Allowance for credit impairments in other debt investments		
5.2.5 Cash flow hedge reserve		
5.2.6 Exchange differences on translation of foreign currency financial statements		
5.2.7 Others		
6. Total comprehensive income	993,572,941.86	1,706,290,590.61
7. Earnings per share:		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2024	2023
1. Cash flows from operating activities:		
Cash received from the sales of goods or rendering services	18,041,887,158.34	16,904,176,555.70
Net increase in customer deposits and interbank deposits		
Net increase in loans from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in loans from other banks		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Refunds of taxes and levies	1,496,678.61	2,434,967.58
Cash received relating to other operating activities	228,227,785.73	265,105,348.27
Sub-total of cash inflows from operating	18,271,611,622.68	17,171,716,871.55

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activities		
Cash paid for purchases of goods and services	3,476,808,553.68	3,413,825,692.72
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and other banks and financial institutions		
Payments for claims on original insurance contracts		
Net increase in loans to other banks		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and on behalf of employees	1,538,242,844.53	1,564,676,531.31
Payments of taxes and levies	661,817,095.26	645,283,417.51
Cash paid relating to other operating activities	9,596,760,446.48	8,400,893,893.55
Sub-total of cash outflows used in operating activities	15,273,628,939.95	14,024,679,535.09
Net cash flows from operating activities	2,997,982,682.73	3,147,037,336.46
2. Cash flows from investing activities:		
Cash received from disposal of investments	163,197,797.31	150,435,928.42
Cash received from investment income	278,211,511.91	172,415,699.41
Cash received from disposal of fixed assets, intangible assets and other long-term assets	486,551.68	3,105,437.71
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	16,600,856,701.58	13,521,693,807.84
Sub-total of cash inflows from investing activities	17,042,752,562.48	13,847,650,873.38
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	572,301,836.19	1,311,950,763.69
Cash paid to acquire investments	467,246,072.26	237,738,371.40
Net increase in pledged loans granted		
Net cash paid for the acquisition of subsidiaries and other business units	49,991.06	59,324.28
Cash paid relating to other investing activities	19,411,351,287.09	13,743,826,640.43
Sub-total of cash outflows used in investing activities	20,450,949,186.60	15,293,575,099.80
Net cash flows from/used in investing activities	-3,408,196,624.12	-1,445,924,226.42
3. Cash flows from financing activities:		
Cash received from capital contributions		620,000.00
Including: Cash received from capital contributions by non-controlling interests of subsidiaries		620,000.00
Cash received from borrowings	4,210,500,000.00	2,911,380,000.00
Cash received relating to other financing activities	1,019,805,900.00	355,000,000.00
Sub-total of cash inflows from financing activities	5,230,305,900.00	3,267,000,000.00

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Cash repayments of borrowings	3,614,880,000.00	2,104,998,000.00
Cash paid for interest and dividends	2,266,059,806.20	2,052,191,844.69
Including: Dividends paid by subsidiaries to non-controlling interests	2,663,518.82	
Cash paid relating to other financing activities	142,038,995.94	1,396,209,021.10
Sub-total of cash outflows used in financing activities	6,022,978,802.14	5,553,398,865.79
Net cash flows from/used in financing activities	-792,672,902.14	-2,286,398,865.79
4. Effect of foreign exchange rate changes on cash and cash equivalents	2,911,377.31	10,295,383.63
5. Net increase/decrease in cash and cash equivalents	-1,199,975,466.22	-574,990,372.12
Add: Cash and cash equivalents at beginning of the period	2,745,481,726.82	3,320,472,098.94
6. Cash and cash equivalents at end of the period	1,545,506,260.60	2,745,481,726.82

6. Cash Flow Statement of the Company

Unit: RMB

Item	2024	2023
1. Cash flows from operating activities:		
Cash received from the sales of goods or rendering services		10,000.00
Refunds of taxes and levies		
Cash received relating to other operating activities	3,493,756,316.89	2,866,152,757.49
Sub-total of cash inflows from operating activities	3,493,756,316.89	2,866,162,757.49
Cash paid for purchases of goods and services		
Cash paid to and on behalf of employees	4,854,285.70	1,939,875.23
Payments of taxes and levies	2,809,328.25	4,280,167.75
Cash paid relating to other operating activities	1,858,456,849.48	2,710,211,734.70
Sub-total of cash outflows used in operating activities	1,866,120,463.43	2,716,431,777.68
Net cash flows from/used in operating activities	1,627,635,853.46	149,730,979.81
2. Cash flows from investing activities:		
Cash received from disposal of investments	1,777,870.31	
Cash received from investment income	930,843,031.16	1,737,876,392.74
Cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	5,625,000,000.00	4,580,000,000.00
Sub-total of cash inflows from investing activities	6,557,620,901.47	6,317,876,392.74
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		
Cash paid to acquire investments	22,000,000.00	15,000,000.00

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Net cash paid for the acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities	5,995,000,000.00	4,280,000,000.00
Sub-total of cash outflows used in investing activities	6,017,000,000.00	4,295,000,000.00
Net cash flows from/used in investing activities	540,620,901.47	2,022,876,392.74
3. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received from borrowings	700,000,000.00	690,000,000.00
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities	700,000,000.00	690,000,000.00
Cash repayments of borrowings	1,003,500,000.00	337,000,000.00
Cash paid for interest and dividends	2,215,857,743.73	2,011,301,921.19
Cash paid relating to other financing activities	103,520,599.97	220,234,866.23
Sub-total of cash outflows used in financing activities	3,322,878,343.70	2,568,536,787.42
Net cash flows from/used in financing activities	-2,622,878,343.70	-1,878,536,787.42
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase/decrease in cash and cash equivalents	-454,621,588.77	294,070,585.13
Add: Cash and cash equivalents at beginning of the period	499,632,019.26	205,561,434.13
6. Cash and cash equivalents at end of the period	45,010,430.49	499,632,019.26

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7. Consolidated Statement of Changes in Shareholders' Equity

2024

Unit: RMB

Item	2024														
	Equity attributable to shareholders of the Company												Non-controlling interests	Total shareholder equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others			Sub-total
	Preferred shares	Perpetual bonds	Others												
1. Balance as at the end of prior year	2,217,864,281.00				2,823,040,832.04	300,524,656.78	129,511,563.25		666,869,940.33		7,429,206,642.53		12,706,945,475.87	105,416,932.47	12,812,362,408.34
Add: Adjustments for changed accounting policies															
Adjustments for corrections of previous errors															
Others															
2. Balance as at beginning of year	2,217,864,281.00				2,823,040,832.04	300,524,656.78	129,511,563.25		666,869,940.33		7,429,206,642.53		12,706,945,475.87	105,416,932.47	12,812,362,408.34
3. Increase/decrease in the period ("-" for decrease)					-144,511,015.88	100,704,439.97	9,837,395.55				449,162,428.81		213,784,368.51	-9,540,531.40	204,243,837.11
3.1 Total comprehensive income							-14,323,411.45				2,673,021,327.30		2,658,697,915.85	-8,720,368.93	2,649,977,546.92
3.2 Capital contribution and withdrawal by shareholders					-144,511,015.88	100,704,439.97					0.00		-245,215,455.85	1,843,356.35	-243,372,099.50

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3.2.1 Common shares contribution and withdrawal by shareholders															-	-	24,427,451.00	24,427,451.00
3.2.2 Capital contribution and withdrawal by holders of other equity instruments																		
3.2.3 Share-based payments included in shareholders' equity															-	-	122,987,060.04	122,897,262.18
3.2.4 Others															-	-	21,523,955.84	100,704,439.97
3.3 Profit distribution															-	-		
3.3.1 Appropriation to surplus reserves																		
3.3.2 Appropriation to general risk reserves																		
3.3.3 Distribution to shareholders															-	-	2,199,698,134.00	2,202,361,652.82
3.3.4 Others																		
3.4 Internal transfers within shareholders' equity															-	-		
3.4.1 Capital reserves transferred into capital (or share capital)																		
3.4.2 Surplus																		

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reserves transferred into capital (or share capital)															
3.4.3 Surplus reserves for making up losses															
3.4.4 Changes in defined benefit pension schemes transferred into retained earnings															
3.4.5 Other comprehensive income transferred into retained earnings							24,160,807.00							- 24,160,807.00	
3.4.6 Others															
3.5 Special reserves															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Others														42.51	42.51
4. Balance as at the end of the period	2,217,864,281.00				2,678,529,816.16	401,229,096.75	119,674,167.70		666,869,940.33		7,878,369,071.34		12,920,729,844.38	95,876,401.07	13,016,606,245.45

2023

Unit: RMB

Item	2023														Non-controlling interests	Total shareholder's equity
	Equity attributable to shareholders of the Company															
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Sub-total			
	Preferred shares	Perpetual bonds	Others													

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1. Balance as at the end of prior year	2,217,864,28 1.00				2,776,585, 669.95	83,105,9 50.55	- 153,044,746. 45		666,869, 940.33		6,758,838, 410.54		12,184,007, 604.82	128,597,4 99.21	12,312,605, 104.03
Add: Adjustments for changed accounting policies															
Adjustments for corrections of previous errors															
Others															
2. Balance as at beginning of year	2,217,864,28 1.00				2,776,585, 669.95	83,105,9 50.55	- 153,044,746. 45		666,869, 940.33		6,758,838, 410.54		12,184,007, 604.82	128,597,4 99.21	12,312,605, 104.03
3. Increase/ decrease in the period (“-” for decrease)					46,455,16 2.09	217,418, 706.23	23,533,183.2 0				670,368,23 1.99		522,937,871 .05	- 23,180,56 6.74	499,757,304 .31
3.1 Total comprehensive income							23,533,183.2 0				2,658,570, 193.44		2,682,103,3 76.64	- 25,043,05 1.27	2,657,060,3 25.37
3.2 Capital contribution and withdrawal by shareholders					46,690,19 9.89	217,418, 706.23							- 170,728,506 .34	1,847,283 .95	- 168,881,222 .39
3.2.1 Common shares contribution and withdrawal by shareholders														1,719,479 .94	1,719,479.9 4
3.2.2 Capital contribution and withdrawal by holders of other equity instruments															
3.2.3 Share-based payments included in shareholders’					46,690,19 9.89								46,690,199. 89	127,804.0 1	46,818,003. 90

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equity															
3.2.4 Others						217,418, 706.23							- 217,418,706 .23		- 217,418,706 .23
3.3 Profit distribution													- 1,988,201, 961.45		- 1,988,201,9 61.45
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general risk reserves															
3.3.3 Distribution to shareholders													- 1,988,201, 961.45		- 1,988,201,9 61.45
3.3.4 Others															
3.4 Internal transfers within shareholders' equity															
3.4.1 Capital reserves transferred into capital (or share capital)															
3.4.2 Surplus reserves transferred into capital (or share capital)															
3.4.3 Surplus reserves for making up losses															
3.4.4 Changes in defined benefit pension schemes transferred into retained earnings															

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3.4.5 Other comprehensive income transferred into retained earnings															
3.4.6 Others															
3.5 Special reserves															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Others					235,037.80								-235,037.80	15,200.58	-219,837.22
4. Balance as at the end of the period	2,217,864,281.00				2,823,040,832.04	300,524,656.78	129,511,563.25		666,869,940.33		7,429,206,642.53		12,706,945,475.87	105,416,932.47	12,812,362,408.34

8. Statement of Changes in Shareholders' Equity of the Company

2024

Unit: RMB

Item	2024											Total shareholders' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	
		Preferred shares	Perpetual bonds	Others								
1. Balance as at the end of prior year	2,217,864,281.00				6,468,587,957.50	300,524,656.78	-60,000,000.00		1,108,932,140.50	4,846,565,105.07		14,281,424,827.29
Add: Adjustments for changed accounting policies												

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Adjustments for corrections of previous errors												
Others												
2. Balance as at beginning of year	2,217,864,281.00				6,468,587,957.50	300,524,656.78	-60,000,000.00		1,108,932,140.50	4,846,565,105.07		14,281,424,827.29
3. Increase/decrease in the period (“-” for decrease)					-122,897,262.18	100,704,439.97	60,000,000.00			-		-1,487,949,023.98
3.1 Total comprehensive income										933,572,941.86		933,572,941.86
3.2 Capital contribution and withdrawal by shareholders					-122,897,262.18	100,704,439.97						-223,601,702.15
3.2.1 Common shares contribution and withdrawal by shareholders												
3.2.2 Capital contribution and withdrawal by holders of other equity instruments												
3.2.3 Share-based payments included in shareholders’ equity					-122,897,262.18							-122,897,262.18
3.2.4 Others						100,704,439.97						-100,704,439.97
3.3 Profit distribution										-		-2,199,698,134.00
										2,199,698,134.00		

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3.3.1 Appropriation to surplus reserves												
3.3.2 Distribution to shareholders										2,199,698,134.00	-	-2,199,698,134.00
3.3.3 Others												
3.4 Internal transfers within shareholders' equity							60,000,000.00				-60,000,000.00	
3.4.1 Capital reserves transferred into capital (or share capital)												
3.4.2 Surplus reserves transferred into capital (or share capital)												
3.4.3 Surplus reserves for making up losses												
3.4.4 Changes in defined benefit pension schemes transferred into retained earnings												
3.4.5 Other comprehensive income transferred into retained earnings							60,000,000.00				-60,000,000.00	
3.4.6 Others												
3.5 Special reserves												

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3.5.1 Increase in the period											
3.5.2 Used in the period											
3.6 Others									1,777,870.31		1,777,870.31
4. Balance as at the end of the period	2,217,864,281.00				6,345,690,695.32	401,229,096.75			1,108,932,140.50	3,522,217,783.24	12,793,475,803.31

2023

Unit: RMB

Item	2023											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others								
1. Balance as at the end of prior year	2,217,864,281.00				6,421,769,953.60	83,105,950.55	-60,000,000.00		1,108,932,140.50	5,128,476,475.91		14,733,936,900.46
Add: Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Others												
2. Balance as at beginning of year	2,217,864,281.00				6,421,769,953.60	83,105,950.55	-60,000,000.00		1,108,932,140.50	5,128,476,475.91		14,733,936,900.46
3. Increase/decrease in the period ("-" for decrease)					46,818,003.90	217,418,706.23				-281,911,370.84		-452,512,073.17
3.1 Total comprehensive income										1,706,290,590.61		1,706,290,590.61
3.2 Capital					46,818,003.90	217,418,706.23						-170,600,702.33

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

contribution and withdrawal by shareholders												
3.2.1 Common shares contribution and withdrawal by shareholders												
3.2.2 Capital contribution and withdrawal by holders of other equity instruments												
3.2.3 Share-based payments included in shareholders' equity					46,818,003.90							46,818,003.90
3.2.4 Others						217,418,706.23						-217,418,706.23
3.3 Profit distribution										-1,988,201,961.45		-1,988,201,961.45
3.3.1 Appropriation to surplus reserves												
3.3.2 Distribution to shareholders										-1,988,201,961.45		-1,988,201,961.45
3.3.3 Others												
3.4 Internal transfers within shareholders' equity												
3.4.1 Capital reserves transferred into capital (or share capital)												
3.4.2 Surplus reserves transferred into												

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

capital (or share capital)											
3.4.3 Surplus reserves for making up losses											
3.4.4 Changes in defined benefit pension schemes transferred into retained earnings											
3.4.5 Other comprehensive income transferred into retained earnings											
3.4.6 Others											
3.5 Special reserves											
3.5.1 Increase in the period											
3.5.2 Used in the period											
3.6 Others											
4. Balance as at the end of the period	2,217,864,281.00				6,468,587,957.50	300,524,656.78	-60,000,000.00		1,108,932,140.50	4,846,565,105.07	14,281,424,827.29

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