

SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document including the financial statements and accompanying notes, before you decide to [REDACTED] in our H Shares. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in our Shares are set out in the section headed “Risk Factors” in this document. You should read that section carefully in full before you decide to [REDACTED] in our H Shares. Various expressions used in this section are defined in “Definitions” and “Glossary”.

OVERVIEW

Mission

Better content, better life (更好內容，更好生活).

Vision

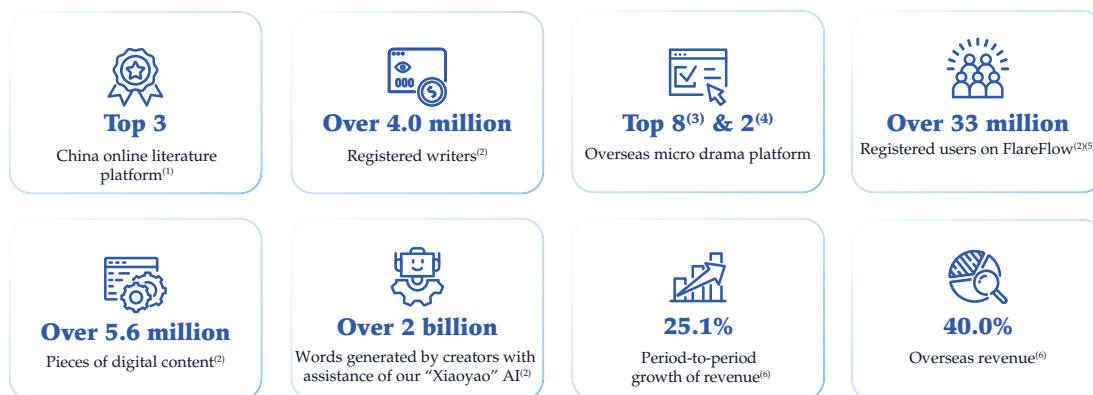
Build a sustainable organization, create a cultural universe (打造百年組織，創造文化宇宙).

Who We Are

We are a leading AI-driven digital entertainment platform, primarily providing (i) online literature content in China and (ii) micro dramas overseas. We strive to build a next-generation, full-industry-chain digital content ecosystem. According to Frost & Sullivan, we ranked 3rd among the copyright-driven content platforms in China online literature market in terms of revenue in 2024, with a market share of 1.6%; and among overseas micro drama platforms, we ranked 8th by revenue in September 2025 and 2nd in terms of the MAUs during the initial seven-month period following launch.

We were founded in 2000 and listed on the ChiNext Board of the Shenzhen Stock Exchange in January 2015 (stock code: 300364), positioning us as the first digital publishing company listed on the A-share market. Over 25 years, we have amassed a vast library of original digital content and a rich network of creators, forming our formidable competitive moat. Leveraging our evolving technology and innovation capabilities, particularly application of AI technology, we have successfully transformed from a digital publishing company to a content leader in the AI era. We empower our diverse content formats including online literature, audiobooks, comics, AI motion comics, animations and micro dramas with AI technology, expanding our business footprint from China to the world. We connect renowned creators, publishers, distribution channels and global users, building an AI-driven business encompassing content creation, IP incubation, IP development and operation across multiple formats as well as global distribution. This allows us to constantly deliver high-quality digital content to users worldwide.

The following diagram illustrates the key business highlights we have achieved:



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Notes:

- (1) In terms of revenue in 2024 among the copyright-driven content platforms in China online literature market, according to Frost & Sullivan.
- (2) Cumulative figure as of the Latest Practicable Date.
- (3) In terms of the revenue in September 2025, according to Frost & Sullivan.
- (4) In terms of the MAUs during the initial seven-month period following launch.
- (5) FlareFlow is our flagship overseas micro drama platform.
- (6) In the nine months ended September 30, 2025.

We are committed to promoting the integration of technology and content to create “Better Content, Better Life”. To this end, we primarily focus on the following core businesses:

- ***Online literature and related business:*** We possess an abundant digital content library, with over 5.6 million pieces of digital content as of the Latest Practicable Date, primarily consisting of online literature works. Through years of accumulation, we have also amassed extensive audio content, most of which is adapted from our online literature works. We primarily provide users with rich online literature and audio content through diverse third-party channels as well as our proprietary platforms. In addition, we also generate revenue from license of our online literature works and provision of digital data in relation to our online literature works. This core business contributed to revenue of RMB480.1 million in the nine months ended September 30, 2025, accounting for 47.5% of our total revenue.
- ***Micro dramas and IP derivatives business:*** We were among the first companies in China to produce and distribute micro dramas, starting as early as 2021. In 2022, we achieved remarkable success in terms of micro dramas, making us one of the few companies in the PRC to reach the milestone of RMB100 million revenue. Since 2022, we have leveraged our abundant digital content and valuable intellectual property to pioneer the overseas micro drama market, consistently producing high-quality micro dramas that deeply engage local audiences. In the nine months ended September 30, 2025, our revenue generated from micro drama and IP derivatives business grew rapidly, reaching RMB474.1 million, with a period-on-period increase of 62.9%. As of the Latest Practicable Date, our overseas micro drama app, FlareFlow, previously achieved top one on daily rankings in the U.S. region of the free entertainment app charts of leading mobile app stores. It now boasts over 33 million registered users and features around 5,200 micro drama series. In addition, we identify high-quality IPs from our digital content library and IP reserves for subsequent operation and adaptation into multiple formats, including comics, AI motion comics, animations, micro dramas, films, and accessories, recording revenue from such IP derivatives.

Our Market Opportunities

Digital entertainment industry: According to Frost & Sullivan, the market size of the global digital entertainment is expected to increase from RMB2,511.7 billion in 2024 to RMB4,392.5 billion in 2029, representing a CAGR of 11.8%; and China’s digital entertainment market is forecasted to grow from RMB609.6 billion in 2024 to RMB1,083.2 billion in 2029, with a CAGR of 12.2%.

Online literature market: According to Frost & Sullivan, the global online literature market maintains its growth momentum, rising from RMB50.0 billion in 2024 to RMB79.8 billion in 2029, reflecting a CAGR of 9.8%; and China’s online literature market is projected to increase from RMB42.5 billion in 2024 to RMB61.9 billion in 2029 with a CAGR of 7.8%, indicating the domestic market is approaching a more mature stage. Despite the maturity of China’s online literature market, the rest of the world markets remain at the early stage of development with substantial growth potential, driven by rapidly increasing user penetration, diversified content genres, and ongoing improvements in AI-driven translation and localization capabilities.

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Micro drama market: According to Frost & Sullivan, the overseas micro drama market remains at the early stage of development and is projected to expand from RMB14.0 billion in 2024 to RMB120.8 billion in 2029, with a CAGR of 53.9%; and as domestic production systems mature and monetization frameworks become more sophisticated, the market size of China’s micro drama market is expected to expand from RMB46.4 billion in 2024 to RMB150.4 billion in 2029, with a CAGR of 26.5%.

The foregoing favorable market trends present us with ample growth opportunities. Leveraging our leading market position, abundant digital content library and AI technology application capabilities, we are well positioned to capture the vast opportunities in these markets and further solidify our growth potential.

Our Capabilities in Application of AI Technology

According to Frost & Sullivan, we are one of the pioneers in developing and applying AI technology in the digital entertainment industry. Building on years of technology accumulation and our abundant digital content resources, we launched Chinese version of our “Xiaoyao” AI in October 2023, followed by the release of its English version in June 2025. Our “Xiaoyao” AI is a content production platform possessing capabilities of creative generation, translation and in-depth analysis of content in multi-language settings. As of the Latest Practicable Date, our “Xiaoyao” AI has been utilized by over 50,000 content creators across more than 90 countries and regions, assisting them in producing over 2 billion words of content. We have deeply integrated our “Xiaoyao” AI and other AI technology into multiple key processes of our business from production to monetization. As of the Latest Practicable Date, we have utilized AI technology in the production of over 50,000 literary works, more than 250 AI motion comics and over 200,000 hours of audio content. In addition, with our self-developed AI agent, comprising our “Xiaoyao” AI and a suite of AIGC tools, we have achieved automatic generation of promotion materials and advertising placement strategies for our content. Meanwhile, our AI agent has promoted over 27,000 titles of our literary works, increasing the average daily readership of high-quality literary content by more than 48 times, raising the average daily reading time of our paying readers by over 20% and enhancing our placement efficiency by over 20 times in terms of average daily number of advertisement managed per person as compared with traditional non-AI processes.

Our Content Distribution Channels

Our content distribution channels primarily include online reading platforms, audio platforms, micro drama platforms and other video platforms. For distribution of our high-quality content, we have cooperated with leading online reading platforms such as Fanqie (番茄), Qimao (七貓), Qidan (起點), QQ Reading (QQ閱讀), Wered (微信閱讀) and Wo Reading (沃閱讀), renowned audio platforms including Ximalaya (喜馬拉雅), QQ Music (QQ音樂), Kuwo Music (酷我音樂) and Kugou Music (酷狗音樂), top-tier micro drama platforms like Hongguo (紅果), and leading video platforms including iQIYI (愛奇藝).

Our Financial Performance

In the nine months ended September 30, 2025, our total revenue was RMB1,011.0 million. Revenue from our online literature and related business and micro dramas and IP derivatives business amounted to RMB480.1 million and RMB474.1 million, respectively, accounting for 47.5% and 46.9% of our total revenue.

OUR COMPETITIVE STRENGTHS

As an AI-driven pioneer and leader in the digital entertainment industry, we have established the following competitive strengths, forming our deep competitive moat:

- A Leading Digital Entertainment Platform, Well Poised to Capitalize on Vast Market Opportunities Through Competitive Strengths Accumulated over 25 Years of Industry Experience
- Deep Integration of AI Technology, Driving Efficiency across Business Value Chain and Forging a New Engine for Future Growth
- A Pioneer in the Overseas Micro Drama Market, Leading the New Wave of “Business Model Going Global (模式出海)”

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- Abundant and Growing Library of Original Digital Content, Supporting the Development of High-Quality and Diverse IP Derivatives and Fostering an Integrated Business Ecosystem
- A Visionary Founder with Innovative Spirit and a Proficient Senior Management Team, Driving Our Growth Through Outstanding Leadership

For details, see “Business — Our Competitive Strengths”.

OUR STRATEGIES

We plan to implement the following strategies to boost our comprehensive business development, so as to achieve our commitment to building next generation content ecosystem:

- Content Solidification: Continuously Consolidate and Expand Our Digital Content Library to Ensure High-Quality Content Output
- IP-driven Success: Conduct Full-format Development Around Our Top-Tier IPs to Form a Virtuous Business Cycle, Unleashing IP Monetization Potential
- Global Prioritization: Boost Overseas Resource Allocation, Rapidly Scaling Our International Business
- AI Empowerment: Increase AI Technology Investment and Deepen AI Empowerment in Production and Operations, Further Improving Our Revenue Scale and Operational Efficiency
- Talent Acquisition: Continuously Recruit Aspiring Individuals and Technical Elites, Fueling Our Business Development

For details, see “Business — Our Strategies”.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our suppliers mainly comprised (i) third-party promotion and marketing service providers; (ii) suppliers and production companies for micro dramas, both in China and overseas; and (iii) writers who create content on our online literature platforms and license content to us. For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, purchases from our largest supplier amounted to RMB96.8 million, RMB166.7 million and RMB166.1 million, representing 9.0%, 16.1% and 15.5% of our total purchase amount, respectively. For the same periods, purchases from our top five suppliers amounted to RMB354.6 million, RMB286.1 million and RMB449.4 million, respectively, representing 32.8%, 27.7% and 41.9% of our total purchase amount during the respective period. We believe that we have a good cooperation relationship with our key suppliers. For details, see “Business — Our Suppliers”.

During the Track Record Period, our customers were mainly (i) third-party content platforms where we distribute our digital content for licensing fees and/or revenue sharing fees; (ii) users of our online reading platforms and micro drama platforms; and (iii) content adaptation partners who license our IPs for adaptations. For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, sales to our single largest customer (taken on a group basis) amounted to RMB72.5 million, RMB69.6 million and RMB88.2 million, representing 5.1%, 6.0% and 8.7% of our total revenue, respectively. For the same periods, sales to our top five customers (taken, where applicable, on a group basis) amounted to RMB172.6 million, RMB210.3 million and RMB223.4 million, representing 12.3%, 18.2% and 22.1% of our total revenue, respectively. For details, see “Business — Our Customers”.

SALES AND MARKETING

We establish cooperative relationships with our customers primarily through the efforts of our sales and marketing personnel. To better distribute our digital content through third-party channels, we maintain close communications with our existing and potential third-party content platforms and introduce highlights in our content products to such

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platforms on a regular basis. In addition, to enhance the audience exposure of our content, we usually formulate the relevant promotion and marketing plans, including but not limited to promoting our content and/or our content platforms on new media and/or online social platforms. In addition, we may publish AI-generated promotion materials, clips and trailers on social media platforms to attract audience attention. We also initiate discussion topics relating to our IPs and interact with fans on social media platforms, and collaborate with celebrities and influencers to promote our content platforms. For details, see “Business — Sales and Marketing”.

RISK FACTORS

Our business and the [REDACTED] involve certain risks, including (i) risks relating to our industry and business; (ii) risks relating to doing business in the jurisdictions where we operate; and (iii) risks relating to the [REDACTED]. Some of the major risks we face include, but not limited to: (i) We are subject to risks associated with operating in a rapidly developing and evolving digital entertainment industry; (ii) We depend on a consistent pipeline of popular literary content for both our literature and related business, and micro dramas and IP derivatives business. Failure to control content production costs, secure copyrights, or attract and retain key writers would disrupt the quality and supply of our digital content, which may materially and adversely affect our business operations and financial results; (iii) Our financial performance is heavily concentrated in two core businesses: online literature and related business, and micro dramas and IP derivative business. Underperformance of either business would materially and adversely impact our revenue and profitability; (iv) If we fail to retain our existing users, keep them engaged, or acquire new users in a cost-efficient manner, our business, financial condition, results of operations and prospects may be materially and adversely affected; (v) The markets in which we operate are highly competitive. If we fail to compete effectively, our business, financial condition, results of operations and prospects may be materially and adversely affected; (vi) Our business, prospects and financial results may be subject to new terms agreed upon in the business contracts negotiated in the future with third-party content distribution platforms as well as our relationship with such platforms; (vii) We are exposed to risks associated with our global presence and will continue to be subject to such risks when we further expand our business overseas; (viii) Our investment in AIGC technology involves uncertainties, and the returns and results may not align with investors’ expectations in the short term; and (ix) Inappropriate use of AI technologies could result in reputational harm and legal liability, and may adversely affect our results of operation.

COMPETITION

For online literature and related business, we mainly operate and compete in China online literature market. This market is characterized by a relatively high level of concentration, with leading platforms capturing a significant share of user engagement, high-quality IP resources, and commercial revenue. We believe that we are well positioned to compete effectively on the basis of our leading market position in this market, our abundant digital content library, our AI technology application capabilities and our IP development capabilities across multiple formats.

In respect of micro drama business, we primarily operate and compete in the overseas micro drama market. The overseas micro drama market remains relatively fragmented. We believe that with our early-mover advantages in the overseas micro drama market, abundant digital content library, AI technology application capabilities as well as content production and operational experience, we are well poised to compete effectively. For more information on the competitive landscape of our industries, see “Industry Overview”.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table summarizes our Company’s consolidated statements of profit or loss and other comprehensive income for the years/periods indicated:

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	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Revenue	1,408,857	1,159,119	808,049	1,011,039
Cost of sales	(779,291)	(777,768)	(563,702)	(663,736)
Gross profit	629,566	381,351	244,347	347,303
Other net income/(loss)	57,430	6,493	5,530	(7,803)
Selling and marketing expenses	(481,166)	(464,925)	(340,961)	(660,271)
Administrative expenses	(107,103)	(109,676)	(74,240)	(89,515)
Research and development expenses	(86,251)	(61,575)	(37,622)	(53,370)
Reversal of impairment loss/(impairment loss) on trade receivables, prepayment and other receivables	29,154	(10,330)	8,718	1,056
Fair value changes of financial assets measured at fair value through profit or loss (“FVTPL”)	(11,529)	22,669	16,830	3,131
Profit/(Loss) from operations	30,101	(235,993)	(177,398)	(459,469)
Gain on remeasurement of remaining equity interest at fair value after loss of control . .	55,105	–	–	–
Share of profit less loss of associates	12,498	9,925	1,735	(45,000)
Finance costs	(9,334)	(12,411)	(9,092)	(7,994)
Profit/(Loss) before taxation	88,370	(238,479)	(184,755)	(512,463)
Income tax	1,612	(4,139)	(2,038)	(4,431)
Profit/(Loss) for the year/period	89,982	(242,618)	(186,793)	(516,894)
Profit/(Loss) for the year/period attributable to:				
Equity shareholders of the Company	89,437	(242,890)	(188,116)	(520,405)
Non-controlling interests	545	272	1,323	3,511
	89,982	(242,618)	(186,793)	(516,894)

The following table sets forth the breakdown of our revenue by business line and as a percentage of total revenue for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%
Online literature and related business	669,634	47.5	685,998	59.2	487,115	60.3	480,090	47.5
Micro dramas and IP derivatives business	622,019	44.2	398,195	34.4	291,005	36.0	474,129	46.9
Others ^(Note 1)	117,204	8.3	74,926	6.4	29,929	3.7	56,820	5.6
Total	1,408,857	100.0	1,159,119	100.0	808,049	100.0	1,011,039	100.0

Note:

- (1) Primarily including revenue from provision of educational products and services, rentals, content reviewing services and other technical operation services mainly represent mini program operation services to small business customers.

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Online Literature and Related Business

During the Track Record, we have been shifting our focus from to-C model to to-B model, where the revenue decline from domestic market has been largely offset by the increase in revenue from to-B online literature business.

Micro Dramas and IP Derivatives Business

Revenue from our micro dramas and IP derivatives business declined from 2023 to 2024 due to intense domestic market competition and a strategic shift towards premium micro dramas in the domestic market. However, it rebounded strongly with a 62.9% year-on-year increase for the nine months ended September 30, 2025, driven by growth in overseas micro dramas, higher revenue-sharing from premium micro drama collaborating with Hongguo, and increased revenue from IP derivatives associated with Hei.

Summary of the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Non-current assets	1,087,302	965,527	837,999
Current assets	748,619	668,866	793,890
Total assets	1,835,921	1,634,393	1,631,889
Current liabilities	529,956	519,106	959,220
Net current assets/(liabilities) . .	218,663	149,760	(165,330)
Non-current liabilities	40,077	109,348	126,966
Net assets	1,265,888	1,005,939	545,703

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,		Nine months ended	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Cash generated from/(used in) operations	8,168	(54,081)	(95,431)	(161,354)
Tax paid	(152)	(1,174)	(1,286)	(3,007)
Net cash generated from/(used in) operating activities	8,016	(55,255)	(96,717)	(164,361)
Net cash (used in)/generated from investing activities	(119,771)	(146,846)	(158,269)	147,237
Net cash (used in)/generated from financing activities	(49,833)	23,651	52,107	161,017
Net (decrease)/increase in cash and cash equivalents	(161,588)	(178,450)	(202,879)	143,893
Cash and cash equivalents at the beginning of year/period	492,557	329,728	329,728	139,477
Effect of foreign exchange rate changes	(1,241)	(11,801)	(1,519)	11,033
Cash and cash equivalents at the end of year/period	<u>329,728</u>	<u>139,477</u>	<u>125,330</u>	<u>294,403</u>

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KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years/periods as of the dates indicated:

	For the year ended/ As of December 31,		For the nine months ended/As of September 30,
	2023	2024	2025
Gross profit margin ^(Note 1)	44.7%	32.9%	34.4%
Current ratio ^(Note 2)	1.41	1.29	0.83
Revenue growth ^(Note 3)	N/A	(17.7)%	25.1%

Notes:

- (1) Gross profit margin equals gross profit divided by revenue for the respective year/period.
- (2) Current ratio equals total current assets divided by the total current liabilities as of the respective year/period end.
- (3) Revenue growth equals the increase in total revenue for the year/period divided by total revenue for the previous year/period and multiplied by 100%

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Single Largest Group of Shareholders includes Mr. Tong and Xuanyuan Yuanding No. 6 Fund. As of the Latest Practicable Date, our Single Largest Group of Shareholders was able to exercise approximately 13.69% of the voting rights in our Company, comprising (i) 87,201,416 Shares, representing approximately 11.97% of the issued share capital of our Company, held directly by Mr. Tong, and (ii) 12,511,000 Shares, representing approximately 1.72% of the issued share capital of our Company, held by Xuanyuan Yuanding No. 6 Fund, which is a private equity investment fund managed by Xuan Yuan Investment and whose sole beneficial owner is by Mr. Tong.

Immediately upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), the Single Largest Group of Shareholders will be entitled to exercise approximately [REDACTED]% voting rights in our Company. Therefore, the Single Largest Group of Shareholders will continue to be our Single Largest Group of Shareholders for the purpose of the Hong Kong Listing Rules and our Company will not have any controlling shareholder as defined under the Hong Kong Listing Rules.

OUR LISTING ON THE CHINEXT BOARD OF THE SHENZHEN STOCK EXCHANGE

Since January 2015, our Company has been listed on the ChiNext Board of the Shenzhen Stock Exchange. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with regard to our compliance records is accurate and reasonable. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause it to disagree with our Directors’ confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the [REDACTED] of the Stock Exchange for the granting of the [REDACTED] of, and permission to [REDACTED] in our H Shares to be issued pursuant to the [REDACTED] on the basis that, among other things, we satisfy the market

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capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to: (i) our revenue of RMB1,159.1 million (equivalent to HK\$1,305.5 million) in the financial year ended December 31, 2024 which exceeds HK\$500 million, and (ii) our expected market [REDACTED] at the time of [REDACTED], which, based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] stated in this document, exceeds HK\$4 billion.

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] H Shares are issued pursuant to the [REDACTED], (ii) the [REDACTED] is not exercised, and (iii) [REDACTED] Shares are issued and outstanding following the completion of the [REDACTED]:

	Based on the indicative [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on the indicative [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalization of our Shares ⁽¹⁾	HK\$[REDACTED] million	HK\$[REDACTED] million
Unaudited [REDACTED] adjusted net tangible asset per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of market capitalization of our Shares is based on [REDACTED] H shares (at the price as specified hereunder) and [REDACTED] A shares (at the price of RMB[REDACTED] which is the average closing price of the A Shares for the five business days immediately preceding the Latest Practicable Date) expected to be in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised). For details, see “Share Capital — Upon the Completion of the [REDACTED]” in this Document.
- (2) The unaudited [REDACTED] adjusted net tangible asset per Share as of September 30, 2025 is calculated after making the adjustments referred to in “Appendix II — Unaudited [REDACTED] Financial Information” in this Document. The number of shares used in deriving [REDACTED] net tangible asset are [REDACTED] Shares (representing [REDACTED] A shares in issue as of September 30, 2025, adding [REDACTED]) which were in issue assuming that the [REDACTED] had been completed on September 30, 2025.

DIVIDENDS AND DIVIDEND POLICY

Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders’ interests and any other conditions that our Board may deem relevant.

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. Pursuant to the Rules for Share Repurchase by Listed Companies (《上市公司股份回購規則》) and the Shenzhen Stock Exchange’s Self-Regulatory Guidelines No. 9 — share repurchase (《深圳證券交易所上市公司自律監管指引第9號—回購股份》), RMB26,998,914.0 share repurchases completed in 2025 are classified as cash dividends, constituting a formal shareholder return mechanism.

For details, see “Financial Information — Dividends”.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view that, taking into account of the financial resources available to us, we have sufficient working capital to cover our costs and operating expenses, including selling and marketing expenses, administrative expenses and research and development expenses, for at least the next 12 months from the date of this document.

For details, see “Business — Business Sustainability — Pathway to Achieve Working Capital Sufficiency”.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED], fees and estimated

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expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised, and an [REDACTED] of HK\$[REDACTED] per H Share, being the midpoint of the indicative [REDACTED] stated in this document.

In line with our strategies, we currently intend to apply these [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions: (i) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, will be allocated to develop and improve our AI technologies empowering content creation and distribution; (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, will be used to build an overseas micro drama ecosystem; (iii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, will be allocated to solidify our content ecosystem; (iv) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million will be used to repay part of our bank and other borrowings in the next one year; and (v) remaining approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million will be used for working capital and general corporate purposes.

For details, see “Future Plans and [REDACTED]”.

[REDACTED]

[REDACTED] represent professional service fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED], the total estimated [REDACTED] in connection with the [REDACTED] (including [REDACTED]) are estimated to be HK\$[REDACTED] million (representing approximately [REDACTED]% of the estimated gross [REDACTED] from the [REDACTED]). The [REDACTED] include (i) [REDACTED] of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED] million, which consist of fees and expenses of the legal advisors and reporting accountants of our Company of approximately HK\$[REDACTED] million and other fees and expenses of approximately HK\$[REDACTED] million. We did not incur any [REDACTED] during the Track Record Period.

LEGAL PROCEEDING AND COMPLIANCE

We may, from time to time, be subject to legal proceedings, disputes and claims that arise in the ordinary course of business. During the Track Record Period and up to the Latest Practicable Date, there were no litigations, arbitrations or administrative proceedings pending or threatened against us or any of the Directors which could, individually or in the aggregate, have a material adverse effect on our business, results of operation or financial condition.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that would have a material adverse effect on our business, results of operations or financial condition.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

The world’s first international micro drama filming base in Hengqin, Guangdong, in which we have invested, has commenced operations since January 2026. With a usable area of approximately 17,000 sq.m., it features over 94 sets of commonly used scenes for overseas micro drama filming. On January 25, 2026, we officially launched our comprehensive AI toolchain called “Dimension Brush (次元神筆)”, empowering content creators across the entire production workflow of AI motion comics. As of January 2026, our flagship overseas micro drama platform FlareFlow’s MAU reached approximately 6.1 million.

No Material Adverse Change

Our Directors have confirmed, after due and careful consideration, that as of the date of this document, there has been no material adverse change in our financial or trading position or prospects of our Group since September 30, 2025, and there is no event since September 30, 2025 that would materially and adversely affect the information shown in the Accountants’ Report set out in Appendix I to this document.