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Application Proof of



COL Global Co., Ltd.

中文在線集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

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COL Global Co., Ltd. 中文在線集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the : [REDACTED] H Shares (subject to the [REDACTED])
 Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])
 Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])
 Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)
 Nominal value : RMB1.00 per H Share
 [REDACTED] : [●]

Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED]



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The [REDACTED], on behalf of the [REDACTED], may, where considered appropriate and with the consent of our Company, reduce the number of [REDACTED] and/or the indicative [REDACTED] below that is stated in this document (being HK\$[REDACTED] per [REDACTED] to HK\$[REDACTED] per [REDACTED]) at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] will be published on the website of our Company at <https://www.col.com> and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. For further details, see “[REDACTED]” and “[REDACTED]” for [REDACTED]” in this document.

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

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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

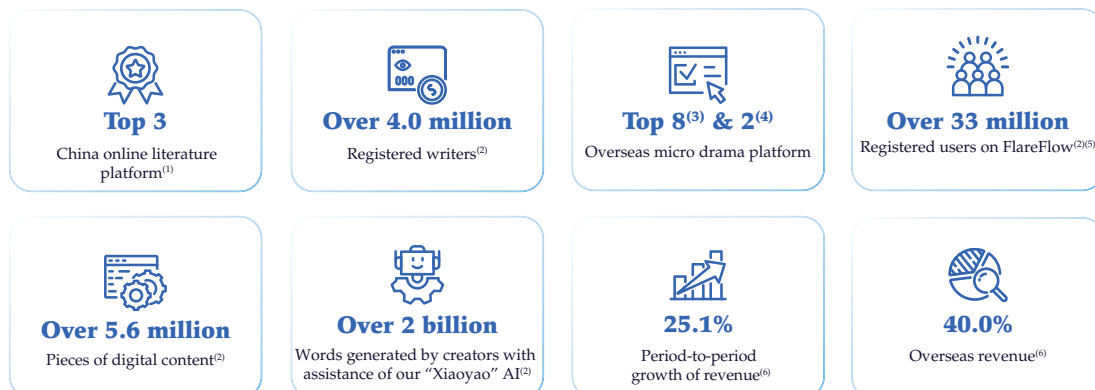
Build a sustainable organization, create a cultural universe (打造百年組織，創造文化宇宙).

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:



SUMMARY

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), Weread (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.

SUMMARY

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 September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (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 September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (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	329,728	139,477	125,330	294,403

SUMMARY

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

SUMMARY

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

SUMMARY

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.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in “Glossary of Technical Terms”.

“2020 Share Option Incentive Plan”	the A Share option incentive plan adopted by our Company pursuant to resolutions passed by our Shareholders on March 23, 2020, the principal terms of which are set out in “Statutory and General Information — (D) Employee Incentive Plans” in Appendix V to this document
“2021 Restricted Share Incentive Plan”	the restricted share incentive plan adopted by our Company pursuant to resolutions passed by our Shareholders on October 11, 2021, the principal terms of which are set out in “Statutory and General Information — (D) Employee Incentive Plans” in Appendix V to this document
“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are in Renminbi and listed on the ChiNext Board of the Shenzhen Stock Exchange
“A Shareholder(s)”	holder(s) of the A Share(s)
“Accountants’ Report”	the accountants’ report from KPMG, the text of which is set out in Appendix I to this document
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Anhui Yexiang”	Anhui Yexiang Technology Co., Ltd. (安徽野象科技有限公司), a limited company established under the laws of the PRC on October 18, 2022, being a wholly-owned subsidiary of Hongda Yitai
“Anti-Piracy Union”	Chinese Online Anti-Piracy Union Limited (中文在線反盜版聯盟有限公司), a limited company established under the laws of Hong Kong on November 12, 2019, being a wholly-owned subsidiary of COL Hong Kong
“Articles” or “Articles of Association”	the articles of association adopted by our Company with effect upon the [REDACTED] and as amended from time to time, a summary of which is set out in Appendix IV to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors

DEFINITIONS

“[REDACTED]”	the [REDACTED] as named in “Directors and Parties Involved in the [REDACTED]”
“business day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAC”	Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)
[REDACTED]	
“Chairman”	chairman of the Board
“Changchun Guangzhiying”	Changchun Chinese Guangzhiying Culture Media Co., Ltd. (長春中文光之影文化傳媒有限公司), a limited company established under the laws of the PRC on December 28, 2021, being a wholly-owned subsidiary of Tianjin Guangzhiying
“China,” “Chinese Mainland” or “the PRC”	the People’s Republic of China, unless the context requires otherwise, excluding, for the purposes of this document only, the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China
“ChineseAll Culture Media”	Beijing ChineseAll Culture Media Co., Ltd. (北京中文在線文化傳媒有限公司), a limited company established under the laws of the PRC on July 31, 2009, being a wholly-owned subsidiary of the Company
“ChineseAll Education Technology”	Beijing ChineseAll Education Technology Development Co., Ltd. (北京中文在線教育科技發展有限公司), a limited company established under the laws of the PRC on December 5, 2003, being a wholly-owned subsidiary of the Company
“ChineseAll International Film and Television”	ChineseAll (Guangdong Hengqin) International Film and Television Industry Development Co., Ltd. (中文在線(廣東橫琴)國際影視產業發展有限公司) (formerly known as ChineseAll Entertainment (Guangdong Hengqin) Co., Ltd. (中文在線娛樂(廣東橫琴)有限公司)), a limited company established under the laws of the PRC on June 27, 2025, being a wholly-owned subsidiary of Hengqin ChineseAll
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Crazy Maple Studio”	CRAZY MAPLE STUDIO, INC. (formerly known as CHINESEALL CORPORATION), a limited company established under the laws of California on July 21, 2016, being a former non-wholly owned subsidiary of the Company and an associate measured at fair value of the Company as of the Latest Practicable Date

DEFINITIONS

“COL Hong Kong”	COL Investment Group Limited (中文在線集團有限公司) (formerly known as ChineseAll Group Limited (中文在線集團有限公司) and ChineseAll Education Group Limited (中文在線教育集團有限公司)), a limited company established under the laws of Hong Kong on May 30, 2014, being a wholly-owned subsidiary of the Company
“COL MEDIA”	COL MEDIA CORP, a limited company established under the laws of California on December 15, 2021, being a wholly-owned subsidiary of COL Hong Kong
“COL WEB”	COL WEB PTE. LTD., a limited liability company established under the laws of Singapore on September 6, 2022, being a wholly-owned subsidiary of COL Hong Kong
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	COL Global Co., Ltd. (中文在線集團股份有限公司) (formerly known as ChineseAll Digital Publishing Group Co., Ltd. (中文在線數字出版集團股份有限公司), Beijing ChineseAll Digital Publishing Co., Ltd. (北京中文在線數字出版股份有限公司) and Beijing ChineseAll Culture Development Co., Ltd. (北京中文在線文化發展有限公司)), a limited liability company incorporated in the PRC on December 19, 2000 and was converted into a joint stock company with limited liability on April 2, 2011, the A Shares of which are listed on the ChiNext Board of Shenzhen Stock Exchange (stock code: 300364)
“Compliance Advisor”	Guolian Securities International Capital Market Co., Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Creative Omni Life”	Creative Omni Life Ltd., a limited liability company established under the laws of Cayman Islands on February 26, 2025, being a wholly-owned subsidiary of the Company, indirectly held through Hengqin ChineseAll and COL Hong Kong
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)

DEFINITIONS

“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “our Director(s)”	the director(s) of our Company
“Dr. Ni”	Dr. Ni Zijun (倪子君), the spouse of Mr. Tong
“EIT”	the PRC enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“Employee Incentive Plans”	the 2020 Share Option Incentive Plan and 2021 Restricted Share Incentive Plan
“EU”	the European Union region
“EUR”	Euro, the lawful currency of the European Union

[REDACTED]

“Extreme Conditions”	extreme conditions caused by a super typhoon or other natural disaster of a substantial scale that seriously affect the working public’s ability to resume work or brings safety concern for a prolonged period as announced by the government of Hong Kong

[REDACTED]

“FLAREFLOW”	FLAREFLOW PTE. LTD., a limited liability company established under the laws of Singapore on March 7, 2025, being a wholly-owned subsidiary of Creative Omni Life
“Frost & Sullivan” or “Industry Consultant”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an Independent Third Party
“Frost & Sullivan Report”	the industry report commissioned by us and independently prepared by Frost & Sullivan, a summary of which is set forth in “Industry Overview” in this document

[REDACTED]

DEFINITIONS

“[REDACTED]”	the [REDACTED] and the [REDACTED]
“Group”, “our Group”, “our”, “we”, or “us”	the Company and all of its subsidiaries, or any one of them as the context may require
“Guangxi Yexiang”	Guangxi Yexiang Technology Co., Ltd. (廣西野象科技有限公司), a limited company established under the laws of the PRC on October 17, 2022, being a wholly-owned subsidiary of Hongda Yitai
“Guangzhou 4yt”	Guangzhou 4yt Information Technology Co., Ltd. (廣州市四月天信息科技有限公司) (formerly known as Guangzhou Green Future Computer Technology Co., Ltd. (廣州市綠色未來計算機科技有限公司)), a limited company established under the laws of the PRC on July 26, 2005, being a wholly-owned subsidiary of the Company
“Guide for New Listing Applicants”	the Guide for New Listing Applicants, as published by the Stock Exchange on November 29, 2023 and effective on January 1, 2024, as amended or supplemented or otherwise modified from time to time
“H Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be [REDACTED] for and [REDACTED] in Hong Kong dollars and to be [REDACTED] on the [REDACTED] [REDACTED]
“H Shareholder(s)”	holder(s) of the H Share(s)
“Hainan ChineseAll Universe”	Hainan ChineseAll Universe Technology Co., Ltd. (海南中文在線宇宙科技有限公司), a limited company established under the laws of the PRC on April 1, 2022, being a wholly-owned subsidiary of the Company
“Handan ChineseAll”	Handan ChineseAll Culture Development Co., Ltd. (邯鄲中文在線文化發展有限公司), a limited company established under the laws of the PRC on October 20, 2017, being a wholly-owned subsidiary of Tianjin ChineseAll
“Hangzhou 4yt”	Hangzhou 4yt Network Technology Co., Ltd. (杭州四月天網絡科技有限公司), a limited company established under the laws of the PRC on July 5, 2016, being a wholly-owned subsidiary of the Company
“Hangzhou ChineseAll”	Hangzhou ChineseAll Information Technology Co., Ltd. (杭州中文在線信息科技有限公司), a limited company established under the laws of the PRC on April 29, 2009, being a wholly-owned subsidiary of the Company

DEFINITIONS

“Hanmu Chunhua”	Beijing Hanmu Chunhua Animation Technology Co., Ltd. (北京寒木春華動畫技術有限公司), a limited company established under the laws of the PRC on March 14, 2012, being a non-wholly owned subsidiary of the Company
“Hengqin ChineseAll”	Guangdong Hengqin ChineseAll Culture Technology Co., Ltd. (廣東橫琴中文在線文化科技有限公司), a limited company established under the laws of the PRC on December 23, 2024, being a wholly owned subsidiary of the Company
“Hengqin Yankun”	Guangdong Hengqin Yankun Technology Co., Ltd. (廣東橫琴焱坤科技有限公司), a limited company established under the laws of the PRC on April 10, 2025, being a wholly owned subsidiary of FLAREFLOW

[REDACTED]

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[REDACTED]

DEFINITIONS

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]

“Hongda Yitai”	Beijing Hongda Yitai Technology Co., Ltd. (北京鴻達以太科技有限公司) (formerly known as Hongda Yitai Culture Development Co., Ltd. (北京鴻達以太文化發展有限公司)), a limited company established under the laws of the PRC on May 2, 1996, being a wholly-owned subsidiary of Tianjin ChineseAll

“Hubei ChineseAll”	Hubei ChineseAll Technology Development Co., Ltd. (湖北中文在線科技發展有限公司), a limited company established under the laws of the PRC on June 15, 2021, being a wholly-owned subsidiary of ChineseAll Education Technology

“IFRS Accounting Standards”	IFRS Accounting Standards as issued by the International Accounting Standards Board

“Independent Third Party(ies)”	entity(ies) or person(s) which, to the best of our Directors’ knowledge, information, and belief having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules

[REDACTED]

DEFINITIONS

[REDACTED]

“Latest Practicable Date” February 18, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

“Liaoning Yexiang” Liaoning Yexiang Technology Co., Ltd. (遼寧野象科技有限公司), a limited company established under the laws of the PRC on June 7, 2022, being a wholly-owned subsidiary of Hongda Yitai

[REDACTED]

“Listing Committee” the listing committee of the Stock Exchange

“[REDACTED]” the date, expected to be on or about [REDACTED], [REDACTED], 2026], on which the H [REDACTED] are to be [REDACTED] and on which [REDACTED] therein are permitted to take place on the [REDACTED]

[REDACTED]

“Litong Investment” Shenzhen Litong Industry Investment Fund Company Limited (深圳市利通產業投資基金有限公司), a limited company established under the laws of the PRC on August 5, 2013, being a substantial shareholder of our Company and a subsidiary of Tencent Holdings Limited

“Maibu Information” Guangzhou Maibu Information Technology Co., Ltd. (廣州市邁步信息科技有限公司), a limited company established under the laws of the PRC on November 23, 2006, being a wholly-owned subsidiary of the Company

“Main Board” the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange

“MCT” Ministry of Culture and Tourism of the PRC (中華人民共和國文化和旅遊部)

“MIIT” Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)

“MOF” or “Ministry of Finance” Ministry of Finance of the PRC (中華人民共和國財政部)

“MOFCOM” Ministry of Commerce of the PRC (中華人民共和國商務部)

DEFINITIONS

“Mr. Tong”	Mr. Tong Zhilei (童之磊), our founder, chairman of the Board, an executive Director, the general manager of our Company, a member of our Single Largest Group of Shareholders and the spouse of Dr. Ni
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of our Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“NRTA”	National Radio and Television Administration of the PRC (中華人民共和國國家廣播電視總局)

[REDACTED]

“Overseas Listing Trial Measures”	The Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies and supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及配套指引) promulgated by the CSRC on February 17, 2023, which became effective on March 31, 2023, as amended, supplemented or otherwise modified from time to time
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	the Company Law of the People’s Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“PRC Legal Advisor”	Zhong Lun Law Firm, our legal advisor as to PRC law

DEFINITIONS

“PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
[REDACTED]	
“QIB(s)”	qualified institutional buyer(s) within the meaning of Rule 144A
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Evaluation Committee”	the remuneration and evaluation committee of our Board
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reporting Accountants”	KPMG, Certified Public Accountants, Hong Kong
“Rule 144A”	Rule 144A under the U.S. Securities Act
“S\$” or “SGD”	Singapore dollar, the lawful currency of Singapore
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAT”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including both A Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Singapore”	Republic of Singapore
“Single Largest Group of Shareholders” or “Single Largest Shareholder Group”	refers to Mr. Tong and Xuanyuan Yuanding No. 6 Fund as further detailed in “Relationship with our Single Largest Group of Shareholders”

DEFINITIONS

[REDACTED]

“Sole Sponsor”	the sole sponsor of the [REDACTED] as named in “Directors and Parties Involved in the [REDACTED]”
	[REDACTED]
“sq.m.”	square meter(s)
	[REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Strategy and ESG Committee”	the strategy and environmental, social and governance (ESG) committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs published by the SFC, as amended, supplemented or otherwise modified from time to time
“Tianjin ChineseAll”	ChineseAll (Tianjin) Culture Development Co., Ltd. (中文在線(天津)文化發展有限公司), a limited company established under the laws of the PRC on July 6, 2016, being a wholly-owned subsidiary of the Company
“Tianjin Guangzhiying”	Tianjin Chinese Guangzhiying Cultural Media Co., Ltd. (天津中文光之影文化傳媒有限公司), a limited company established under the laws of the PRC on September 25, 2018, being a wholly-owned subsidiary of Tianjin ChineseAll
“Tianjin Xiangwu”	Tianjin Xiangwu Technology Co., Ltd. (天津象舞科技有限公司), a limited company established under the laws of the PRC on June 8, 2022, being a wholly-owned subsidiary of Hongda Yitai
“Track Record Period”	the two years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025
“treasury shares”	has the meaning ascribed thereto under the Listing Rules
“U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States

DEFINITIONS

“U.S. Securities Act” The U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[REDACTED]

“United States” or “U.S.” the United States of America, its territories, its possessions and all areas subject to its jurisdiction

“VAT” value-added tax

[REDACTED]

“Xuan Yuan Investment Limited — Xuan Yuan Yuanding No. 6 Fund”

“Xuan Yuan Investment” Xuan Yuan Investment Limited (玄元私募基金投資管理(廣東)有限公司) (formerly known as Guangzhou Xuan Yuan Investment Management Co., Ltd. (廣州市玄元投資管理有限公司) and Guangzhou Xuanyuan Investment Co. Ltd. (廣州市玄源投資有限公司)), a limited company established under the laws of the PRC on July 21, 2015, being the manager of Xuanyuan Yuanding No. 6 Fund

“Yuewen IT” Shanghai Yuewen Information Technology Co., Ltd. (上海閱文信息技術有限公司), a limited company established under the laws of the PRC on April 2, 2014, being a shareholder of our Company and a wholly-owned subsidiary of Litong Investment

“0/0” per cent

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this document in connection with our Group and our business. The meaning of these terms may not necessarily correspond to standard industry meaning or the usage of these terms.

“3D”	three dimensions
“AI”	artificial intelligence
“AI agent”	a system enabled by agentic AI technology that operates autonomously to perceive its environment, process information and execute actions toward achieving defined objectives, either as software or embedded within hardware
“AIGC”	artificial intelligence generated content
“algorithm”	a procedure or sequence of steps, often implemented in computer code, designed to perform a specific task or solve a particular problem
“app” or “application”	application software designed to run on smartphones and other mobile devices
“CAGR”	compound annual growth rate
“CDN”	content distribution network
“ESG”	environmental, social and governance
“H5 page”	a mobile website based on HTML5 technology, which is a markup language for building interactive web content
“IP(s)”	intellectual properties such as novels, comics, scripts, animations, games, and other literary or artistic works, that have the potential to be adapted and/or developed, entirely or partially, into other derivatives, such as audiobooks, comics, AI motion comics, animations, micro dramas, films, PC and mobile games, accessories and other adapted products
“KOL”	key opinion leader
“LLM”	large language model, a type of AI model that is trained on a massive amount of text data to capture the statistical patterns and structures of language. These models typically have billions of parameters and are designed to handle complex natural language processing tasks
“MAUs”	monthly active users, which are calculated as the number of unique user accounts, excluding spam accounts, that access an app at least once during the calendar month
“R&D”	research and development
“to-B”	to business

GLOSSARY OF TECHNICAL TERMS

“to-C”	to customer
“top-up amount”	the total amount topped up or paid by users on our platforms during a given period
“wuxia”	a genre in the Chinese-speaking culture, centering on the core values of “xia (chivalry)”
“xianxia”	a genre of fantasy literature and art that fuses mythology, folklore, and the spirit of xia (chivalry)

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains forward-looking statements and information relating to us and our subsidiaries that are based on the intentions, beliefs, expectations or predictions of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would”, “vision”, “aspire”, “target”, “schedules”, and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationships with, and the actions and developments affecting, our major customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market leading position;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies, including our business lines and geographic expansion plans;
- our ability to defend our intellectual property rights and protect confidentiality;
- the effectiveness of our quality control systems;

FORWARD-LOOKING STATEMENTS

- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends, including those pertaining to the PRC and the industry and markets in which we operate;
- capital market developments; and
- all other risks and uncertainties described in “Risk Factors”.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in “Risk Factors”.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

RISK FACTORS

You should carefully consider all of the information set out in this document before making an [REDACTED] in the H Shares, including the risks and uncertainties described below in respect of our business and our industry, doing business in jurisdictions where we operate and the [REDACTED]. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks, some of which are beyond our control. Other risks and uncertainties that we are not currently aware of or that are not disclosed or implied below, or which we do not currently believe to be material, may also be detrimental to our business, financial condition and results of operations. The [REDACTED] of our H Shares may decline due to any of these risks, and you may lose all or part of your [REDACTED]. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We are subject to risks associated with operating in a rapidly developing and evolving digital entertainment industry.

The digital entertainment industry is subject to high competition, rapid technological advancement, and constantly shifting consumer preferences. As a leading digital entertainment platform, our continued success depends largely on our ability to evolve, innovate and adapt to changing consumer appetite effectively. We have built a track record in catering to the users’ preferences by building our experience and capabilities in developing various digital content and expanding our library of online literary content, micro dramas and other IP derivatives. We cannot guarantee that we will be able to continue to do so in the future despite our efforts to conduct in-depth market research to anticipate the trends of the digital entertainment market considering the evolving trend of the industry. If we fail to develop new digital entertainment content effectively and in a timely manner, our content offerings may become less attractive, resulting in a decline in our user base and financial performance.

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.

Popular and quality literary content is the core driver and foundation of our content monetization business. We generally license the copyright of the literary content published on our platforms on an exclusive basis, either at fixed prices and/or under revenue-sharing arrangements. Due to improving monetization prospects of high-quality original literary content, there is increasing competition for popular literary works. Furthermore, as the market develops, the expectations of copyright owners may continue to rise, and as such, they may demand higher licensing fees. In addition, our micro drama business also relies on a constant supply of high-quality literary content for adaptation into micro drama series, further increasing our demand for premium literary content. As a result, we expect our content-related costs to increase on an absolute basis as we expand our literary content library.

We primarily rely on our writers to create original literary works. However, we may not be able to continue to attract and retain writers by offering more competitive and favorable terms than our competitors or higher licensing fees. While our contracted writers agree to create literary content for us, we cannot control their productivity or quality of their works within the contract terms. Additionally, any disputes or legal proceedings with our key writers, especially prominent best-selling writers that create popular and high-quality literary content, may disrupt our business relationship with them. Therefore, we cannot assure you that we will retain sufficient online literary works with monetization value or control a broad range of copyrights for high quality literary works. If we lack popular literary content that

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can be monetized or fail to acquire a broad range of copyrights of such literary content for monetization, our business and operating results may be materially and adversely affected.

In addition, in relation to our IP operation for our literary content, we cannot guarantee that our current or future monetization strategies will be successfully implemented or will generate sustainable revenue, profit or positive operating cash flows. Our failure to identify appropriate industry partners to maximize the monetization potential of our popular literary works may also materially and adversely affect our business and financial condition.

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.

A substantial portion of our total revenue is derived from online literature and related business as well as micro dramas and IP derivative business. For the years ended 2023, 2024, and the nine months ended September 30, 2024 and 2025, the revenues from these two businesses accounted for 91.7%, 93.5%, 96.3% and 94.4% of our total revenues, respectively.

For these two businesses, we distribute our digital content to users through third-party distribution platforms, which in turn pay license fees and/or share a portion of their revenues with us pursuant to the relevant agreements. We cannot assure you that our cooperation with key business partners will remain ongoing and successful, any deterioration or termination of these cooperations would have a material adverse effect on our business and financial condition.

Further, we also distribute our digital content via our self-operated platforms. We monetize our digital content through a freemium model. Initial chapters or episodes of our content are offered for free to drive user engagement, after which users may either pay certain fees to unlock subsequent chapters or episodes or subscribe to a membership for unlimited access to our relevant content. For non-paying users, they may choose to access a limited number of chapters or episodes daily by viewing advertisements.

The success of our self-operated platforms hinges on our ability to consistently produce high-quality, engaging content that caters to the fast-changing needs and preferences of our users. Failure to do so may lead to reduction in daily active user, high churn rate and reduced spending of paying users. Further, a decline in user engagement metrics would lower value and volume of advertisements we can monetize, thereby adversely affecting our revenue from advertising customers. Consequently, if we are not able to produce compelling content to maintain and drive our user base, it may materially and adversely affect our business, financial condition and results of operations.

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.

The size of our user base and the level of our user engagement are critical to our success. Our current monetization methods through our overseas micro platforms depend on our ability to increase the size of our user base and user engagement. Several factors may materially and adversely affect user retention, growth and engagement, including but not limited to:

- technical or other problems preventing us from delivering our content products and services in a timely and reliable manner or otherwise adversely affecting user experience;
- features and functions we design and develop to enhance our user experience and retention are not effective or long-lasting;
- our failure to maintain our brand image;
- failure to address user concerns related to privacy, safety, security or other factors; and

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- our failure to expand to new geographic markets or sectors with high growth potential.

If we fail to maintain and grow our user base, either due to our failure to retain existing users or attract new users in a cost-efficient manner, our user activity and spending on our platform, may decline, which could reduce our revenues and materially and adversely affect our business, financial condition, results of operations and prospects materially and negatively.

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.

We face competition from domestic and overseas companies across all our businesses. In our online literature and related business, we compete for popular literary works and user engagement. Some of our current or future competitors competing in this market may have greater brand recognition, better supplier or writer relationships, larger user bases, and greater financial, technical or marketing resources than we do. Some of our competitors may be able to secure more favorable terms from writers, devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing strategy and devote more resources to their websites, mobile apps and systems development than we do.

Similarly, competition in our micro drama and IP derivatives business centers on high-quality content, as well as user acquisition and retention. Certain competitors in this market may possess greater brand recognition, stronger financial resources, more advanced technology capabilities, or larger marketing budgets than we do, providing them with advantages in attracting and retaining users and business partners. Furthermore, industry consolidation through mergers and acquisitions may arise from time to time as platforms seek to expand their user bases, scale their operations, and enhance capabilities across diverse content formats.

If we fail to compete effectively in these highly competitive markets, our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, we compete in connection with various other monetization opportunities that we currently pursue or may pursue in the future, which generally depend on our ability to attract and retain users onto our content offerings. If we are unable to compete effectively, our ability to successfully monetize our content may be materially affected, which may adversely affect our profitability.

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.

We entered into distribution agreements with various third-party platforms to distribute our literary and audio content as well as micro dramas. Such platforms include leading domestic online reading platforms, internet and telecommunication companies, as well as micro drama platforms and other video platforms in China. However, there can be no assurance that our agreements with these distribution platforms will be extended or renewed after their respective expiration or that we will be able to extend or renew such agreements on terms and conditions favorable to us. In addition, if any of our distribution partners breaches its obligations under any of these agreements or refuses to extend or renew it when the term expires, we may lose all or a portion of the user base we have developed through its platform. We may have legal or other disputes with third-party distribution platforms that may affect our relationship with such platforms or have an adverse effect on our business.

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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.

As of September 30, 2025, our digital content have reached users in more than 177 countries and regions worldwide. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue from overseas markets amounted to RMB127.3 million, RMB300.0 million, RMB209.5 million and RMB404.0 million, representing 9.0%, 25.9%, 25.9% and 40.0% of our total revenue, respectively.

As we expand our business overseas, we may be subject to a broad range of risks and challenges, including but not limited to the following:

- challenges in commercializing our content, recruiting personnel, and managing sales channels and distribution networks effectively in new markets where we have limited experience;
- revenue fluctuations due to unfavorable market conditions, intensified competition, unattractive content offerings, pricing pressures, differing cultural norms, content consumption patterns, and monetization dynamics;
- difficulties in navigating different regulatory regimes and government policies to obtain necessary permits, licenses, and approvals to provide our content across various jurisdictions;
- increased compliance requirements, along with higher expenses related to staffing and managing cross-border operations and multi-jurisdictional organizations;
- weakened protection for our intellectual property rights and potential breaches of third-party intellectual property;
- differences in accounting treatments, adverse tax implications, foreign exchange losses, and inflation risks in operational regions;
- inability to effectively enforce contractual or legal rights under foreign legal systems;
- changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant jurisdictions;
- inflation risks in the regions where we have operations; and
- exposure to political and economic instability, changes in laws or policies affecting foreign investment, civil unrest, and currency fluctuations in relevant jurisdictions.

A significant portion of the revenue generated by our overseas micro drama platform, FlareFlow, is derived from certain overseas regions, which heightens our vulnerability to changes in regulatory environment, regional user preferences, content consumption patterns, and cultural trends. Failure to promptly adapt our micro drama strategy and operations to align with evolving dynamics in such regions may reduce our market share and monetization efficiency in the region, thereby having a material adverse impact on the revenue and profitability of our overseas micro drama business.

We cannot assure you that our international expansion efforts will drive revenue growth. If we are unable to effectively mitigate and manage the aforementioned risks and challenges, our ability to further expand our footprint in the international markets will be impaired. In addition, our international business may not continue to achieve or sustain profitability, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

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Our investment in AIGC technology involves uncertainties, and the returns and results may not align with investors’ expectations in the short term.

Building and maintaining advanced AIGC capabilities may require significant and sustained upfront investments. During the Track Record Period, we have allocated a significant portion of our R&D expenses towards the advancement of AIGC technology.

To maintain our technology competitiveness within the fast-evolving digital entertainment industry, we may need to commit further R&D investments in AIGC technology over an extended period, accompanied by considerable indirect costs related to talent acquisition. These investments may not yield immediate returns, and the timeline for achieving sizeable commercialization, user adoption, and revenue contribution may be uncertain.

If we fail to invest at a scale necessary to match or exceed our competitors, the capital and resources we have already invested in our AIGC technology could be rendered ineffective, resulting in the impairment of prior investments and a material adverse impact on our future operating results, financial condition, and business prospects.

Inappropriate use of AI technologies could result in reputational harm and legal liability, and may adversely affect our results of operation.

We utilize AI technologies in certain aspects of our business. For more details, see “Business — Our AI Technologies”. AI technologies present inherent risks and challenges that could affect their adoption and application, and therefore our business and operational efficiency. AI algorithms may be flawed and contain undetected errors, which may affect their performance. Inappropriate or controversial data practices by us or others could impair the acceptance of our content which is produced with AI technologies. Further, the inappropriate use of AI technologies may result in copyright disputes and legal liabilities. Any such deficiencies may undermine the quality of our content, predictions or analysis that AI generates, subject us to legal liability and reputational harm, which may in turn adversely affect our results of operation.

The regulatory and legal framework on AI is evolving rapidly and may not sufficiently cover all aspects of the research, development and application of AI in Chinese Mainland. Before the year of 2022, the regulations related to AI were also provided in other regulations and rules of internet information services dispersedly. However, PRC government authorities have gradually accelerated the pace of legislation for AI-related technologies including algorithm recommendation and deep synthesis recently. Since the end of 2021, PRC government authorities released the Administrative Provisions on Internet Information Service Algorithm-Based Recommendation (《互聯網信息服務算法推薦管理規定》) and the Provisions on the Administration of Deep Synthesis of Internet-Based Information Services (《互聯網信息服務深度合成管理規定》) successively. On July 10, 2023, the CAC and six other regulatory bodies jointly issued the Provisional Measures for the Administration of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》), effective on August 15, 2023. These measures apply to the use of algorithmic recommendation services, deep synthesis services, or generative AI services that is offered to the public within the territory of China. Providers of such services are required to, among others, adopt measures to eliminate it or otherwise address it where any unlawful content is discovered, carry out a security assessment and perform internet information services algorithm filing procedures in accordance with relevant regulations before offering a service with characteristics of public opinions or capable of social mobilization to the public at large. A provider of generative AI that violates the requirements under these measures will be penalized in accordance with relevant regulations, or receive warnings, be ordered to take corrective actions, suspend services, or pay fines, or be held criminally liable. See “Regulatory Overview — Laws and Regulations in the PRC — Regulations on Internet and Artificial Intelligence”. However, since the interpretation and implementation of these laws and regulations may further evolve and develop, we cannot assure whether we will be able to comply with the requirements of such laws and regulations in a timely manner or at all. If we are unable to obtain the necessary approvals or if we have any dispute with any third party relating to intellectual property or data security, our business operation may be adversely affected.

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We and our writers may be subject to intellectual property infringement claims or other allegations by third parties for information or content displayed on, retrieved from or linked to, our platforms, or distributed to our customers, which could be time-consuming and costly and may result in the removal of relevant content from our platforms.

We have been and may in the future be subject to intellectual property infringement claims or other allegations by third parties for information or content displayed on, retrieved from or linked to, our platforms, or distributed to our customers, which could be time-consuming and costly and may result in the removal of relevant content from our platforms and/or our third-party distribution consumers’ platforms.

Our business involves hosting, creating, and distributing online literature, micro dramas and other IP derivative products, which exposes us to claims alleging infringement of copyrights and other intellectual property rights of third parties. In addition, we cannot guarantee that our content generated by our proprietary and third-party AI technology would not inadvertently incorporate items derived from training data that contain material without IP holders’ proper authorization, increasing our exposure to intellectual property infringement claims. As the legal framework governing AIGC is still novel and evolving, the full scope of our potential liability remains uncertain.

While we have entered into agreements with multiple content creators in China and overseas, we cannot guarantee that we will secure or renew license agreements on terms that are satisfactory to us. Our procedures for licensing, monitoring and uploading content may be insufficient to avoid third-party infringement disputes. Furthermore, our measures to respond to incidents or complaints regarding intellectual property infringements on our platforms may not fully eliminate the risk that unauthorized content remains on our platforms for a period of time.

The laws and regulations in relation to the validity, enforceability and scope of protection of intellectual property rights in internet-related industries are evolving and involve uncertainties. We face, from time to time, and expect to face in the future, allegations that we or our writers have infringed upon copyrights or other intellectual property rights of third parties. For instance, we could be subject to claims that our micro drama series infringe third parties’ intellectual property rights due to similarities in the plots. As we face increasing competition from other digital entertainment players in China and overseas, the risk of facing such claims or legal proceedings is likely to increase. Any such claims or legal proceedings, whether with or without merit, may be time-consuming and costly to resolve, and may materially and adversely affect our business, financial condition, and results of operations.

We may not be able to prevent the unauthorized uses of our intellectual property, including those licensed from third parties. Piracy and intellectual property infringement are persistent risks in our industry and substantial costs may incur in protecting or defending our intellectual property rights. Any failure to protect our intellectual property may adversely affect our market position and operating results.

Acts of piracy and copyright infringement are prevalent in many parts of the world including the PRC, which is primarily due to (i) technological advances allowing copies of digital content; and (ii) the difficulty in enforcing intellectual property rights in the PRC. This trend facilitates the creation, transmission and sharing of high-quality unauthorized copies of digital content. In particular, in the event of any leakage of our micro drama series before the broadcasting period, the performance of our micro drama series may be adversely affected. The proliferation of unauthorized copies of our content may result in the loss of audience and have a negative impact on the viewership ratings and view counts, and in some cases, reduce our licensing revenue, which may materially and adversely affect our business and results of operations. In order to minimize the risks of piracy and infringement, we may have to invest significant financial and human resources to implement security and anti-piracy measures. Litigation may be necessary to enforce our intellectual property rights. However, given that the Chinese courts have discretion in interpreting and implementing regulations and contractual agreements, it is difficult to predict the outcome of litigation. In addition, we may have to incur additional costs for such costs and our management attention may be diverted

RISK FACTORS

and there is no guarantee that we would be able to halt any unauthorized use of our intellectual property in China through litigation. Failure to protect our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

The technology infrastructure we relied on and our products may experience system failures, interruptions, security breaches, cyberattacks, or other technical inadequacies. Our brand, reputation, business, financial conditions or results of operations may be materially and adversely affected if we fail to effectively identify and rectify these problems in a timely manner.

The technology infrastructure we relied on and products may encounter disruptions or other outages caused by problems or defects in our own technologies and systems, such as malfunctions in software or network overload. The technology infrastructure we relied on may also be vulnerable to damage or interruption caused by security breaches, cyberattacks, human error or other technical inadequacies. The occurrence of unanticipated problems that affect the technology infrastructure we relied on could result in interruptions in the availability of our products. It may be difficult for us to respond to such interruptions in a timely manner, or at all. Such interruptions may affect the ability of users to use our products, which would damage our reputation, reduce our future revenues, harm our future profits, subject us to regulatory scrutiny and lead our users to seek alternative products. It is possible that our security controls and other security practices we follow may not prevent the improper access to or disclosure of personal data or proprietary information. We also rely on systems provided by third parties, which may also suffer security breaches or unauthorized access to or disclosure of personal data or proprietary information. Additionally, our business involves the processing, storage, transmission and processing of confidential and user data, including user data, and the deployment of our IT resources in a safe and secure manner that does not expose our network systems to security breaches or the loss of data. Any data security incidents, including internal malfeasance by our employees, unauthorized access or usage, virus or similar breach or disruption of us or our service providers could result in loss of confidential or proprietary information or personal data, damage to our reputation, loss of users, litigation, regulatory investigations, fines, penalties and other liabilities. Accordingly, if our cybersecurity measures or those of our users fail to protect against unauthorized access, attacks (which may include sophisticated cyber-attacks), the compromise or mishandling of data, or other misconduct or malfeasance, including by computer hackers, employees, contractors, vendors, users and business partners, as well as software bugs, human error or technical malfunctions, then our reputation, business, operating results and financial condition could be adversely affected.

Furthermore, the technology infrastructure we relied on is also vulnerable to damages from fires, floods, earthquakes and other natural disasters, power loss and telecommunications failures. Any network interruption or inadequacy that causes interruptions to our operations, or failure to maintain the network and server or solve such problems in a timely manner, could reduce our user satisfaction, which in turn could adversely affect our reputation, business and financial condition.

Our level of indebtedness, reliance on short-term borrowings and the replacement of guarantees and share pledges provided by our Single Largest Group of Shareholders and its close associate could adversely affect our financial condition and liquidity.

We currently fund our operations principally with proceeds from our core businesses, which include online literature and related business, as well as micro dramas and IP derivatives business, and from bank and other borrowings. As of September 30, 2025, we had bank and other borrowings amounting to RMB432.4 million. All of the bank loans were guaranteed by Mr. Tong, our executive Director and a member of our Single Largest Group of Shareholders, either individually or together with Dr. Ni. In addition to these guarantees, Mr. Tong has also provided share pledge over certain of his shares in our Company to secure our borrowings. The guarantees and share pledges provided by Mr. Tong, either individually or together with Dr. Ni, are expected to be released and replaced by new independent loans prior to the [REDACTED]. For details regarding our borrowings, see “Financial Information — Indebtedness — Bank and Other Borrowings”.

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A significant portion of our bank borrowings consists of short-term loans, which places pressure on our liquidity and cash flows. As of January 31, 2026, we had outstanding indebtedness of RMB528.2 million. See “Financial Information — Indebtedness — Statement of Indebtedness”.

The replacement of guarantees and share pledges provided by our Single Largest Group of Shareholders with corporate guarantees from our Group may result in changes to the terms of our financing arrangements, including higher borrowing costs, shorter loan tenures or additional collateral requirements. Any such changes to our financing terms could increase our financial burden and adversely affect our liquidity.

In addition, our indebtedness may contain covenants that restrict our ability to, among other things, pay dividends, incur additional debt, create liens or dispose of assets. Complying with these covenants could limit our operational and financial flexibility. If we fail to comply with such covenants or meet our debt obligations, our lenders may demand immediate repayment of our borrowings, which could materially and adversely affect our liquidity, financial condition and business operations.

There can be no assurance that we will not face challenges in renewing our existing borrowings or obtaining additional financing on terms acceptable to us. Any such challenges could adversely affect our ability to implement our business strategies, meet our capital and operational requirements and achieve our growth objectives.

Our net current liabilities and net operating cash outflows may expose us to certain liquidity risks.

We recorded net current liabilities of RMB165.3 million as of September 30, 2025, which increased to RMB327.4 million as of January 31, 2026. This increase was primarily attributable to additional bank and other borrowings to support selling and marketing expenses associated with the FlareFlow business, which was launched in 2025, as well as a substantial amount of trade payables arising from FlareFlow’s early-stage business development and expansion. As of December 31, 2023 and 2024 and September 30, 2025, the current portion of our bank and other borrowings amounted to RMB235.0 million, RMB229.9 million, and RMB321.4 million, respectively, and further increased to RMB403.4 million as of January 31, 2026. The non-current portion of our bank and other borrowings amounted to nil, RMB87.1 million, and RMB111.0 million during the same periods, and decreased slightly to RMB110.0 million as of January 31, 2026. Our trade payables during the same periods amounted to RMB95.9 million, RMB120.9 million, RMB444.1 million, and RMB419.2 million, respectively. In addition to significant trade payables balances, our business development and expansion have also resulted in longer trade payables turnover days, some of which have been overdue. For more details, see “Financial Information — Net Current Assets/(Liabilities).” We have utilized our bank borrowings and our own funds for settlement of FlareFlow’s selling and marketing expenses incurred in September 2025, which constitute a relatively substantial amount of trade payables arising from FlareFlow’s early-stage business development and expansion. Given that FlareFlow is still in the early stages of business expansion, we may need to continue utilizing bank borrowings and our own funds in the foreseeable future to settle the trade payables to be incurred. In addition, in 2024 and the nine months ended September 30, 2024 and 2025, we had net cash outflows from operating activities of RMB55.3 million, RMB96.7 million, and RMB164.4 million, respectively, whereas we generated a net cash inflow from operating activities of RMB8.0 million in 2023. See “Financial Information — Liquidity and Capital Resources — Net Cash Generated from/(Used in) Operating Activities.”

As a result of our continuing business development and expansion, we may continue to experience net current liabilities and net cash outflows in the future, which may expose us to the risk of liquidity shortfalls, constrain our operational flexibility, and adversely affect our ability to expand our business. Our future liquidity, including our ability to pay trade and other payables when they become due, will primarily depend on our ability to generate adequate cash inflows from operating activities and to obtain adequate external financing. To improve our net current liabilities position and reduce payables overdue position, we plan to

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continually enhance our cash flow from operations by working towards profitability. See “Business — Business Sustainability” for details. We are also negotiating and may enter into alternative payment arrangements with key suppliers from time to time to extend credit terms. However, our future operating and financial performance will be affected by the performance of the industry in which we operate and prevailing economic and market conditions, among other factors, many of which are beyond our control. Pressures on our liquidity may require us to seek additional financing through the [REDACTED] and [REDACTED] of our Shares, or from other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us, or at all, given that we have already incurred a high level of borrowings. As of January 31, 2026, we had unutilized bank facilities of RMB272.6 million.

Any difficulty or failure to meet our liquidity needs as and when required, as well as any additional costs incurred as a result of difficulties in obtaining additional financing, may have a material adverse effect on our business, financial condition, results of operations, and prospects, including causing our business to become unsustainable.

We have incurred net losses during the Track Record Period. We cannot assure you that we will be able to achieve profitability in the future.

We incurred net losses of RMB242.6 million, RMB186.8 million, and RMB517.0 million in 2024 and the nine months ended September 30, 2024 and 2025, respectively, and had net profit of RMB90.0 million in 2023. Our operating results have fluctuated and may continue to fluctuate from time to time. We may not be able to achieve or maintain profitability in the future. We cannot assure you that FlareFlow will be able to sustain its growth momentum or that revenue and profit margins from the FlareFlow business will increase. Our path to profitability depends on our ability to control our costs and operating expenses, realize our monetization strategy, and increase our revenue in a cost-effective manner. Although we have experienced significant revenue growth since our inception, such growth may not be sustainable at its historical rate. In addition, we expect our costs and other operating expenses to increase as we expand our micro drama business. If our costs and operating expenses continue to increase without a commensurate increase in our revenue, we may not be able to become profitable.

Our historical results may not be indicative of our future growth. We may not be able to effectively manage our growth as a result of the increased complexity of our business, which may adversely affect our business and operating results.

We generated revenues of RMB1,408.9 million, RMB1,159.1 million, RMB808.0 million and RMB1,011.0 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Specifically, our overseas micro drama platform, FlareFlow, has experienced significant growth in average monthly revenue, downloads and MAUs following its launch in April 2025. Regardless of the various efforts we have made and will continue to make in the future, we cannot assure you that the growth momentum on our overseas micro drama platform will be sustained, or that our business will be able to maintain the growth rate as in the past. As the digital entertainment industry matures and competitive dynamics intensify, the growth rate of our FlareFlow’s MAUs and revenue may decrease. If we are unable to adapt to evolving market conditions, scale our operations efficiently, and innovate in response to competitive pressures, our future growth and profitability may be materially and adversely affected.

Our business model relies heavily on distribution costs and marketing expenses, and any significant increase in such costs and expenses, or any failure to effectively deploy them or enhance return on investment, could materially and adversely affect our results of operations.

In our online literature and related business, we recorded distribution costs under cost of sales of RMB563.6 million, RMB471.7 million, RMB343.2 million and RMB308.2 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. These distribution channels costs are mainly incurred to engage third-party promotion and marketing service providers to promote our content. We also promote our businesses, in

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particular our overseas micro dramas, through in-house advertising, and the fees incurred are categorized as our selling and marketing expenses. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our advertising and marketing expenses were RMB344.6 million, RMB297.3 million, RMB229.0 million and RMB517.2 million, respectively. For details, see “Financial Information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Selling and Marketing Expenses”.

Our ability to generate revenue is highly dependent on the effectiveness and efficiency of such costs and expenses. If competition for user engagement intensifies, or if the return on our content promotion investments declines, we may be required to increase our costs and expenses without a corresponding increase in revenue. Any sustained increase in our distribution channel costs or advertising and marketing expenses, or any failure to optimize our content placement and promotion strategies, could materially and adversely affect our cash flows, business, financial condition and results of operations.

We utilize third-party payment channels to collect proceeds from our paying users’ purchases. Any failure by those payment channels to process payments effectively and securely may materially and adversely affect our revenue realization and brand recognition.

We rely on third-party payment processors to accurately record and collect revenues from our paying users, which is in line with the industry practices. We receive periodic statements from these third-party payment processors summarizing transaction volumes and fees charged to the paying users for our content. If these third-party payment processors fail to accurately account for, or calculate the revenue generated from, the sales of our content, our business and results of operations could be adversely affected. If there are security breaches or failures or errors in the payment process of these third parties, user experience may be adversely affected, and our business and results of operations may be negatively impacted.

Our third-party payment processors may experience cash flow difficulties, which may delay or prevent their payments to us. Failure to timely collect our receivables from third-party payment processors may adversely affect our cash flows and operating results. Further, our payment channels are also subject to laws and regulations governing electronic funds transfers and virtual currencies, which may change or be reinterpreted in a way that will adversely affect their compliance. Non-compliance by our payment processors could result in fines, increased transaction fees, or suspension of their services, which would materially impair our ability to monetize our content and adversely affect our business prospects.

We may be exposed to risks associated with our trade receivables and prepayments.

Our cash flow and profitability are subject to the timely settlement of receivables from our business customers for online literary content and micro drama series that we licensed. During the Track Record Period, we generally granted a credit period of less than 30 days to our customers, depending on the payment terms in each agreement. In practice, the actual collection period often exceeds the credit period stipulated in our agreements. Our customers’ ability to make payments on timely basis depends on various factors such as general economic and market conditions and the customer’s cash flow position, which are out of our control. Delays in receiving payments from our customers may adversely affect our cash flow position and our ability to meet our working capital requirements. There is no assurance that our customers will pay us on a timely basis or at all, which may adversely affect the recoverability of our trade receivables, or that we will be able to efficiently manage the level of bad debt arising from staged payments.

Our prepayments and other receivables consisted of amounts due from related parties, prepayments for content costs, service fees and inventories, deposits, deductible value-added input tax, consideration receivables from disposal of an equity investment and others. However, there is no guarantee that the relevant service providers, suppliers and other parties will perform their obligations in a timely manner. If the relevant service providers, suppliers and other parties fail to perform their obligations in full or at all, we may be exposed to

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default on and impairment loss risks in relation to prepayments, which may in turn materially and adversely affect our business and financial position. For further details, see Note 20 to the Accountants’ Report in Appendix I to this document.

Fluctuations of our financial assets at fair value through profit or loss may materially affect our financial condition and results of operation.

We made investments in certain financial assets during the Track Record Period and recorded financial assets at fair value through profit or loss of RMB218.4 million, RMB229.2 million and RMB85.0 million as of December 31, 2023, 2024 and September 30, 2025, respectively. Our financial assets at fair value through profit or loss mainly consist of wealth management products managed by the banks or securities company. We recorded wealth management products of RMB140.6 million, RMB145.6 million and nil as of December 31, 2023, 2024 and September 30, 2025, respectively. Going forward, we may, again, invest in wealth management products. We cannot assure you that market conditions and regulatory environment will result in consistent fair value gains on wealth management products we invest in, or we will not incur any fair value losses on our investments in wealth management products in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected. Our financial assets at fair value through profit or loss also comprise our investments in certain private companies and films, amounting to RMB77.9 million, RMB83.6 million and RMB85.0 million as of December 31, 2023, 2024 and September 30, 2025, respectively. These investments may earn yields substantially lower than anticipated, causing their fair value through profit or loss to fluctuate significantly. Any failure to realize the benefits we expected from these financial assets may materially and adversely affect our business and financial results.

We may experience negative publicity involving us, our users, our content, our platforms, our management, our business model or our industry in general.

Negative publicity involving us, our users, our content, our platforms, our management, our business model or our industry in general may materially and adversely harm our brand and our business. We cannot assure you that we will be able to effectively manage negative publicity about us, our management and/or our services to the satisfaction of our investors, users, customers and business partners. The dissemination of these news to the public may adversely affect our reputation or brand image, which could negatively impact our business, results of operations and growth prospects. We may have to incur significant expenses in order to remedy the effects of these negative news, which may materially and adversely affect our results of operations.

We may be involved in claims, disputes and legal proceedings in our ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product or service quality, breach of contract, and employment or labor disputes. As of the Latest Practicable Date, we were not involved in any litigations or legal proceedings that may materially affect our business and results of operations. Nevertheless, we cannot guarantee that we will not face any claim, dispute or can successfully defend ourselves or overturn unfavorable judgments. These potential future legal actions, irrespective of their merits, have the potential to incur significant costs and divert our focus from day-to-day operations. If we fail to successfully counter these claims or prevail in legal proceedings, they could lead to various outcomes, such as imposition of fines and penalties or payment of damages.

Further, claims, disputes or legal proceedings against us may arise from defective supplies or services provided to us by our suppliers, including but not limited to content suppliers that infringe upon third-party intellectual property rights or fail to meet contract obligations. Such suppliers may not be able to indemnify us in full and in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

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Our operations and future growth depend substantially on our ability to retain and motivate our senior management and other key qualified personnel. If we lose their services, our operations and growth prospects may be materially and adversely affected.

We believe that our continued success depends significantly on our ability to attract, motivate and retain our senior management and a sufficient number of highly skilled personnel specializing in R&D, editorial and micro drama production. Qualified individuals are in high demand, particularly in the digital entertainment industry, and we may have to incur significant costs to attract and retain them. We cannot assure you that our incentive plans and strategies will be effective. In the event that our Shares decline in value, we may have difficulties recruiting and retaining qualified employees.

In addition, we cannot ensure that we will be able to retain our senior management and key employees as competition for qualified personnel intensifies. The loss of any key management or employees could be highly disruptive and adversely affect our business operations and future growth. Moreover, if any of these individuals joins a competitor or forms a competing business, we may lose crucial trade secrets, technological know-how and other valuable resources and our business and results of operation may be adversely affected. Although our senior management and key employees have entered into confidentiality and non-compete agreements with us, we cannot assure you that the extent to which any of these agreements will be enforceable under the applicable laws.

Any misconduct, in particular acts of bribery, corrupt practices, money-laundering or other improper conducts of our employees, agents, contractors, or business partners may materially and adversely affect our business, reputation, results of operations and financial condition.

Our business operations are subject to laws and regulations in China and the jurisdictions where we operate, particularly anti-bribery and anti-corruption laws, which prohibit companies and their intermediaries from making improper payments or other benefits to government or other parties for the purpose of obtaining or retaining business. We cannot assure you that our employees, agents, contractors, or business partners will not be engaged in acts of bribery, corruption, money-laundering or other improper conducts. There is also no assurance that our internal control and risk management systems will prevent or detect any improper or illegal acts of such parties. If any of our subsidiaries, Directors, senior management, employees, representatives, consultants, agents, business partners or investors is found or alleged to have violated anti-bribery or anti-corruption laws and regulations, we may face or be involved in fines, lawsuits and damage to our reputation, and investors may not be able to contribute their portion of investment funds to our projects on schedule or at all, thereby delaying the project progress. In relation to third parties involved in our business, although we conduct reviews of legal formalities and certifications before entering into contractual relationship with our business partners, and take measures to mitigate risks that we may be exposed to in case of any regulatory non-compliance, we cannot be certain whether they have infringed or will infringe upon any other third parties’ legal rights or have violated or will violate any regulatory requirements. We may not identify irregularities or instances of non-compliance in the business practices of third parties with whom we pursue existing or future cooperation and we cannot assure you that any such irregularities will be corrected in a prompt and proper manner. Any of the abovementioned circumstances may materially and adversely affect our business, reputation, results of operations and financial condition.

Changes in international trade policies, geopolitics and trade protection measures, export control, and economic or trade sanctions may affect our business, financial condition and results of operations.

As we seek to expand our global footprint, our business operations and financial performance may be influenced by international trade policies, geopolitics, trade protection measures, export controls, and economic or trade sanctions. International trade policies and geopolitics are subject to frequent changes and uncertainties, often driven by political, economic, and social factors beyond our control. These changes could impact trade agreements, tariffs, customs duties, and other aspects of international trade, potentially increasing our operational costs and affecting our overseas market expansion.

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The U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. It is possible that the extent and scope of such sanctions may escalate. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy. For example, in recent years, the United States has expanded export controls restrictions on China through the Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce. BIS maintains a list of foreign persons on which certain trade restrictions are imposed (the “**Entity List**”). The export, re-export and/or transfer (in-country) of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems or components that may be critical to our technology infrastructure, products, services and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our business. If certain of our customers and/or suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, systems or components from or to us, we may not be able to maintain our collaboration with such customers and suppliers. These measures, as well as other economic and trade sanctions measures maintained by the United States, the European Union, and other jurisdictions, may prohibit or restrict our ability to, directly or indirectly, conduct activities or dealings in or with certain targeted countries and territories or involving certain targeted persons, or otherwise affect our business. Any failure to successfully comply with applicable sanctions or export controls rules may expose us to negative legal and business consequences, including civil or criminal penalties, the loss of access to controlled technologies, and government investigations.

On October 28, 2024, the U.S. Department of the Treasury (“**Treasury**”) issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023 (the “**Final Rule**”), which became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as “Covered Foreign Persons.” U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as “Covered Transactions,” and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections. The Final Rule may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. On February 21, 2025, U.S. President issued a memo entitled the “America First Investment Policy” (the “**America First Memo**”), indicating that Executive Order 14105 is under review and the Trump Administration will consider new or expanded restrictions, such as broadening the sectors. We do not believe we would be defined as a Covered Foreign Person under the Final Rule, because we do not engage in a “covered activity” (as defined in the Final Rule) or otherwise meet the definition of Covered Foreign Persons provided in the Final Rule. However, there is no assurance that the Treasury will take the same view as ours. If we were to be deemed a “covered foreign person,” and if U.S. persons engaged in a “covered transaction” (each as defined under the Final Rule) that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Final Rule. In addition, even though U.S. persons’ acquisitions of certain publicly traded securities (such as our H shares) will be exempted from the scope of covered transactions under the Final Rule, the Final Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors after [REDACTED] given that relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being

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deemed a Covered Foreign Person in the future due to different views taken by the U.S. Department of the Treasury, potential amendments to the Final Rule or the introduction of similar regulations. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects. In such case, the value of our H shares may significantly decline, or in extreme cases, become worthless.

We have limited insurance to cover our potential losses and claims.

We cannot assure that our insurance coverage will be sufficient or available to cover damages, liabilities or losses we may incur in the ordinary course of our business. In addition, there are certain losses for which insurance is not available on commercially practicable terms, such as losses or damages arising from any disruption in our business operations or litigation. If we are held responsible for any losses or damages and there is insufficiency or unavailability of insurance, we could suffer significant costs and diversion of our resources, and thereby materially and adversely affect our business, financial conditions and results of operation.

RISKS RELATING TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Changes in economic, political or social conditions in the jurisdictions where we operate could have a material adverse effect on our business and results of operations.

Most of our assets are located in the PRC and more than half of our revenue is derived from our business in the PRC. Accordingly, our business, financial condition, results of operations and prospects are subject to economic, political and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, particularly in its degree of government involvement, level of economic development, growth rate and resources allocation. The recent economic reform measures implemented by the PRC government may be adjusted or modified, or applied inconsistently, from industry to industry or across different regions of the country. If the business environment in the PRC changes, our business and its growth prospect in the PRC may also be materially and adversely affected.

As we also generate a substantial portion of our revenue from overseas markets, our business operations and financial performance are subject to general geopolitical risks in foreign countries or regions where we may operate in the future, such as the global economic conditions, political and economic instability and changes in diplomatic and trade relationships. The changes in any of the foregoing conditions could negatively affect our operating results and cause fluctuations in demand for our content products.

The laws of cybersecurity, personal information and data protection in China and other jurisdictions regulate the collection, use and disclosure of information and data, and failure to comply with or adapt to changes in these laws could materially and adversely harm our business.

We collect personal data from our users in order to effectively provide our services and better understand our users need. Concerns about the collection, use, disclosure or security of personal information or other privacy-related matters, even if unfounded, could damage our reputation, cause us to lose users and adversely affect our results of operations.

In recent years, protecting cybersecurity, data security and personal information has become a critical priority in the PRC. The Cybersecurity Review Measures (《網絡安全審查辦法》) (the “MCR”) took effect on February 15, 2022. Under the MCR, critical information infrastructure operators (the “CIIOs”) and the data processing activities conducted by network platform operators, which affect or may affect national security, are subject to cybersecurity review. CIIOs must apply for review if they anticipate that their procurement of network products and services affect or may affect national security after such network products and services are put into use. The MCR also provides that network platform operators that possess personal information of over one million users shall apply for cybersecurity review before [REDACTED] in a foreign country. However, [REDACTED] in Hong Kong is not treated as a [REDACTED] in a foreign country within the meaning of the MCR. Nonetheless, relevant government authorities may initiate the cybersecurity review

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against the relevant operators if the authorities believe that the network products or services or data processing activities of such operators affect or may affect national security. Besides, the Personal Information Protection Law (《個人信息保護法》) and the Security Assessment Measures for Outbound Data Transfer (《數據出境安全評估辦法》) stipulated provisions for collecting, storing, sharing, transferring and disclosing personal information and data in PRC. For details, see “Regulatory Overview — Laws and Regulations in the PRC — Regulations on Internet and Artificial Intelligence”. To the best knowledge of our Directors, we have not been identified as a CIIO, nor have we been informed of any material breach of relevant laws. However, we cannot completely exclude the risks of being subject to cybersecurity review in the future and there can be no assurance that we will be able to obtain approval from the regulatory authorities in a timely manner, or at all.

Additionally, we may need to comply with the increasingly rigorous regulatory standards in other jurisdictions. In the U.S., all 50 states have now enacted laws to regulate the actions that a business must take in the event of a data breach, such as prompt disclosure and notification to affected users and regulatory authorities. In addition to the data breach notification laws, some states have also enacted statutes and rules requiring businesses to reasonably protect certain types of personal information they hold or to otherwise comply with certain specified data security requirements for personal information. The U.S. federal and state governments will likely continue to consider the need for greater regulation aimed at restricting certain uses of personal data for targeted advertising. For example, California enacted the California Consumer Privacy Act in 2018, which came into effect on January 1, 2020, and has since been amended by the California Privacy Rights Act which came into effect on January 1, 2023 (collectively, the “CCPA”). The CCPA creates new individual privacy rights for consumers (broadly defined in the law) and places increased privacy and security obligations on entities handling personal data of consumers or households. The CCPA requires covered companies to provide new disclosures to California consumers, and provides such consumers new ways to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. Some observers have noted that the CCPA could mark the beginning of a wider trend towards more stringent privacy legislation in the U.S., which could increase our potential compliance costs and adversely affect our business. See “Regulatory Overview — Laws and Regulations in the U.S. — U.S.-Based Data Privacy Regulations” for more relevant U.S. laws and regulations. In the EU, the General Data Protection Regulation (“GDPR”) came into effect on May 25, 2018. The GDPR implements more stringent operational requirements for processors and controllers of personal data, including, for example, requiring expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements, and higher standards for data controllers to demonstrate that they have obtained either valid consent or have another legal basis in place to justify their data processing activities. The GDPR further provides that EU member states may make their own additional laws and regulations in relation to certain data processing activities, which could further limit our ability to use and share personal data and could require localized changes to our operating model. Under the GDPR, fines of up to €20 million or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, may be assessed for non-compliance. Complying with changing and stringent data protection requirements may cause us to incur substantial costs or require us to change our business practices. In the event that we fail to comply with these regulations, or that we are deemed to be in violation of these requirements and we cannot rectify in a timely manner, we may be exposed to severe penalties, legal liability, reputational damage or other enforcement actions, which may disrupt our business operations and materially and adversely affect our business, financial condition, results of operations and prospects.

Significant capital and other resources may be required to protect against information security breaches. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, could cause our users to lose trust in us and could expose us to legal claims.

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We require various approvals, licenses and permits to operate our business and any failure to obtain or renew any of these approvals, licenses and permits or any failure to keep up with laws and regulations relating to our ongoing business operations could materially and adversely affect our business and results of operations.

Our operations are subject to a comprehensive and evolving regulatory framework governing the digital entertainment industry in each of the jurisdictions where we operate. We are required to obtain, maintain, and comply with the terms of a wide array of approvals, licenses, and permits from various national and local authorities.

In the PRC, regulatory authorities such as the State Council, the MOFCOM, the MIIT, the MCT, the CAC and the NRTA oversee various aspects of our business. Our PRC operating entities are required to obtain and maintain applicable licenses or approvals in order to provide their current services. For example, we are required to obtain an Internet Publishing Service License for engaging in internet publishing services, the Value-added Telecommunications Business License for engaging in any commercial internet information services and the Internet Cultural Operation License for conducting internet cultural businesses. Furthermore, to broadcast, promote or distribute our micro dramas, we are required to obtain a permit of online drama distribution or complete the relevant online filing registration procedure. In addition, governmental authorities are likely to continue to issue new laws, rules and regulations governing these industries, enhance enforcement of existing laws, rules and regulations, and require new and additional approvals, licenses and permits. For detailed discussion of certain licenses and permits relevant to our business, see “Business — Licenses, Approvals and Permits” and “Regulatory Overview — Laws and Regulations in the PRC — Regulations on Films and Online Audio-visual Activities”. Failure to comply with these regulations may result in fines and other penalties for us, including without limitation, shutting down of our operations and revocation of licenses. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition, results of operations and prospects. As we further develop our capabilities and enhance our product functions, we may be required to obtain additional qualifications, permits, approvals or licenses.

As the micro drama sector is emerging rapidly, new laws and regulations may be adopted from time to time to address new issues that come to the regulatory authorities’ attention and additional licenses and permits other than those we currently have may be required. In the interpretation and implementation of existing and future laws and regulations governing our business activities, considerable uncertainties still exist. We cannot assure you that we will not be found in violation of any future laws and regulations or any of the laws and regulations currently in effect due to changes in the relevant authorities’ interpretation of these laws and regulations. In the event of heightened regulatory scrutiny, our business operations may be materially and adversely affected.

The production and distribution of digital content in China are extensively regulated in the PRC. Our failure to comply with evolving laws, regulations and policies could materially and adversely affect our business, financial condition and results of operations.

The production, distribution, and broadcast of digital content in China are heavily regulated in the PRC. Regulations extend to almost every aspect of the whole process, from content censorship to release or distribution, and many of them are promulgated without advance public consultation. In addition, digital content may also have to align with media objectives of relevant PRC government authorities. Content that fails to incorporate these media objectives may not be published or broadcasted as requested by such government agencies.

Specifically, regulatory authorities such as the NRTA, which enforces a mandatory pre-broadcast review and registration process and retains broad discretionary power to demand re-editing or reshooting of our video content. In some cases, the NRTA may cancel the scheduled broadcast of video contents that do not meet the new requirements.

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If any of the above-mentioned situations were to occur, our planned broadcast schedules could be disrupted, and we might need to incur additional cost to reproduce affected video content, which could have a material adverse effect on our business operations.

In China, we are also subject to strict prohibitions on the distribution of content deemed obscene or pornographic under PRC law. Pursuant to these requirements, we are obligated to immediately delete any obscene or pornographic content, and to keep records and report to the governmental authorities in charge. As advised by our PRC Legal Advisor, under applicable PRC laws and regulations, the determination of obscenity and pornography is within the power of relevant regulatory authorities, including but not limited to the Office of the National Working Group for Crackdown on Pornographic and Illegal Publications (全國“掃黃打非”工作小組辦公室), the CAC, the Ministry of Public Security (公安部), the MOC, the GAPPRFT and their respective local counterparts.

Failure to comply with the relevant PRC laws and regulations on a timely and adequate manner may subject us to liability, administrative actions or penalties imposed by the relevant competent PRC authorities. The imposition of any of these penalties may result in a material and adverse effect on our ability to conduct our business in the PRC and have a material and adverse impact on our business, financial condition and operational results. In the worst scenario, the competent PRC authorities could revoke our business and operating licenses, shut down our content distribution platforms, or require us to discontinue or restrict our operations.

Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, our eight lease agreements failed to be registered with the relevant PRC government authorities. As advised by our PRC Legal Advisors, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. See “Business — Property — Leased Properties” for details. There is no guarantee that the relevant PRC government authorities will not impose administrative penalties due to the failure to register lease agreements. Should we be fined for this non-registration, our business operations could be adversely affected.

Holders of our H Shares may not be able to enforce their rights successfully as shareholders under PRC Company law or Hong Kong regulatory provisions and may experience difficulties in effecting service of process upon or enforcing foreign judgments against us.

As most of our business is conducted in the PRC, our operations are principally governed by the PRC laws and regulations. Due to the differences in legal systems, certain important aspects of the PRC Company Law are different from the corporate laws of other common law jurisdictions such as Hong Kong, particularly with respect to investor protection, such as shareholder class action suits and measures protecting non-controlling shareholders; restrictions on directors; disclosure requirements; different rights of classes of shareholders; general meeting procedures and disbursement of dividends. We cannot assure you that no discrepancy exists between the protections we give to our investors in civil law jurisdictions and those given to investors in companies formed in common law jurisdictions. Similar to other civil law jurisdictions, PRC laws and regulations are statute-based, and the interpretation and enforcement of statutory laws and regulations may be changed to adapt the rapid development of economic, political, and social conditions. There can be no assurance that we will be able to fully comply with new rules and regulations that may be relevant to investor protection, which may limit the legal protections available to foreign investors, including you. Additionally, any litigation involving us, irrespective of the jurisdiction, may result in substantial costs and diversion of our resources and management attention.

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Non-PRC Holders of our H Shares may be subject to PRC income tax obligations.

Under the current EIT laws and its implementation rules, subject to any applicable tax treaty or similar arrangement between the Chinese Mainland and a non-Chinese Mainland investor's jurisdiction of residence that provides for a different income tax arrangement, Chinese Mainland withholding tax at the rate of 10% is normally applicable to dividends from Chinese Mainland sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in Chinese Mainland, or which have an establishment or place of business in Chinese Mainland if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% Chinese Mainland income tax rate if such gains are regarded as income from sources within Chinese Mainland unless a treaty or similar arrangement provides otherwise.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within Chinese Mainland paid to foreign individual investors who are not PRC resident individuals are generally subject to a withholding tax at a rate of 20% and gains from Chinese Mainland sources realized by such investors on the transfer of shares are generally subject to a 20% income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in Chinese Mainland. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of Chinese Mainland at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between Chinese Mainland and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese Mainland are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision had not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If Chinese Mainland income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-Chinese Mainland resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with Chinese Mainland may not qualify for benefits under such tax treaties or arrangements.

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You should assess the legal protections you are entitled to under legal system in China.

We are subject to the applicable laws and regulations of the countries and regions where we operate, which may be different and are constantly evolving. Our business and operations in China are governed by PRC laws, which are subject to revisions or interpretations from time to time. New laws, regulations, guidelines and interpretations that are promulgated in the future may affect the rights and obligations of the parties involved. In addition, legal cases are not official legal sources in China, and prior court decisions may be cited for reference but may not have binding authority. Therefore, you should assess the legal protections you are entitled to under legal system in China.

Laws and regulations over foreign currency conversion and on the remittance of Renminbi into and out of the PRC may affect our utilization of our revenue and our ability to remit dividends.

Currently, the conversion of Renminbi into foreign currency has to comply with the relevant laws and regulations and remittance of foreign currencies are subject to the PRC foreign exchange regulations. We may have to convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of dividends declared in respect of our H Shares, if any, and settlement of foreign investment. Shortage in the availability of foreign currency may restrict the ability of our Group to remit sufficient foreign currency out of the PRC, or otherwise satisfy our foreign currency denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses under the capital account such as the repayment of loans denominated in foreign currencies.

The policies regarding foreign exchange transactions under the current account and the capital account may not necessarily continue in the future. In addition, these foreign exchange policies may restrict our ability to obtain sufficient foreign exchange, which could have an adverse effect on our foreign exchange transactions and the fulfilment of our other foreign exchange requirements. If there are changes in the policies regarding the payment of dividends in foreign currencies to shareholders or other changes in foreign exchange policies resulting in insufficient foreign exchange, our payment of dividends in foreign currencies may be affected.

Fluctuations in exchange rates could result in foreign currency exchange losses and could materially and adversely affect our financial performance.

As we operate a part of our business in countries and regions outside of Chinese Mainland, we are exposed to risks associated with foreign currency exchange fluctuations. Certain of our income from overseas markets is denominated in foreign currencies such as USD and EUR. In managing the foreign exchange risks, we may engage in foreign exchange hedging transactions with financial institutions to mitigate and manage exchange rate risks. However, the effectiveness of these hedging measures may be limited, and we may not be able to adequately cover our foreign exchange exposure or at all. It is difficult for us to predict how external factors may impact the exchange rate of RMB to USD and EUR, or other foreign currencies in the future. Further appreciation of RMB against foreign currencies may affect our overseas operations.

In addition, the [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, the H Shares in foreign currency.

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Failure to obtain or maintain any of the government grants or discontinuation of the preferential tax treatments that are currently available to us could materially and adversely affect our business, financial condition and results of operations.

For the years ended December 31, 2023 and 2024, and the nine-month ended September 30, 2024 and 2025, we recognized government grants of RMB4.5 million, RMB4.5 million, RMB0.8 million and RMB11.0 million, respectively. Those government grants were primarily relating to certain tax-related incentives, subsidies for research and development projects and subsidies for other government-sponsored projects. There can be no assurance that we will receive government grants of such amount or at all on a continuous basis. The reduction or discontinuation of any of these government grants could negatively affect our business and results of operations.

During the Track Record Period, we also benefited from various preferential tax treatments in China. Our results of operations depend in part on our ability to continue to enjoy the preferential tax treatments. Under PRC EIT Law, our Company and four of our subsidiaries obtained the “high and new technology enterprise” (“HNTTE”) certificates, which entitled us to apply for a reduced tax rate of 15% from the local tax authority with a valid period of three years. For further information, see “Financial Information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Income Tax”. Government policies regarding preferential tax treatments are subject to review, renewal, change and termination. The discontinuation of any preferential tax treatments currently available to us would cause our effective tax rate to increase, which could have an adverse effect on our results of operations.

We are subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with our future capital raising activities.

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines (the “Overseas Offering and Listing Trial Measures”), which came into effect on March 31, 2023. The Overseas Offering and Listing Trial Measures comprehensively reformed the regulatory regime for overseas securities offerings and listings by China-based companies, conducted either in direct or indirect manners, by adopting a filing-based regulatory mechanism. See “Regulatory Overview — Laws and Regulations in the PRC — Regulations on Securities and Overseas Listings — Overseas Listings” for details. According to the Overseas Offering and Listing Trial Measures, this [REDACTED] shall be deemed as an [REDACTED] by PRC domestic enterprise, and we are required to submit filings with the CSRC within three business days after we submit application for this [REDACTED].

Foreign investment in the PRC is subject to, among other things, the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”). According to the Negative List, any domestic enterprise engaged in the prohibited industries may only issue shares abroad and list and trade such shares overseas with the prior consent from the relevant competent authorities (the “**Competent Authorities**”) of the PRC. See “Regulatory Overview — Laws and Regulations in the PRC — Regulations on Foreign Investment” for details. We are engaged in, among other things, the online publishing services, online audio-visual program services and internet-based cultural operations, which remain among those prohibited industries under the Negative List, and therefore we need to obtain the consent from the Competent Authorities for this [REDACTED].

Furthermore, the filing procedure with the CSRC under the Overseas Offering and Listing Trial Measures and the obtaining of the consent from the Competent Authorities may be required for any future offerings, [REDACTED] or any other [REDACTED]. It is uncertain whether we could complete the procedure and obtain the relevant consent in relation to any further capital raising activities in a timely manner, or at all. Any failure to complete the filing procedure and obtain the relevant consent in a timely manner may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business, results of operations and financial conditions.

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Moreover, on February 24, 2023, the CSRC and other relevant government departments released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which came into effect on March 31, 2023. The Provisions aims to expand the applicable scope of the regulation to indirect overseas offerings and listings by PRC domestic companies and emphasize the confidentiality and archive management duties of PRC domestic companies during the process of overseas offerings and listings.

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this [REDACTED] or future [REDACTED] before settlement and delivery of the H Shares we are [REDACTED] hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures in addition to those prescribed under the Overseas [REDACTED] Trial Measures for this [REDACTED] or future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Such procedures for obtaining the waiver remain unclear. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and [REDACTED] of our H Shares.

As a company listed on the ChiNext Board of the Shenzhen Stock Exchange, we, our Directors, senior management, employees and Shareholders are subject to securities regulations and exchange listing rules in the PRC.

As a company listed on the ChiNext Board of the Shenzhen Stock Exchange, we, our Directors, senior management, employees and Shareholders are subject to securities regulations issued by the CSRC and the Shenzhen Stock Exchange Listing Rules. While we are committed to full compliance with all applicable regulatory requirements, new regulations and rules, and changes in the interpretation or enforcement of existing regulations and rules, may be adopted from time to time. To maintain compliance, we may need to devote additional resources and incur compliance-related costs. In addition, the CSRC and the Shenzhen Stock Exchange may have periodic or ad hoc inspections, examinations and inquiries with respect to our compliance with relevant regulatory requirements. We have, in the past, received and may receive in the future any regulatory inquiries, warning letter and examinations from the Shenzhen Stock Exchange and the CSRC, which may affect our [REDACTED] and also may affect our reputation, business and financial condition.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of Chinese Mainland and Hong Kong.

As our A Shares are listed on the ChiNext Board of the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available, or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

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The characteristics of the A Share and H Share markets may differ.

Our A Shares are listed and traded on the ChiNext Board of the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the ChiNext Board of the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange. Under current laws and regulations of China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have different [REDACTED], [REDACTED] and [REDACTED] bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the ChiNext Board of the Shenzhen Stock Exchange.

As our A Shares are listed on the ChiNext Board of the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in PRC. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. The information we announce in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in the PRC, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [REDACTED] in the H Shares should be reminded that, in making their [REDACTED] decisions as to whether to [REDACTED] the H Shares, they should rely only on the financial, operating and other information included in this document. By applying to [REDACTED] the H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and [REDACTED] will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is the result of negotiations between the [REDACTED] (for itself and on behalf of the [REDACTED]) and us and may not be an indication of the [REDACTED] at which our H Shares will be [REDACTED] following the completion of the [REDACTED]. If an active public market for our H Shares does not develop following the completion of the [REDACTED], the [REDACTED] and liquidity of our H Shares may be materially and adversely affected.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could lead to substantial losses to investors.

The [REDACTED] and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant [REDACTED] and [REDACTED] volatility that are not related to the operating performance of any particular company. The business and performance and the [REDACTED] of the shares of

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other companies engaging in similar business may also affect the [REDACTED] and [REDACTED] of our H Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, relationships with our business partners, movements or activities of key personnel, actions taken by competitors or regulatory developments. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in [REDACTED] not directly related to our business performance.

There is no assurance if and when we will pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the shareholders’ meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under IFRS Accounting Standards, our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to distribute dividend to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. For more details relating to our dividend policy, see “Financial Information — Dividends”.

Future sales or perceived sales of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future or may result in dilution of your shareholding.

The [REDACTED] of our H Shares and our ability to raise equity capital in the future at a time and [REDACTED] that we deem appropriate could be negatively impacted as a result of future sales of our H Shares or other securities relating to our H Shares in the [REDACTED] by our Shareholders, or the [REDACTED] or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue shares pursuant to any existing or future share option incentive plans, which would further dilute our Shareholders’ interests in our Company. New shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the [REDACTED] of our H Shares.

In addition, while [REDACTED] our H Shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they [REDACTED], they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [REDACTED]. Any sale of the H Shares [REDACTED] by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the [REDACTED] of our H Shares and any sizeable sale could have a material and adverse effect on the [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] of our H Shares.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the [REDACTED].

Prior to the publication of this document, there has been press and media coverage regarding us and the [REDACTED]. Such press and media coverage may include references to

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certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] of our H Shares may decline.

The trading market for our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the [REDACTED] of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [REDACTED] or [REDACTED] of our H Shares to decline.

Certain facts, forecasts and statistics contained in this document are derived from various government official sources and may not be accurate, reliable, complete or up to date.

Certain facts, forecast and other statistics in this document are derived from various government, official sources and public information. However, we cannot guarantee the reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and presenting such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from government and official sources have not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any of their respective affiliates or advisors and no representation is given as to the accuracy of such facts and statistics. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters. The words “aim”, “anticipate”, “believe”, “could”, “predict”, “potential”, “continue”, “expect”, “intend”, “may”, “might”, “plan”, “seek”, “will”, “would”, “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [REDACTED] should not place undue reliance.

WAIVERS AND EXEMPTION

In preparation for the [REDACTED], our Company has sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules and exemption from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

Considering that our headquarters is located in the PRC, and our principal business operations and management are carried out in the PRC, our executive Directors and senior management team are all based in the PRC to effectively oversee and manage our Group’s business operations. Given this operational structure, we consider that it would be practically difficult, commercially unreasonable and operationally inefficient for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, whether by relocating existing executive Directors or appointing additional ones. Such measures would impose significant costs and logistical challenges and would not be in the best interests of our Company or Shareholders. Therefore, we do not have, and do not contemplate to have, in the foreseeable future, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is regular and effective communication between the Stock Exchange and us by way of the following conditions:

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives (the “**Authorized Representatives**”) are Mr. Tong, our chairman of the Board, an executive Director and the general manager of our Company, and Ms. Wang Jingjing (“**Ms. Wang**”), secretary of our Board, vice general manager, financial director and one of our joint company secretaries. In addition, Mr. Yuan Taotao (“**Mr. Yuan**”), who is ordinarily resident in Hong Kong, has been appointed as an alternate to the Authorized Representatives in order to assist the Authorized Representatives to communicate with the Stock Exchange. Each of the Authorized Representatives and the alternate authorized representative will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the Authorized Representatives and the alternate authorized representative is authorized to communicate on behalf of our Company with the Stock Exchange;
- (b) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives and the alternate authorized representative will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. We have provided the Hong Kong Stock Exchange with the contact details (i.e., mobile phone number, office phone number, email address and fax number, if applicable) of all Directors to facilitate communication with the Stock Exchange. Our Directors will also provide the phone number of the place of his/her accommodation to the Authorized Representatives and the alternate authorized representative in the event that any Director expects to travel or otherwise be out of office;

WAIVERS AND EXEMPTION

- (c) pursuant to Rule 3A.19 of the Listing Rules, we have retained Guolian Securities International Capital Market Co., Limited as our compliance advisor upon [REDACTED] for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. The Compliance Advisor will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange. The contact person of the Compliance Advisor will be fully available to answer enquiries from the Stock Exchange;
- (d) any meetings between the Stock Exchange and the Directors may be arranged through the Authorized Representatives, the alternate authorized representative or our Compliance Advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives, the alternate authorized representative or its compliance advisor;
- (e) each Director (including independent non-executive Directors) who is not ordinarily resident in Hong Kong has confirmed that each of them possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period in Hong Kong, when required; and
- (f) we will appoint other professional advisors (including Hong Kong legal advisors) after the [REDACTED] to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, a new applicant for listing on the Stock Exchange must appoint a company secretary who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers that the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules (i.e. not less than 15 hours of relevant professional training in each financial year); and

WAIVERS AND EXEMPTION

- (d) professional qualifications in other jurisdictions.

Pursuant to paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

- (a) whether the issuer has principal business activities primarily outside Hong Kong;
- (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 9 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 9 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and
- (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

Further, pursuant to paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions:

- (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
- (b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

We have appointed Ms. Wang as one of our joint company secretaries. Ms. Wang joined our Group in September 2010 and currently serves as the secretary of our Board, vice general manager and financial director. She has day-to-day knowledge of our Company’s affairs and has been responsible for overseeing our Group’s corporate governance since her appointment as the board secretary in August 2016. Ms. Wang obtained the qualification of board secretary granted by the Shenzhen Stock Exchange in April 2012 and she has obtained the PRC legal profession qualification granted by the Ministry of Justice of the PRC in March 2010. For further details of Ms. Wang’s background, see “Directors and Senior Management — Senior Management”. We believe that appointing Ms. Wang as a joint company secretary is in the best interests of our Company and our Group’s corporate governance, given her extensive experience and in-depth knowledge of our Company’s operations, as well as her close working relationship with the Board and management. Ms. Wang has the necessary nexus to the Board and management to perform her duties effectively and efficiently. However, Ms. Wang does not currently possess the qualifications required under Rules 3.28 and 8.17 of the Listing Rules and may not solely fulfill the requirements of these rules at present.

To ensure compliance with the Listing Rules, we have appointed Mr. Yuan as the other joint company secretary. Mr. Yuan is a solicitor as defined under the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) and meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules. For further details of Mr. Yuan’s background, see “Directors and Senior Management — Joint Company Secretaries”. He will provide assistance to Ms. Wang in discharging her duties as a joint company secretary. This arrangement will be in place for an initial period of three years from the [REDACTED] to enable Ms. Wang to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules. During this period, Ms. Wang will work closely with Mr. Yuan and receive the necessary support and guidance to fully comply with the requirements of Rules 3.28 and 8.17 of the Listing Rules by the conclusion of the three-year period. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to Ms. Wang’s appointment as a joint company secretary pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

WAIVERS AND EXEMPTION

- (a) Ms. Wang must be assisted by Mr. Yuan, who possesses the qualification and experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the validity period of the waiver; and
- (b) the waiver is valid for a period of three years from the [REDACTED] and will be revoked immediately if and when Mr. Yuan ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

Our Company will further ensure that Ms. Wang has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer [REDACTED] on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. It is anticipated that Ms. Wang will gain experience with the assistance of Mr. Yuan. Before the end of the initial three-year period, we will evaluate the then experience of Ms. Wang in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at the time and on-going assistance would be needed. We would then endeavor to demonstrate to the satisfaction of the Stock Exchange that Ms. Wang, having had the benefit of Mr. Yuan’s assistance for three years, would then have acquired the “relevant experience” within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

WAIVERS AND EXEMPTION IN RESPECT OF PARTICULARS OF INFORMATION OF OUR SUBSIDIARIES

Paragraph 26 of Appendix D1A to the Listing Rules requires disclosure of the particulars of any alterations in the capital of any member of the Group within the two years immediately preceding the issue of this document.

Paragraph 29(1) of Appendix D1A to the Listing Rules and paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance require this document to include, information in relation to the name, the date and place of incorporation, the general nature of the business, the issued capital and the proportion of the issued capital held or intended to be held, of every company, whether public or private (if applicable), the whole of the capital of which or a substantial proportion thereof is held or intended to be held, or whose profits or assets make or will make a material contribution to the figures in the auditors’ report or to the next financial statements of the company.

As of the Latest Practicable Date, we have 45 subsidiaries globally. It would be unduly burdensome for us to disclose the required information in respect of each of our subsidiaries, as our Company would have to incur additional costs and devote significant resources to compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to [REDACTED] save for the Major Subsidiaries as referred to below.

We have identified 27 subsidiaries (collectively, the “**Major Subsidiaries**” and each a “**Major Subsidiary**”) that we consider to be material to our operations and/or to have contributed significantly to our financial performance during the Track Record Period. By way of illustration, the Major Subsidiaries (without intercompany eliminations) have, in aggregate, accounted for approximately (i) 48.2%, 65.5% and 82.5% of our revenue for each of the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, respectively; and (ii) 158.0%, 210.3% and 260.1% of our total assets as of December 31, 2023 and 2024 and September 30, 2025, respectively. Additionally, certain Major Subsidiaries hold assets, or licenses and permits that are considered by the Directors to be material to our Group’s business and operations.

None of the other subsidiaries of our Company that are not Major Subsidiaries have individually contributed 5% or more of our Group’s revenue and net profits during each period within the Track Record Period, or total assets as of December 31, 2023 or 2024 or September 30, 2025, nor hold any assets, intellectual property rights, proprietary technologies or licenses and permits that are considered by the Directors to be material to our Group’s business and operations. Accordingly, the remaining subsidiaries which are not Major

WAIVERS AND EXEMPTION

Subsidiaries of our Group are relatively insignificant to the overall results of our Group, and the non-disclosure of information about them would not prejudice the interests of our Shareholders and the [REDACTED]. Rather, the disclosure of the required information in respect of our Company and the Major Subsidiaries already provides sufficient information that is reasonably necessary for potential [REDACTED] to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group, its profits and losses and the rights attaching to the securities for which [REDACTED] is sought.

We have disclosed the particulars of the changes in share capital of our Company and the Major Subsidiaries in “Statutory and General Information — Further Information About Our Group — Changes in Share Capital of Our Company” and “Statutory and General Information — Further Information About Our Group — Changes in Share Capital of Our Major Subsidiaries”, respectively, in Appendix V to this document. We have also disclosed the corporate information (including name, principal business activities, place and date of incorporation and the interest held by our Group) of the Major Subsidiaries as required under Paragraph 29(1) of Appendix D1A to the Listing Rules and paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in “History, Development and Corporate Structure”, and the share capital of the Major Subsidiaries in Note 1 to the Accountants’ Report in Appendix I to this document.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, waivers from strict compliance with the requirements under paragraphs 26 and 29(1) of Appendix D1A to the Listing Rules, in respect of disclosing (i) the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this document, and (ii) information in relation to the name, date and place of incorporation, public or private status, the general nature of business, the issued capital and the proportion thereof held or intended to be held in this document.

We have applied for, and the SFC [has granted] us, a certificate of exemption from strict compliance with the requirements under paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of disclosing the information of our subsidiaries which are not Major Subsidiaries as required under paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The exemption is granted by the SFC on the conditions that: (i) the particulars of the exemption are disclosed in this document; and (ii) this document is issued on or before [REDACTED].

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Tong Zhilei (童之磊)	Apartment 1905, 19th Floor No. 18 Jianguomen Inner Street Dongcheng District Beijing PRC	Chinese
Mr. Xie Guangcai (謝廣才)	Room 201, 2nd Floor, Courtyard 40 Dongzhong Street Dongcheng District Beijing PRC	Chinese
Non-executive Directors		
Mr. Zhang Fan (張帆)	Unit 301, Floors-1 to 2, Building 8 Brownstone Garden Haidian District Beijing PRC	Chinese
Dr. Lei Lin (雷霖)	Room 1102, Unit 2, 10th Floor Building 1 No. 2 Courtyard Qinglin East Road Chaoyang District Beijing PRC	Chinese
Independent non-executive Directors		
Ms. Lian Lian (連蓮)	Room 1101, Unit 3, Building 301 Wangjing Nanhu Xiyuan Chaoyang District Beijing PRC	Chinese
Mr. Wang Chunren (王春仁)	Room 601, Unit 9, Building 15 Hengtai Garden, Yihai Garden No. 129 South 4th Ring West Road Fengtai District Beijing PRC	Chinese
Dr. Li Xiaodong (李曉東)	Room 1101, Unit 4, Building 2 No. 20 Courtyard Yongtaizhuang North Road Haidian District Beijing PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Ms. Ni Hong (倪虹)	House 17B Shouson Peak Shouson Hill Road No. 9-No. 19 Deep Water Bay Hong Kong	Chinese

For details with respect to our Directors, see “Directors and Senior Management”.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	Citigroup Global Markets Asia Limited 50/F, Champion Tower Three Garden Road, Central Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal Advisors to our Company

As to Hong Kong and U.S. laws:

Zhong Lun Law Firm LLP

4/F, Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC law and as to PRC data compliance matters:

Zhong Lun Law Firm

22-24/F & 27-31/F, South Tower of CP Center
20 Jin He East Avenue
Chaoyang District, Beijing, PRC

As to U.S. law and as to U.S. data compliance matters:

Loeb & Loeb LLP

10100 Santa Monica Blvd.
Suite 2200
Los Angeles, CA 90067

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal Advisors to the Sole
Sponsor and the [REDACTED]**

As to Hong Kong and U.S. laws:
Latham & Watkins LLP
18th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC law:
Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing, PRC

**Reporting Accountants and
Auditors**

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
Room 2504, Wheelock Square
1717 Nanjing West Road
Jing'an District
Shanghai, PRC

Independent Property Valuer

Masterpiece Valuation Advisory Limited
Suite 403
93-103 Wing Lok Street
Sheung Wan
Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office	Room 608, 6th Floor, Building 2 No. 28 Andingmen East Street Dongcheng District Beijing PRC
Headquarters and Principal Place of Business in the PRC	6th Floor, Tower E, Yonghe Plaza No. 28 Andingmen East Street Dongcheng District Beijing PRC
Principal Place of Business in Hong Kong	4/F, Jardine House 1 Connaught Place Central Hong Kong
Company’s Website	https://www.col.com <i>(The information contained in this website does not form part of this document)</i>
Joint Company Secretaries	Ms. Wang Jingjing (王京京) 6th Floor, Tower E, Yonghe Plaza No. 28 Andingmen East Street Dongcheng District Beijing PRC Mr. Yuan Taotao (袁濤濤) 4/F, Jardine House 1 Connaught Place Central Hong Kong
Authorized Representatives	Mr. Tong Zhilei (童之磊) 6th Floor, Tower E, Yonghe Plaza No. 28 Andingmen East Street Dongcheng District Beijing PRC Ms. Wang Jingjing (王京京) 6th Floor, Tower E, Yonghe Plaza No. 28 Andingmen East Street Dongcheng District Beijing PRC
Strategy and ESG Committee	Mr. Tong Zhilei (童之磊) (<i>Chairperson</i>) Mr. Zhang Fan (張帆) Mr. Xie Guangcai (謝廣才) Dr. Lei Lin (雷霖) Dr. Li Xiaodong (李曉東)
Audit Committee	Mr. Wang Chunren (王春仁) (<i>Chairperson</i>) Ms. Lian Lian (連蓮) Mr. Zhang Fan (張帆)

CORPORATE INFORMATION

Remuneration and Evaluation Committee

Ms. Lian Lian (連蓮) (*Chairperson*)
Mr. Wang Chunren (王春仁)
Mr. Tong Zhilei (童之磊)

Nomination Committee

Dr. Li Xiaodong (李曉東) (*Chairperson*)
Ms. Lian Lian (連蓮)
Mr. Tong Zhilei (童之磊)

[REDACTED]

Compliance Advisor

Guolian Securities International Capital Market Co., Limited
Unit 2103-4, 21st floor
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Principal Banks

China Merchants Bank
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Dongcheng District
Beijing
PRC

Bank of Ningbo
Beijing Dongcheng Branch
102-13, 1st Floor, Building 1, No. 8 Courtyard
801-9 East Tower, 8th Floor
Chongwenmen Wai Street
Dongcheng District
Beijing
PRC

INDUSTRY OVERVIEW

The information and statistics presented in this section and other sections of this document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this [REDACTED]. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

DIGITAL ENTERTAINMENT INDUSTRY OVERVIEW

Definition of Digital Entertainment

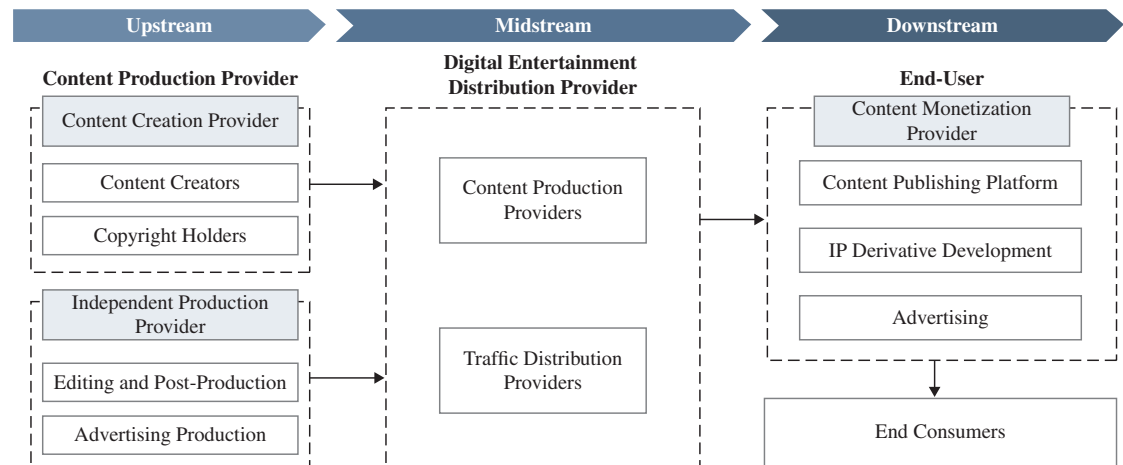
Digital entertainment refers to entertainment content products and services that leverage digital technologies as both carriers and creative tools, which are distributed through channels such as mobile internet and smart devices. It encompasses diverse formats including online literature, online comics, online films and series, online audio, digital music, online games, and virtual performances. The purpose of such content is to fulfil users’ needs for entertainment, aesthetics, and emotional engagement.

Market Size of Global and China Digital Entertainment Industry

Propelled by the evolution of digital entertainment consumption behaviours and the continuous enrichment of digital content formats and distribution channels, the global digital entertainment market expanded from RMB1,778.5 billion in 2020 to RMB2,511.7 billion in 2024, with a CAGR of 9.0%. As content creators’ creation and monetization through interactive entertainment, subscription-based services and advertising-supported models achieve broader adoption, the global digital entertainment market is expected to reach RMB4,392.5 billion in 2029, with a CAGR of 11.8% from 2024 to 2029.

Driven by the rapid adoption of short-form video and AI-enabled improvements in content production and distribution efficiency, with China’s digital entertainment market accounting for an increasing share of the global digital entertainment market, China’s digital entertainment market expanded from RMB422.1 billion in 2020 to RMB609.6 billion in 2024, with a CAGR of 9.6%. Supported by strengthened industry collaboration, a more mature content production ecosystem and AI-driven improvements in production efficiency, the market is expected to maintain steady expansion. The market size is forecasted to reach RMB1,083.2 billion in 2029, with a CAGR of 12.2% from 2024 to 2029.

Digital Entertainment Industry Chain Analysis and Business Models



Source: Expert Interviews, Frost & Sullivan Report

INDUSTRY OVERVIEW

The digital entertainment content value chain primarily consists of upstream content production providers, midstream digital distribution providers, and downstream end-user market.

Upstream content production providers mainly include content creators, copyright holders, and independent production providers responsible for content planning, production, creative development, and IP incubation. This segment serves as the core innovation and content supply hub, and the quality of content directly determines its long-term audience appeal and commercial potential. Midstream digital distribution providers mainly include content production providers and traffic distribution providers, which enable large-scale content distribution and reach. They also provide user recommendation mechanisms, while undertaking user operations and ecosystem coordination. This segment functions as the essential bridge between content production providers and the end-user market. Downstream end-user market primarily consists of end consumers where monetization occurs through long-term subscriptions, non-subscription content-based payments, and advertising engagement.

The business model of the digital entertainment industry is centered on content value, generating revenue primarily through subscription models, copyright licensing and distribution, and advertising-based monetization, while expanding into diversified income streams such as IP-based derivative development. Meanwhile, platforms leverage user data insights and AI technologies to enable refined operations, improve content value conversion efficiency and enhance content production, further enhancing the long-term commercial return of digital content assets.

Short-form Entertainment Content Emerging as a Core Trend in the Digital Entertainment Industry

Digital entertainment content is increasingly evolving toward short-form formats, which are media forms distributed primarily through the internet, designed to fit fragmented consumption scenarios and characterized by low access barriers and high consumption efficiency. Its core purpose is to fulfil users’ instant entertainment needs through concise and easily consumable formats, including online literature, micro dramas, short-form videos, webcomics and motion comics. Online literature and online comics evolved from traditional offline publishing and started to gain traction around 2003, followed by a period of steady market growth. In comparison, micro dramas and motion comics emerged as innovative adaptations of existing online literature and animation IP and experienced rapid adoption and explosive growth since 2022. From the user behaviour perspective, digital entertainment content is gradually shifting from a model dominated by prolonged, immersive engagement toward a usage pattern characterized by high-frequency, short-duration interactions. As users’ everyday digital usage scenarios continue to expand and time utilization becomes increasingly fragmented, the continuity of single-session content usage has weakened. During fragmented time periods such as commuting, users tend to prefer content formats that can deliver a complete experience within a few minutes.

INDUSTRY OVERVIEW

- ***Shifts in Consumer Behaviour Accelerate the Penetration of Short-form Content***

Users are more inclined to engage with short-form, fast-paced, and instantly responsive content during commuting, dining, waiting, and other brief consumption scenarios, fulfilling needs such as emotional release, social expression, and casual entertainment. Short-form content also demonstrates strong user engagement and high user retention, leading to more frequent daily engagement by users.

- ***IP Assets Strengthen the Sustainability and Scalability of Short-form Content***

Well-established IPs provide ready-made story worlds, character recognition, and emotional resonance, enabling content producers to shorten audience acquisition cycles and improve content acceptance efficiency. For short-form formats, IP-driven narratives facilitate rapid immersion within limited time frames, supporting high-frequency consumption and repeat engagement. Moreover, strong IP foundations allow content to be adapted and extended across multiple short-form formats enhancing monetization flexibility and lifecycle value.

- ***Technology as a Catalyst for Transformation in Content Production and Distribution Efficiency***

The adoption of AI reduces creative barriers and production costs while improving efficiency across key processes including script generation, character modelling, dubbing, and editing. This enables independent creative teams and even individual creators to achieve scalable production. Meanwhile, the rise of short-form video and digital entertainment platforms has facilitated precise content–audience matching through algorithmic recommendation and data-driven distribution, thereby improving dissemination efficiency and extending content lifecycle value. As AIGC, virtual avatar technologies, and other generative content creation tools continue to mature, the industry is expected to achieve stronger multimodal content generation capabilities, automated adaptation across formats, and broader scalable supply.

Competitive Landscape of China Digital Entertainment Market

As China’s digital entertainment market encompasses multiple sub-segments, the market exhibits a fragmented structure with numerous participants. Competitive overlap across sub-segments remains limited, with companies primarily competing within their respective vertical domains, resulting in a diversified overall competitive landscape.

ONLINE LITERATURE MARKET OVERVIEW

Definition of Online Literature

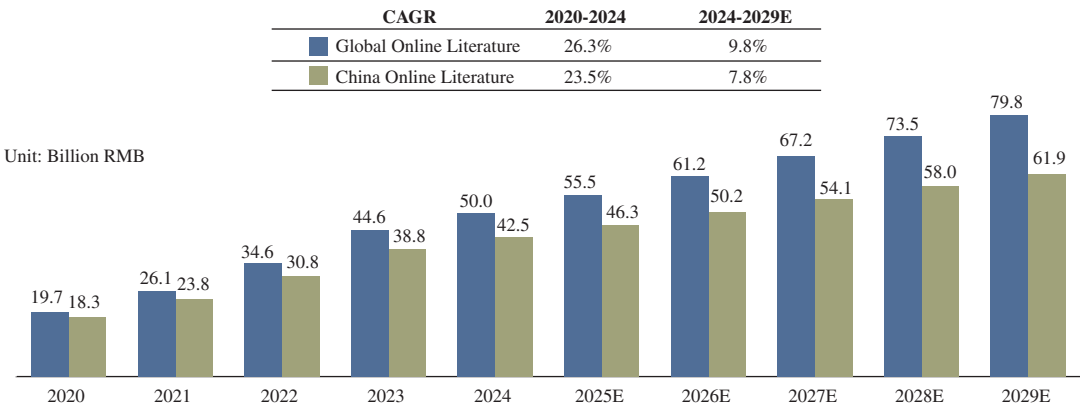
Online literature refers to literary works and related content services that are created, published, and distributed on the internet, with text as the core medium. As a relatively mature form of short-form digital entertainment, it is produced by creators for a broad online readership, covers genres such as novels and essays, and features both interactivity and real-time responsiveness.

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Market Size of Global and China Online Literature Industry

The global online literature market maintains its growth momentum, rising from RMB19.7 billion in 2020 to a projected RMB79.8 billion in 2029, reflecting a robust CAGR of 26.3% from 2020 to 2024 and 9.8% from 2024 to 2029. Meanwhile, China’s online literature market, growing from RMB18.3 billion in 2020 to an estimated RMB61.9 billion in 2029, indicating that the domestic market is approaching a more mature stage. Despite the relative maturity of China’s online literature market, rest of the world (excluding China) markets remain at an 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.

Global and China Online Literature Market Size, 2020-2029E



Source: Expert Interviews, China Internet Network Information Center, Frost & Sullivan Report

Market Drivers and Trends of Online Literature Industry

- ***Strengthening Development of Online-literature IP Derivatives***

Online literature has become the primary IP source within the short-form digital-entertainment ecosystem. As the industry places increasing emphasis on refined and long-term IP operations, the full-chain development of online literature IP - extending into film and television, animation, games, and other content formats - has steadily matured. This cross-media expansion amplifies the commercial value of original works and enables multi-layered, multi-cycle monetization pathways.

- ***Expanding Cross-regional Markets and Global Reach***

Supported by advances in AI-powered translation, diversified genre offerings, and the growing scale of digital content libraries, online literature is gaining broader recognition across global audience. Efficient localization capabilities have lowered global distribution barriers, accelerating user growth, revenue generation, and cultural influence across major international markets.

- ***Deep AI Empowerment and Creative-ecosystem Transformation***

AI-assisted creation, including intelligent outline generation, character-profile optimization, and multi-chapter content generation, has rapidly evolved. What began with grammar correction and simple plot continuation has progressed to deep human-AI collaborative creation. This shift greatly improves production efficiency, enhances content consistency, and enables creators to scale their output, reshaping the entire creative workflow.

Competitive Landscape of China Online Literature Market

China online literature market exhibits a relatively high level of concentration, with leading platforms capturing a significant share of user engagement, high-quality IP resources,

INDUSTRY OVERVIEW

and commercial revenue. As the market matures, competitive advantages increasingly stem from content quality, IP development capabilities, and technology-driven operations, which collectively reinforce the stability of established market leaders.

Ranking of China Online Literature Market

In China online literature market, participants are generally divided into two categories. Copyright-driven content platforms focus on original content production, author ecosystems, and IP ownership, while traffic-driven content platforms primarily serve as content distribution channels, leveraging large user bases and recommendation systems to deliver content, often without full IP ownership.

In 2024, China online literature market reached RMB42.5 billion. Our Company ranked 3rd within copyright-driven content platforms, with a market share of 1.6%. The following table presents the ranking of copyright-driven content platforms in China online literature market, as measured by revenue in 2024.

Ranking	Company	2024 Revenue (Billion RMB)	Market Share ¹
1	Company A ²	7.5	17.6%
2	Company B ³	1.4	3.3%
3	Our Company	0.7	1.6%
4	Company C ⁴	0.6	1.4%
Others		32.3	76.0%
Total		42.5	100.0%

Source: Expert Interviews, Frost & Sullivan Report

MICRO DRAMA MARKET OVERVIEW

Definition of Micro Drama

As an emerging short-form digital entertainment content, micro dramas refer to internet-based audiovisual content primarily distributed through online platforms and optimized for vertical viewing on mobile and other smart devices. Individual episodes typically range from one to ten minutes in duration and are characterized by streamlined production and fragmented consumption patterns, serving users’ demand for instant entertainment. Meanwhile, micro dramas are increasingly emerging as a quintessential mobile-native entertainment paradigm, with relatively high commercial potential.

Notes:

- ¹ Calculated based on China online literature market size in 2024
- ² A listed company incorporated in 2014, headquartered in China, primarily engaged in online literature publishing, IP operation, and the development and monetization of literary content across multiple formats.
- ³ A privately held company founded in 2003, headquartered in China, primarily focused on female-oriented online literature publishing and original content distribution through its proprietary online platform.
- ⁴ A private company founded in 2010, headquartered in China, primarily engaged in online literature publishing with a focus on genre fiction, including suspense, fantasy, and urban-themed content.

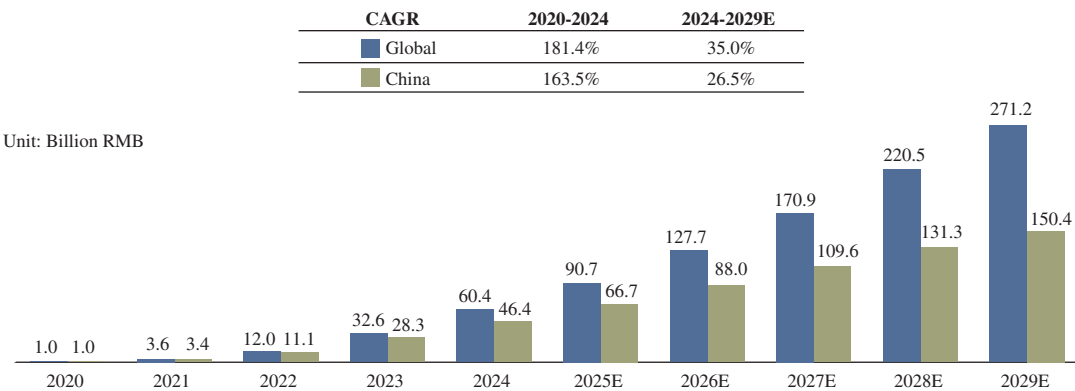
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Market Size of Global and China Micro Drama Industry

The global micro drama market expanded from RMB1.0 billion in 2020 to RMB60.4 billion in 2024, with a CAGR of 181.4%. With continuous enhancement in subscription models, advertising monetization, IP extensions, and overseas distribution capabilities, the market is expected to reach RMB271.2 billion in 2029, with CAGR of 35.0% over 2024 to 2029.

Driven by the ongoing upgrade of mobile internet content consumption, the deepening shift toward experiential and fragmented entertainment consumption patterns, and accelerated platform investment, China’s micro drama market increased from RMB1.0 billion in 2020 to RMB46.4 billion in 2024, with a CAGR of 163.5%. The market is expected to reach RMB150.4 billion in 2029, with a CAGR of 26.5% from 2024 to 2029. The overseas micro drama market remains in an early-stage development phase and is projected to expand from RMB14.0 billion in 2024 to RMB120.8 billion in 2029, with a CAGR of 53.9%. Among overseas markets, North America accounted for the largest share in 2024, representing 51.2% of the total overseas micro drama market, and is expected to grow from RMB7.2 billion in 2024 to RMB55.6 billion in 2029. Meanwhile, the Southeast Asian micro drama market is projected to increase from RMB1.4 billion in 2024 to RMB16.5 billion in 2029, with a CAGR of 64.0%, making it the fastest-growing regional market.

Global and China Micro Drama Market Size, 2020-2029E



Source: The Digital Entertainment Group, China Internet Network Information Center, Expert Interviews, Frost & Sullivan Report

Market Drivers and Trends of Micro Drama Industry

- **Localized Production Teams and On-Site Filming Overseas**

Localized production teams and on-site filming are becoming a growing trend in the global expansion of Chinese micro dramas. The model has evolved from domestic production with overseas distribution to localized creation and full-process filming in target markets. Leading companies are establishing local studios in certain regions such as Europe and North America and building production teams composed of local writers, actors, and filming crews. This approach enhances cultural relevance and audience acceptance while improving commercial efficiency and strengthening the long-term scalability of global operations.

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- ***Content Themes in Micro Drama Are Becoming Increasingly Diverse***

Micro dramas are expanding through diversified and innovative content themes, effectively breaking audience segmentation boundaries and broadening overall user reach. Youth-oriented content themes, including historical fantasy, time-travel narratives and supernatural storylines, are experiencing growth in both production scale and audience reach. Meanwhile, traditional genres continue to evolve through hybrid storytelling that incorporates romance, business rivalry, political intrigue, and other narrative elements. Additionally, nostalgic period pieces and realistic emotional healing content are emerging, with localized cultural integration and refined emotional expression further enriching thematic depth and narrative scope.

- ***AIGC Driven Enablement of the Micro Drama Industry***

The development of AIGC technologies is reshaping the micro drama industry across both cost efficiency and creative enablement. By reducing reliance on traditionally high-cost production processes such as on-site filming that requires physical venue rental and actor engagement, AIGC optimizes the cost structure and improves operational efficiency for content producers. Meanwhile, AIGC alleviates constraints associated with physical settings, equipment availability and actor scheduling, enabling the creation of storylines without the limitations imposed by practical production conditions.

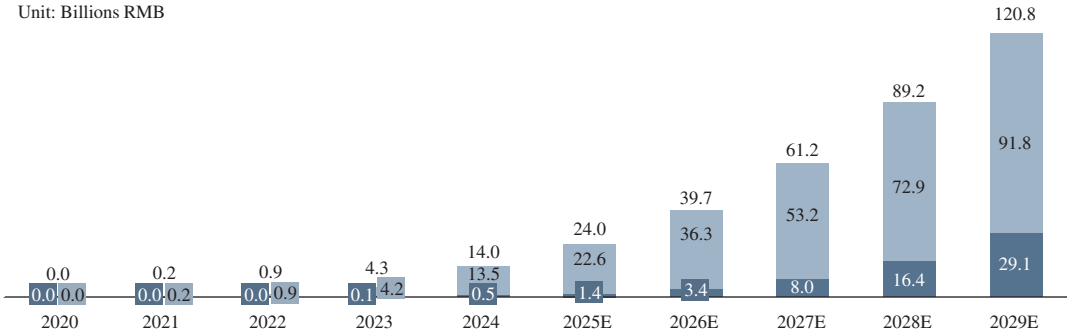
- ***China-Originated Overseas Micro Drama Market Exhibits Considerable Potential for Future Growth***

Due to the enhancements in global distribution channels and localized content production capabilities, the market size of China-originated overseas micro drama expanded to RMB13.5 billion in 2024. As overseas marketing accelerates, localized operational teams continue to expand, and diversified monetization models including subscriptions, advertising and paid content begin to reach scale. The market is expected to reach RMB91.8 billion in 2029, with China-originated overseas micro dramas dominating the growth.

Overseas Micro Drama Market Size, 2020-2029E

	CAGR	2025-2029E
China-Originated Overseas Micro Drama		46.8%
Non-China-Originated Overseas Micro Drama		122.6%

Unit: Billions RMB



Source: China Internet Network Information Center, Expert Interviews, Frost & Sullivan Report

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Competitive Landscape of Micro Drama Market

China Micro Drama Market Landscape

China micro drama market is becoming more concentrated. As the industry enters a scaled operational phase, content production expenses, marketing expenditure, and technology-driven operational requirements continue to rise. Companies with strong resource integration capabilities, efficient user acquisition strategies, and large-scale content production capacity are expanding their market share.

Overseas Micro Drama Market Landscape

The overseas micro drama market remains relatively fragmented as in the ramp-up phrase. Demand for localized content varies across markets, resulting in a regionally segmented and multi-player competitive landscape. Companies with strong content development capabilities, user-acquisition experience, and operational efficiency demonstrate clear advantages in user growth and monetization. China-originated overseas micro drama companies operating in overseas markets have already established early-mover advantages in Southeast Asia and North America etc..

Ranking of Overseas Micro Drama Platforms and Applications

The Company launched FlareFlow in April 2025, and it has since emerged as one of the most popular and best-performing micro drama applications in the market.

Based on the revenue, MAUs and downloads in September 2025, FlareFlow ranked 8th, 7th and 4th among overseas micro drama platforms.

By Revenue in September 2025*			By MAUs in September 2025*			By Downloads in September 2025*		
Ranking	Platform	Revenue (Million)	Ranking	Platform	MAUs (Million)	Ranking	Platform	Downloads (Million)
1	Platform I ⁵	174.2	1	Platform I	49.2	1	Platform I	16.4
2	Platform J ⁶	151.8	2	Platform J	40.2	2	Platform J	15.5
3	Platform K ⁷	90.0	3	Platform D	17.8	3	Platform K	6.7
4	Platform D ⁸	84.0	4	Platform K	14.5	4	FlareFlow	6.2
5	Platform L ⁹	72.7	5	Platform L	13.9	5	Platform L	5.7
6	Platform F ¹⁰	37.7	6	Platform E	10.8			
7	Platform E ¹¹	35.7	7	FlareFlow	7.0			
8	FlareFlow	33.8	8	Platform F	5.9			

* Revenue from 1 September 2025 to 30 September 2025. Revenue includes all paid downloads and in-app purchases generated through the iOS App Store and Google Play, net of applicable platform commissions, and excludes revenue generated through other third-party platforms or channels, including, but not limited to, advertising and e-commerce.

* Monthly active users from 1 September 2025 to 30 September 2025.

* Downloads from 1 September 2025 to 30 September 2025.

Source: Sensor Tower, Frost & Sullivan Report

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Based on the MAUs during the initial seven-month period following launch, FlareFlow ranks 2nd among overseas micro drama platforms.

Based on the cumulative revenue during the initial seven-month period following launch, FlareFlow ranks 3rd among overseas micro drama platforms.

**By MAUs During the Initial
Seven-month Period Following Launch***

Ranking	Platform	MAUs (Million)
1	Platform D	9.1
2	FlareFlow	3.6
3	Platform E	2.7
4	Platform F	2.3
5	Platform G ¹²	1.7

**By Cumulative Revenue During the Initial
Seven-month Period Following Launch***

Ranking	Platform	Revenue (Million RMB)
1	Platform D	162.7
2	Platform F	129.5
3	FlareFlow	123.2
4	Platform E	103.4
5	Platform H ¹³	93.9

- * Average MAUs during the initial seven months after each app launched.
- * Cumulative revenue during the initial seven months after each app launched. Cumulative revenue includes all paid downloads and in-app purchases generated through the iOS App Store and Google Play, net of applicable platform commissions, and excludes revenue generated through other third-party platforms or channels, including, but not limited to, advertising and e-commerce.

Source: Sensor Tower, Frost & Sullivan Report

Notes:

- 5 Launched in 2023, is a micro drama application platform operated by Company I, established in 2011 and headquartered in Beijing.
- 6 Launched in 2022, is a micro drama application platform operated by Company J, established in 2016 and headquartered in California.
- 7 Launched in 2023, is a micro drama application platform operated by Company K, established in 2020 and headquartered in Beijing.
- 8 Launched in 2024, is a micro drama application platform operated by Company D, established in 2008 and headquartered in Beijing.
- 9 Launched in 2024, is a micro drama application platform operated by Company L, established in 2015 and headquartered in Chongqing.
- 10 Launched in 2024, is a micro drama application platform operated by Company F, established in 2014 and headquartered in Hangzhou.
- 11 Launched in 2023, is a micro drama application platform operated by Company E, established in 2021 and headquartered in Jiaxing.
- 12 Launched in 2024, is a micro drama application platform operated by Company G, established in 2023 and headquartered in Nanning.
- 13 Launched in 2024, is a micro drama application platform operated by Company H, established in 2012 and headquartered in Beijing.

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AI MOTION COMICS MARKET OVERVIEW

Definition of AI Motion Comics

AI motion comics are AI-driven dynamic visual adaptations of online literature and comics, presented in multiple visual formats including 2D and 3D, and created through techniques such as panel animation, AI voiceover, intelligent editing, and algorithmic pacing. Blending the visual style of comics with the rhythm of micro drama, they sharply lower production barriers and shorten timelines, and deliver short, high-impact content optimized for mobile, fragmented-time consumption. As a result, they have emerged as a new “AI + content” format within digital entertainment.

Market Size of Global and China AI Motion Comics Industry

The global AI motion comics market is at an early but rapidly scaling stage, expanding from RMB12.0 billion in 2024 to RMB133.2 billion in 2029, representing an exceptional CAGR of 61.8%. China, as one of the core innovation hubs, shows even stronger momentum, with market size rising from RMB8.0 billion in 2024 to RMB92.3 billion in 2029, with a CAGR of 63.1%. This exponential growth reflects the deep integration of generative AI into content creation workflows, significantly lowering production costs, compressing creation cycles, and enabling large-scale commercialization across short-form video and digital entertainment platforms. China’s adoption speed, platform-driven demand, and strong IP ecosystem position it to become one of the world’s most dynamic AI motion-comics markets over the next five years.

Market Drivers and Trends of AI Motion Comics Industry

- ***Technology-led Efficiency Gains and Cost Reduction***

AI dramatically lowers production thresholds through automated panel animation, AI voiceover, intelligent editing, and rapid content iteration, enabling studios to scale output with smaller teams and shorter cycles. This efficiency shift supports high-volume, low-cost content supply and accelerates commercialization across platforms.

- ***IP Ecosystem Integration and Multi-Format Convergence***

AI motion comics increasingly serve as an efficient modality for IP visualization layer accelerating the adaptation of online literature, comics, and micro dramas. Their speed, flexibility, and lower cost allow for early fan testing, content incubation, and multi-format monetization across the IP lifecycle.

- ***Platform Demand for Scalable, High-retention Content***

Short-video and content platforms increasingly prioritize serialized, high-engagement content to boost user retention. AI motion comics, fast to produce, episodic by design, and suited to algorithmic recommendation, fit platform needs for continuous, low-cost content supply.

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SUCCESS FACTORS OF DIGITAL ENTERTAINMENT MARKET

- ***Capability for Sustained High-Quality Content Production***

With rising user aesthetic expectations and intensifying market competition, industry players must build long-term content production capabilities rooted in user-insight and forward-looking trend judgment. By leveraging professional creative teams and standardized production workflows, companies need to consistently deliver content with innovative value, emotional resonance, and positive thematic orientation in order to maintain sustained competitiveness.

- ***IP Assets and Protection Ecosystem***

A deep reservoir of IP resources and mature derivative-development capabilities form the foundation of sustainable competitive advantage. A diversified IP portfolio, combined with proven localization and cross-market execution capabilities, enables companies to efficiently convert IP value into commercially viable content offerings and build a closed-loop ecosystem spanning “IP origination → multi-format adaptation → full-chain monetization.” Robust IP protection mechanisms further safeguard core assets, mitigate infringement risks, and preserve long-term commercial value, reinforcing durable competitive barriers.

- ***Integration of Technology and Content Creation***

Rapid advancements in artificial intelligence technologies are reshaping digital entertainment, making technological capabilities a critical source of competitive strength. Companies with deep technical expertise and extensive implementation experience can secure first-mover advantages by applying AI across the entire content-creation workflow—from ideation and production to presentation optimization—continuously improving efficiency and enabling content innovation.

- ***Globalized Operational Capabilities and Cross-Market Execution Experience***

As digital entertainment expands across regions, globalized operational experience is increasingly integral to effective cross-market execution. Companies with established cross-market execution capabilities are more capable of managing content localization, distribution, and daily operations across different regions, enabling more efficient and scalable content deployment and overseas expansion.

SOURCES OF INFORMATION AND RESEARCH METHODOLOGY

We engaged Frost & Sullivan for preparing an independent industry report in respect of the [REDACTED]. The information from Frost & Sullivan disclosed in the document is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of RMB500,000, and is disclosed with the consent of Frost & Sullivan. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. Its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing government statistics, industry association publication, company reports, independent research reports and data based on its own research database.

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This section sets forth a summary of the principal laws, rules and regulations of the jurisdictions which are relevant to our business.

LAWS AND REGULATIONS IN THE PRC

Regulations on Publishing

In accordance with the Administrative Regulation on Publishing (Revised in 2024) (《出版管理條例(2024修訂)》) promulgated by the State Council on December 6, 2024 and taking effect from January 20, 2025, “publishing activities”, including publishing, printing or replication, importation and distribution of publications shall be subject to the Regulation.

In accordance with the Provisions for the Administration of the Publication Market (《出版物市場管理規定》) promulgated by the State Administration of Press, Publication, Radio, Film and Television and (“SAPPRFT”) the MOFCOM on May 31, 2016 and taking effect from June 1, 2016, the state applies a licensing system to the wholesale and retail of publications according to the law. Any entity or individual that intends to engage in wholesale or retail of publications shall conduct such activities on the strength of publication business permit. Without permit, no entity or individual may engage in wholesale or retail of publications.

In accordance with the Provisions for the Regulations on the Administration of Internet Publishing Services (《網絡出版服務管理規定》) promulgated by the SAPPRFT and the Ministry of Industry and Information Technology on February 4, 2016 and taking effect from March 10, 2016, to engage in internet publishing services, an entity must be approved by publishing authorities according to the law, and obtain the Internet Publishing Service License.

In accordance with the Measures for the Administration of Electronic Publication Publishing (Revised in 2015) (《電子出版物出版管理規定(2015年修訂)》) promulgated by the General Administration of Press and Publication (“GAPP”) on August 28, 2015 and taking effect from August 28, 2015, the production, publication, and importation of electronic publications conducted within the territory of the People’s Republic of China be subject to the Measures.

Regulations on Internet and Artificial Intelligence

According to the Telecommunications Regulations of the People’s Republic of China (Revised in 2016) (《中華人民共和國電信條例(2016修訂)》) promulgated by the State Council on February 6, 2016 and taking effect from February 6, 2016, the State shall implement a licensing system for telecommunications businesses in accordance with the classification of telecommunications businesses. Telecom operators shall apply to the information technology administration department of the State Council or the telecommunications administration authorities of the province, autonomous region or centrally-administered municipality for a telecommunications business permit pursuant to the provisions of these Regulations. No entity or individual shall engage in telecommunications business without obtaining a telecommunications business permit. Telecommunications businesses are categorized into basic telecommunications businesses and value-added telecommunications businesses.

According to the Administrative Measures on Internet-based Information Services (Revised in 2024) (《互聯網信息服務管理辦法(2024修訂)》) promulgated by the State Council on December 6, 2024 and taking effect from January 20, 2025, Internet-based information services are divided into services of a commercial nature and services of a non-commercial nature. Commercial internet-based information services refer to compensatory services of providing information to or creating web pages for online users through the Internet. The State shall implement a licensing system for internet-based information services of a commercial nature and a filing system for internet-based information services of a non-commercial nature.

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According to the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》) promulgated by the Standing Committee of the National People’s Congress (“SCNPC”) on October 28, 2015 and taking effect from January 1, 2016, to construct and operate a network, or to provide services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cybersecurity events, to prevent criminal activities committed on the network, and to protect the integrity, confidentiality and availability of network data. Network products and services shall satisfy the mandatory requirements set forth in applicable national standards.

According to the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) promulgated by the Standing Committee of the SCNPC on June 10, 2021 and taking effect from September 1, 2021, any entity or individual shall collect data by lawful and proper means and shall not acquire data by theft or other illegal means. In the provision of services, an entity engaged in data transaction intermediary services shall require the data provider to explain the data source, examine the identities of both parties to the transaction, and keep the examination and transaction records. Where laws and administrative regulations provide that the provision of services relating to data processing is subject to administrative license, the service provider shall obtain such license in accordance with the law.

According to the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) promulgated by the SCNPC on August 20, 2021 and taking effect from November 1, 2021, a personal information handler shall be responsible for its handling of personal information and take necessary measures to ensure the security of the personal information handled. A personal information handler shall, according to the purpose and method of handling personal information, types of personal information, impacts on personal rights and interests and possible security risks, take measures to ensure the compliance of personal information handling activities with provisions of laws and administrative regulations and prevent unauthorized access and divulgence, falsification and loss of personal information. A personal information handler shall regularly conduct compliance audits on its handling of personal information in accordance with laws and administrative regulations.

According to the Security Assessment Measures for Data Provision Abroad (《數據出境安全評估辦法》) and Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範資料跨境流動規定》) promulgated by the CAC on July 7, 2022 and March 22, 2024, taking effect from September 1, 2022 and March 22, 2024 respectively, a data handler shall expressly agree on the responsibilities and obligations of data security protection in the legal documents concluded with the overseas recipient. To provide data abroad under any of the following circumstances, a data handler shall declare security assessment for its provision of data abroad to the CAC through the local cyberspace administration at the provincial level: (I) where a data handler provides critical data abroad; (II) where a CII or a data handler processing the personal information of more than one million people provides personal information abroad; (III) where a data handler has provided personal information of 100,000 people or sensitive personal information of 10,000 people in total abroad since January 1 of the current year; and (IV) other circumstances prescribed by the CAC for which declaration for security assessment for data provision abroad is required. Prior to declaring security assessment for data provision abroad, a data handler shall conduct self-assessment on the risks of data provision abroad.

According to the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) promulgated by the CAC on June 14, 2022 and taking effect from August 1, 2022, those that provide application information services within the territory of the People’s Republic of China and those that engage in Internet application stores and other application distribution services shall abide by these Provisions.

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According to the Administrative Provisions on Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》) promulgated by the CAC, MOIIT and the Ministry of Public Security (“MPS”) on December 31, 2021 and taking effect from March 1, 2022. These Provisions apply to the application of algorithm recommendation technologies to provide Internet information services (hereinafter referred to as “algorithm recommendation services”) within the territory of the People’s Republic of China. The term “application of algorithm recommendation technologies” refers to the use of algorithmic technologies such as generation and synthesis, personalized push, sorting and selection, retrieval and filtering, scheduling decision-making, etc. to provide information to users.

According to the Administrative Provisions on Deep Synthesis of Internet-based Information Services (《互聯網信息服務深度合成管理規定》) promulgated by the CAC, MOIIT and MPS on November 25, 2022 and taking effect from January 10, 2023. These Provisions shall apply to the application of deep synthesis technology to provide Internet-based information services (hereinafter referred to as the “deep synthesis services”) within the territory of the People’s Republic of China. No organization or individual may take advantage of deep synthesis services to produce, reproduce, release or disseminate information prohibited by laws and administrative regulations, or take advantage of deep synthesis services to engage in activities prohibited by laws and administrative regulations that endanger national security and interests, damage the national image, infringe upon public interests, disturb economic and social order, or infringe upon the legitimate rights and interests of others.

According to the Provisional Measures for the Administration of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) promulgated by the CAC, NDRC, the Ministry of Education, the Ministry of Science and Technology, MOIIT, MPS and State Administration of Radio and Television on July 10, 2023 and taking effect from August 15, 2023. These Measures shall apply to the use of GAI technologies to provide the public within the territory of the People’s Republic of China with services of generative text, pictures, audios, videos and other content (hereinafter referred to as “GAI services” in short). A Provider shall assume its responsibility as a producer of network information contents in accordance with the law and fulfill its obligation of network information security. If personal information is involved, a Provider shall assume its responsibility as a personal information handler in accordance with the law and fulfill its obligation of protecting personal information. A Provider shall enter into a service agreement with the users registering for its GAI services (hereinafter referred to as the “Users”), specifying the rights and obligations of both parties. A Provider shall fulfil its obligations of protection for users’ input information and use records in accordance with the law, and shall not collect unnecessary personal information, illegally keep the input information and use records that can identify users’ identity, or illegally provide others with the input information and use records of users.

Regulations on Film and Online Audio-visual Activities

According to the Regulations on the Administration of Movies (《電影管理條例》) promulgated by the State Council on December 25, 2001 and taking effect from February 1, 2002. The State shall apply a licensing system with respect to the production, import, export, distribution, and projection of movies and public projection of films. No entity or individual shall, without permission, be engaged in the activities of production, import, distribution or projection of films, nor shall it/he import, export, distribute or project the films for which the license has not been obtained.

According to the Administrative Provisions on Internet-based Audio-visual Program Services (Revised in 2015) (《互聯網視聽節目服務管理規定(2015修訂)》) promulgated by SAPPRFT on August 28, 2015 and taking effect from August 28, 2015, any entity that intends to engage in Internet-based audio-visual program services shall, in accordance with these Provisions, obtain a Permit for Spreading Audio-Visual Programs via Information Network (hereinafter referred to as the “Permit”) issued by the competent department of radio, film and television, or go through the record-filing formalities. An application for the Permit shall be filed through the competent department of radio, film and television under the people’s

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government of the province, autonomous region or centrally-administered municipality with the competent department of radio, film and television under the State Council, and centrally-administered entities may directly file the application with the competent department of radio, film and television under the State Council.

According to the Administrative Regulatory Documents on Notice on Further Balancing Development and Security to Promote the Healthy and Prosperous Development of the Online Mini-Drama Industry (《關於進一步統籌發展和安全促進網絡微短劇行業健康繁榮發展的通知》) (the “**CBA Circular 35**”) promulgated by China Broadcasting Administration (“**CBA**”) on February 5, 2024 and taking effect from February 5, 2025, online mini-dramas shall be subject to a three-tier categorization for review and management. All online mini-dramas broadcast, promoted, or distributed by online audio-visual platforms, mini-programs, or traffic acquisition services shall obtain a Permit of Online Drama Distribution or complete online filing registration procedure. Prior to broadcast, the permit number or program registration filing number must be displayed in the opening credits in the specified format. Effective June 1, 2024, any online mini-drama that has not undergone review and filing shall not be distributed online.

According to the Interim Provisions for the Administration of Internet Culture (Revised in 2017) (《互聯網文化管理暫行規定(2017修訂)》) promulgated by the Ministry of Culture on December 15, 2017 and taking effect from December 15, 2017, Internet cultural activities are divided into two categories: commercial and non-commercial. The term “commercial Internet culture activities” refers to the activities of providing Internet culture products and services for the purpose of making profits by charging fees from the users accessing the Internet or by means of electronic commerce, advertisement, sponsorship, etc.

Regulations on Exportation of Goods

According to the Foreign Trade Law of the PRC (Amended in 2022) (《中華人民共和國對外貿易法(2022修正)》) promulgated by SCNPC on December 30, 2022 and taking effect from December 30, 2022, foreign traders engaging in import and export of goods or technology shall submit documents and material related to its foreign trade activities to the relevant departments in accordance with the provisions of the foreign trade department of the State Council or other relevant State Council departments in accordance with the law.

According to the Customs Law of the PRC (Amended in 2021) (《中華人民共和國海關法(2021修正)》) promulgated by the SCNPC on April 29, 2021 and taking effect from April 29, 2021, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall file for record with the Customs in accordance with the laws.

According to the Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and taking effect from January 1, 2022, the consignees and consignors for imported or exported goods and the customs brokers engaged in customs declarations shall undergo recordation formalities at the relevant administration department of customs in accordance with the laws.

Regulations on Leasing

According to the Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”) promulgated by the National People’s Congress of the People’s Republic of China on May 28, 2020 and taking effect from January 1, 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased

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premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the PRC Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

According to the Law of the People's Republic of China on Administration of Urban Real Estate (Amended in 2019) (《中華人民共和國城市房地產管理法(2019修正)》) promulgated by the SCNPC on August 26, 2019 and taking effect from January 1, 2020, the lessor and the lessee shall enter into a written lease contract for leasing of building to stipulate the term of lease, purpose of the lease, lease price, maintenance and repair liability etc and any other rights and obligations of both parties; the lease contract shall be registered and filed with the real estate administration authorities.

According to the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and taking effect from February 1, 2011, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

Regulations on Intellectual Property

Trademark

According to the Trademark Law of the PRC (Amended in 2019) (《中華人民共和國商標法(2019修正)》) promulgated by SCNPC on April 23, 2019 and effective from November 1, 2019, and the Implementation Regulation of the Trademark Law of the PRC (Revised in 2014) (《中華人民共和國商標法實施條例(2014修訂)》) promulgated by the State Council on April 29, 2014 and effective from May 1, 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record, and the Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to stop the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Copyright

China is a contracting party to several major international conventions on the protection of authors' rights and copyright. It became a member of the Berne Convention for the Protection of Literary and Artistic Works (《伯爾尼保護文學及藝術作品公約》) in October 1992, acceded to the Universal Copyright Convention (《世界版權公約》) in October 1992, and became a member of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (《與貿易有關的知識產權協定》) upon its accession to the World Trade Organization in December 2001.

According to the Copyright Law of the PRC (Amended in 2020) (《中華人民共和國著作權法(2020修正)》) promulgated by the SCNPC on November 11, 2020 and taking effect from June 1, 2021, and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering

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technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation and other rights shall be enjoyed by the copyright owners.

According to the Regulation on Computers Software Protection (Revised in 2013) (《計算機軟件保護條例(2013修訂)》) promulgated by the State Council on January 30, 2013 and taking effect from March 1, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and taking effect from February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Patent

In accordance with the Patent Law of the PRC (Amended in 2020) (《中華人民共和國專利法》(2020修正)), promulgated by the SCNPC on October 17, 2020, which became effective on June 1, 2021, and its Implementation Rule, a patent is divided in to three categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and ten years, respectively, which all calculated from the date of application. Implementation of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Domain Names

The Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) was promulgated by the MIIT on August 24, 2017 and taking effect from November 1, 2017, which adopts “first to file” rule to allocate domain names to applicants, and provides that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

Regulations on Employment and Social Welfare

Employment

The major PRC laws and regulations that govern employment relationships are the PRC Labor Law (Amended in 2018) (《中華人民共和國勞動法(2018修正)》), the PRC Labor Contract Law (Amended in 2012) (《中華人民共和國勞動合同法(2012修正)》) (the “**Labor Contract Law**”) and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labor Contract Law, which was promulgated by the SCNPC on December 28, 2012 and became effective on July 1, 2013, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

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In December 2012, the Labor Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as “dispatched workers”. Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions.

Social Insurance

The PRC Social Insurance Law (Amended in 2018) (《中華人民共和國社會保險法 (2018修正)》) (the “**Social Insurance Law**”) issued by the SCNPC on December 29, 2018 and taking effect from the same time, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance.

According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (Revised in 2019) (《社會保險費徵繳暫行條例 (2019修訂)》) promulgated by the State Council on March 24, 2019 and taking effect from the same date, enterprises shall register social insurance with local Social Insurance social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Funds (Revised in 2019) (《住房公積金管理條例 (2019修訂)》) promulgated by the State Council on March 24, 2019 and taking effect from March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees’ housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people’s court will be applied.

In case of failure to register and open accounts for depositing employees’ housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

Regulations on Tax

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (Amended in 2018) (《中華人民共和國企業所得稅法 (2018修正)》), which was promulgated by the SCNPC on December 29, 2018 and taking effect from the same time, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (Revised in 2024) (《中華人民共和國企業所得稅法實施條例 (2024修訂)》), which was promulgated by the State Council on December 6, 2024 and taking effect from January 20, 2025, collectively referred to as the Enterprise Income Tax Law, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC’s government will enjoy a reduced tax rate of 15% for Enterprise Income Tax.

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Value-added Tax

According to the Provisional Regulations of the PRC on Value-added Tax (Revised in 2017) (《中華人民共和國增值稅暫行條例(2017修訂)》), which was promulgated by the State Council on November 19, 2017 and effective from the same time, and the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax (Revised in 2011) (《中華人民共和國增值稅暫行條例實施細則(2011修訂)》), which was promulgated by the Ministry of Finance on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) promulgated on April 4, 2018 and taking effect on May 1, 2018, the value-added tax rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

Dividends Distribution

The principal laws, rules and regulations governing dividend distributions by foreign invested enterprises in the PRC are the Company Law of the PRC, promulgated in 1993 and latest amended in 2023, and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds has reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

According to the Civil Procedure Law of the PRC (Amended in 2023) (《中華人民共和國民事訴訟法(2023修正)》) which was promulgated by the National People's Congress on September 1, 2023 and became effective on January 1, 2024, the limitation period for an action to recover a debt (including the recovery of declared dividends) is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

According to the Individual Income Tax Law of the PRC (Amended in 2018) (《中華人民共和國個人所得稅法(2018修正)》), which was promulgated by the SCNPC on August 31, 2018 and effective from January 1, 2019 and the Implementation Provisions of the Individual Income Tax Law of the PRC (Revised in 2018) (《中華人民共和國個人所得稅法實施條例(2018修訂)》), which was promulgated by the State Council on December 18, 2018 and effective from January 1, 2019, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

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According to the Enterprise Income Tax Law of PRC (Amended in 2018) (the “**EIT Law**”) (《中華人民共和國企業所得稅法(2018年修正)》) and the Regulation on the Implementation of the Enterprise Income Tax Law of PRC (Revised in 2024) (《中華人民共和國企業所得稅法實施條例(2024年修訂)》), from January 1, 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless any such non-PRC resident investors’ jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese EIT imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States and etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the EIT in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Regulations on Foreign Investment

The Company Law of the PRC (Revised in 2023) (《中華人民共和國公司法(2023修訂)》), promulgated by the SCNPC on December 29, 2023 and taking effect from July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign invested companies shall abide by the Company Law of the PRC.

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated by the SCNPC on March 15, 2019 and effective from January 1, 2020, the Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on December 26, 2019 and effective from January 1, 2020, and Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was promulgated by the MOFCOM and State Administration for Market on December 30, 2019 and became effective on January 1, 2020, the State Council establishes a foreign investment information report system. Foreign investors or foreign-funded enterprises shall submit investment information to the competent department for commerce concerned through the enterprise registration system and the enterprise credit information publicity system. The contents and scope of foreign investment information report shall be determined under the principle of necessity; it is not allowed to require the submission again of any investment information that can be obtained by interdepartmental information sharing. For foreign investment enterprises investing in China and establishing an enterprise (including multi-level investment), upon completion of registration filing and submission of annual report information to the market regulatory authorities, the relevant information shall be forwarded by the market regulatory authorities to the commerce administrative authorities, and these enterprises are not required to submit separately.

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2022 edition) (《鼓勵外商投資產業目錄(2022年版)》) (the “**Catalogue**”), amended on October 26, 2022 and effective from January 1, 2023 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”), amended on September 6, 2024 and effective from November 1, 2024, both of which issued by the National Development and Reform Commission (the “**NDRC**”) and the MOFCOM, and the Market Access Negative List (2025 edition) (《市場准入負面清單(2025年版)》), issued and effective on April 16, 2025, jointly published by the NDRC, the MOFCOM and the State Administration for Market Regulation. According to the Negative List, foreign investors shall not make

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investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List and the Market Access Negative List are generally deemed “permitted” for foreign investments. According to the Negative List, cultural content and media operation services, value-added telecommunications services and information technology services remain among those prohibited or restricted industries, and any domestic enterprise engaging in the fields prohibited by the Negative List may issue shares abroad and list and trade such shares overseas, if they have obtained the consent from the relevant competent authorities of the PRC, the overseas investors shall not participate in the operation and management of the enterprise, and overseas investors’ shareholding percentage shall be subject to the relevant provisions on administration of domestic securities investment by overseas investors. According to the NDRC’s further clarification through the Answers to Reporters’ Questions on the Negative List (2021 version) by relevant officials of the NDRC disclosed on its official website, the current regulations require that the shareholding percentage of a single overseas investor and its affiliates shall not exceed 10% of the total number of shares of the company, and the shareholding percentage of all overseas investors and their affiliates in aggregate shall not exceed 30% of the total number of shares of the company. For companies engaged in industries prohibited by the Negative List for foreign investment and listed both domestically and overseas, the holdings of overseas investors in both domestic and overseas listed shares of the same company are combined for calculation.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and became effective from January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in.

Measures for the Administration of Overseas Investments and Measures for the Administration of Enterprises’ Overseas Investments

The Measures for the Administration of Overseas Investments (《境外投資管理辦法》) were issued by the MOFCOM on September 6, 2014, and implemented on October 6, 2014. The Measures for the Administration of Enterprises’ Overseas Investments (《企業境外投資管理辦法》) were issued by the NDRC on December 26, 2017, and implemented on March 1, 2018.

According to these Measures, overseas investment refers to investment activities by domestic enterprises, directly or through their controlled overseas enterprises, by injecting assets, equity, providing financing, guarantees, etc., to acquire ownership, control rights, management rights and other relevant rights abroad. The scope of approval management includes sensitive projects undertaken directly or through their controlled overseas enterprises of the investing entities. The MOFCOM and the commerce departments at provincial levels are responsible for the administration and supervision of overseas investments. Depending on the different circumstances of enterprises’ overseas investments, they either implement filing or approval management. Enterprises’ overseas investments involving sensitive countries and regions or sensitive industries, are subject to approval management by the NDRC. Other overseas investments by enterprises are subject to filing management.

The MOFCOM and the commerce departments at provincial levels manage enterprises’ overseas investments through the “Overseas Investment Management System” and issue the Certificate of Overseas Investment by Enterprises to enterprises that have obtained filing or approval.

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Regulations on Foreign Exchange

Regulations relating to Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (Revised in 2018) (《中華人民共和國外匯管理條例(2008修訂)》), most recently amended on August 5, 2008 and effective from the same time. According to the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange (“SAFE”), by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required when RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

In October 2019, SAFE issued the Circular of Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the “**SAFE Circular 28**”), amended on December 4, 2023, or SAFE Circular 28, which cancels the restrictions on domestic equity investments by capital funds of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the “**SAFE Circular 8**”), issued by SAFE on April 10, 2020 and taking effect from the same time, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements. The interpretation and implementation in practice of SAFE Circular 28 and SAFE Circular 8 are still subject to substantial uncertainties given they are newly issued regulations.

Regulations Relating to Stock Incentive Plans

According to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the “**SAFE Circular 7**”), promulgated by SAFE on February 15, 2012 and taking effect from the same time, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency. Moreover, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

The income of foreign exchange PRC residents by selling out the shares according to the equity incentive plan and the dividend distributed by the overseas-listed company shall be distributed to the PRC residents after being remitted to the bank account in China opened by the domestic institutions.

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Regulations on Securities and Overseas Listings

Securities Laws and Regulations

The Securities Law of the PRC (Revised in 2019) (《中華人民共和國證券法(2019修訂)》), which was promulgated by the SCNPC on December 28, 2019 and took effect from March 1, 2020, comprehensively regulates activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) taking effect from March 31, 2023, together with five supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the “**Overseas Listing Regulations**”). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”), which became effective from March 31, 2023. According to the Provision on Confidentiality, when a domestic enterprise provides or publicly discloses any document or material that involves state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Other Regulations — “Information Disclosure”

Information Disclosure A listed company shall establish a sound information management system in accordance with the regulatory requirements of the securities authorities, market practice, its specific circumstances, and the general information disclosure requirements for listed companies, such as the Administrative Measures for the Disclosure of Information of Listed Companies (《上市公司信息披露管理辦法》) promulgated by CSRC on January 30, 2007, which was most recently amended on March 26, 2025 and is effective from July 1, 2025.

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LAWS AND REGULATIONS IN THE U.S.

Laws and Regulations Relating to Company Governance

Our U.S. operations are conducted through a California corporation with its principal office in California. Corporate matters relating to our U.S. operations are governed by the laws of the State of California, being the jurisdiction of incorporation of our U.S. entity. The California Corporations Code and applicable case law set out the rights, powers, and obligations of the corporation, its shareholders, directors, and officers.

Under California law, a director stands in a fiduciary relationship to the corporation and must perform their duties in good faith, in a manner the director believes to be in the best interests of the corporation and its shareholders, and with the care, including reasonable inquiry, that an ordinarily prudent person in a like position would use under similar circumstances. This duty requires a director not only to act affirmatively to protect the corporation, but also to refrain from actions that would harm the corporation.

In performing their duties, directors are entitled to rely in good faith on information, opinions, reports, or statements presented by officers or employees of the corporation whom the director believes to be reliable and competent in the matters presented, by counsel, independent accountants, or other persons whose professional or expert competence the director believes to be relevant, and by committees of the board on which the director does not serve, regarding matters within the committee’s designated authority, provided the director has confidence in the committee. In each case, the director must make a reasonable inquiry when circumstances indicate such inquiry is necessary, and must have no knowledge that would cause reliance on the information to be unwarranted.

California follows the “business judgment rule,” under which a director who performs duties in compliance with the California Corporations Code is not liable for an alleged failure to discharge obligations as a director.

The California Corporations Code does not expressly prescribe fiduciary duties for officers. However, officers may owe duties similar to those of directors depending on the circumstances, including the level of the officer’s involvement in a transaction and whether the officer participates in the management of the corporation. Unlike directors, officers are not eligible for the statutory exculpation from monetary damages that may be afforded to directors.

Intellectual Property Law

The United States regulates intellectual property through a mix of federal and state laws: certain rights — most notably copyrights and patents — are governed exclusively by federal statutes, while others — principally trademarks/service marks and trade secrets — are protected under both federal law (e.g., *the Lanham Act for trademarks*, 15 U.S.C. § 1051 *et seq.*; *the Defend Trade Secrets Act*, 18 U.S.C. § 1836 *et seq.*) and complementary state law.

Copyrights

A copyright is a bundle of exclusive rights in an original work of authorship fixed in a tangible medium of expression. It protects expression, not ideas; cannot be purely functional; and requires originality. U.S. copyright law is governed by the *Copyright Act of 1976, as amended, codified at 17 U.S.C. § 101 et seq.* Exclusive rights include reproduction, distribution, public performance, public display, and preparation of derivative works (17 U.S.C. § 106). Copyright arises automatically upon fixation — i.e., when the work is captured in a sufficiently permanent medium such that it can be perceived, reproduced, or communicated for more than transitory duration (17 U.S.C. § 101; § 102(a)); registration is not a condition of protection (17 U.S.C. § 408(a)), but it has material legal effects.

REGULATORY OVERVIEW

Copyright Registration

Copyright Registration is obtained by submitting an application, fee, and deposit to the U.S. Copyright Office (17 U.S.C. §§ 408–409). A certificate of registration is the Office’s official confirmation that the claim has been registered, and it lists the effective date of registration, which is the date the Office received a complete application, fee, and deposit (17 U.S.C. § 410(a), (d)).

If issued within five years of first publication, a registration certificate constitutes prima facie evidence of the validity of the copyright and the facts stated in the certificate; the presumption is rebuttable and the evidentiary weight is within the court’s discretion (17 U.S.C. § 410(c)). Registration (or a refusal) is also a prerequisite to filing an infringement action. Statutory damages and attorney’s fees are available only if the work was registered before the infringement commenced or within three months after first publication, measured by the effective date of registration (17 U.S.C. § 412); otherwise, remedies are generally limited to actual damages and the infringer’s profits (17 U.S.C. § 504(b)), though injunctive relief remains available (17 U.S.C. § 502).

U.S.-Based Data Privacy Regulations

The U.S. federal government and various states and governmental agencies also have adopted or are considering adopting various laws, regulations, and standards regarding the collection, use, retention, security, disclosure, transfer, and other processing of sensitive and personal information, including, without limitation and in each case as amended from time to time, the Fair Credit Reporting Act, 15 U.S.C. 1681; the Federal Trade Commission Act, 15 U.S.C. § 45; the CAN-SPAM Act, 15 U.S.C. § 7701 et seq.; the Telephone Consumer Protection Act, 47 U.S.C. § 227; the Telemarketing and Consumer Fraud and Abuse Prevention Act, 15 U.S.C. § 6101 et seq.; the Health Insurance Portability and Accountability Act of 1996; the Electronic Communications Privacy Act, 18 U.S.C. §§ 2510-22; and the Stored Communications Act, 18 U.S.C. § 2701-12. In addition, many states have laws that protect the privacy and security of sensitive and personal information. Certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to sensitive and personal information than federal, international, or other state laws, and such laws may differ from each other, which may complicate compliance efforts. For example, in 2018, California enacted the California Consumer Privacy Act, which came into effect on January 1, 2020, and has since been amended by the California Privacy Rights Act which came into effect on January 1, 2023 (collectively, the “CCPA”). The CCPA creates individual privacy rights for California residents, including rights to opt out of certain processing such as the transfer of personal information for the purpose of cross contextual behavioral advertising, the processing of sensitive personal information for certain purposes, as well as “sales” of personal information, and increases the privacy and security obligations of entities handling personal information of California consumers and meeting certain thresholds. The CCPA is currently enforceable by the California Attorney General, and provides for civil penalties for violations as well as a private right of action for certain data breaches that result in the unauthorized access to, or exfiltration, theft or disclosure of certain types of personal information. This private right of action is expected to increase the likelihood of, and risks associated with, class action data breach litigation. Though regulatory fines have been imposed, the CCPA has not been subject to significant litigation and judicial interpretation and it remains unclear how various provisions will be enforced. Additionally, the CCPA’s further expansion under the California Privacy Rights Act may impact our business particularly given its establishment of a new regulatory agency dedicated to enforcing the CCPA’s requirements in addition to the California Attorney General, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses, and potentially change our business practices, in an effort to comply.

REGULATORY OVERVIEW

In addition, many similar laws have been proposed at the federal level and in other states. For instance, the state of Nevada recently enacted a law that went into force on October 1, 2019 and requires companies to honor consumers’ requests to no longer sell their data. Violators may be subject to injunctions and civil penalties of up to \$5,000 per violation. New legislation proposed or enacted in Illinois, Massachusetts, New Jersey, New York, Rhode Island, Washington, and other states, and a proposed right to privacy amendment to the Vermont Constitution, imposes, or has the potential to impose, additional obligations on companies that collect, store, use, retain, disclose, transfer, and otherwise process confidential, sensitive, and personal information, and will continue to shape the data privacy environment throughout the United States. State laws are changing rapidly and there is discussion in the U.S. Congress of a new federal data protection and privacy.

LAWS AND REGULATIONS IN SINGAPORE

Broadcasting Act 1994

The Broadcasting Act 1994 of Singapore (“**BA**”) sets out regulations with respect to, among other things, the operation of broadcasting services in Singapore. The BA is administered by the Info-communications Media Development Authority (“**IMDA**”).

Specifically, under section 8(1) of the BA, a person must not provide any licensable broadcasting service in or from Singapore unless: (a) it has been granted a broadcasting licence by the IMDA; or (b) the licensable broadcasting service provided falls within one of the categories specified under section 9(1) of the BA read with paragraph 3 of the Broadcasting (Class Licence) Notification (“**Class Licence Notification**”) as being subject to an automatic class licence.

Under the Second Schedule to the BA, licensable broadcasting service includes video-on-demand service and computer on-line service. Under the Class Licence Notification, one of the categories of licensable broadcasting services that are subject to an automatic class licence is a computer on-line service that is provided by internet content providers (which is defined to include any corporation which provides any programme on the World Wide Web through the Internet, including any web publisher and any web server administrator).

Films Act 1981

The Films Act 1981 of Singapore (“**FA**”) sets out regulations relating to, among others, the possession, importation, distribution and exhibition of films, and providing for the classification of films. The FA is administered by the IMDA.

Section 6(1) of the FA provides that a person must not, unless authorised to do so by a licence or class licence (a) import any film in the course of any business; (b) distribute any film in the course of any business; or (c) publicly exhibit any film in the course of any business. Paragraph 3(1) of the Films (Licence – Exemption) Notification 2019 provides that a person who, in the course of business, imports any film is exempt from the licensing requirement under section 6(1) of the FA.

Section 21(1) of the FA provides that a person commits an offence if the person: (i) distributes or publicly exhibits an unclassified film; or (ii) has in the person’s possession a film that is an unclassified film, with the intention of distributing or publicly exhibiting the film; and the person knows or ought reasonably to have known that, or is reckless as to whether, the film is an unclassified film.

Workplace Safety and Health Act 2006

The Workplace Safety and Health Act 2006 of Singapore (“**WSHA**”) regulates the safety, health and welfare of persons at work in workplaces. The WSHA is administered by the Ministry of Manpower of Singapore (“**MOM**”).

REGULATORY OVERVIEW

The WSHA provides, among other things, that every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of the employer’s employees at work. For this purpose, section 12(3) of the WSHA sets out a list of measures which are necessary to ensure the safety and health of employees at work. The Workplace Safety and Health (General Provisions) Regulations also impose more specific duties on employers in relation to the safety and health of employees in the workplace.

Work Injury Compensation Act 2019

The Work Injury Compensation Act 2019 of Singapore (“**WICA**”) regulates (among other things) the payment of compensation to employees for injury suffered arising out of and in the course of their employment. The WICA is administered by the MOM.

Under the WICA, where personal injury is caused to an employee by an accident arising out of and in the course of employment, the employer of the employee shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation will be computed in accordance with a fixed formula as set out in the WICA. Under the WICA, read with the Work Injury Compensation (Insurance) Regulations 2020, employers are required to maintain work injury compensation insurance for all employees, excluding certain prescribed classes of employees, in accordance with the requirements under the WICA.

Employment Act 1968

The Employment Act 1968 of Singapore (“**EA**”) is Singapore’s main labour law and, among other things, provides for the basic terms and conditions of employment, and the rights and responsibilities of employers. The EA is administered by the MOM.

The EA regulates certain aspects of the contract of service or employment, including the termination, dismissal, right to join, participate in or organise trade unions, change of employer, transfer of employment, public holiday and sick leave entitlements, minimum days of annual leave, payment of salary and allowable deductions.

Employment of Foreign Manpower Act 1990

The Employment of Foreign Manpower Act 1990 of Singapore (“**EFMA**”) regulates the employment of foreign manpower in Singapore. The EFMA is administered by the MOM.

Section 5(1) of the EFMA provides that no person shall employ a foreign employee unless the foreign employee has a valid work pass issued by the MOM, which allows the foreign employee to work for him in accordance with the conditions of the foreign employee’s work pass.

In addition to the EFMA, an employer of foreign employees is also required to comply with the provisions in the EA, the Immigration Act 1959 of Singapore (“**Immigration Act**”) and the regulations issued pursuant to the Immigration Act.

Central Provident Fund Act 1953

The Central Provident Fund Act 1953 of Singapore (“**CPF Act**”) provides for a mandatory social security savings scheme, known as the Central Provident Fund (“**Fund**”), that is funded by contributions from employers and employees. The CPF Act is administered by the Central Provident Fund Board.

Under the CPF Act, every employer of an employee who is a Singapore citizen or permanent resident and employed in Singapore under a contract of service (save for certain specified categories of employees), shall pay to the Fund monthly in respect of such employee contributions at the appropriate rates set out in the First Schedule of the CPF Act. Under the CPF Act, an employer who has made such contribution to the Fund in respect of an employee is entitled to recover from the monthly wages of that employee the amount shown in the First Schedule of the CPF Act as so recoverable from the employee.

REGULATORY OVERVIEW

Companies Act 1967 and Constitution

The Companies Act 1967 of Singapore is the main legislation governing (among other things) companies incorporated in Singapore. In addition, members of a company are subject to, and bound by the provisions of the Constitution. The Constitution contains, among other things, provisions relating to the rights and privileges attached to the different classes of shares of the company (if applicable).

Singapore Taxation

The discussion in this section is not intended to be and does not constitute legal or tax advice. It is based on the current tax laws and practice in Singapore and is subject to changes in such laws, or in the interpretation thereof. Such changes may be retrospective. No assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws and practice will not occur on a retrospective basis.

Corporate Tax

Corporate taxpayers (whether Singapore tax resident or non-Singapore tax resident) are generally subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore (unless specified conditions for exemption are satisfied). Foreign income in the form of dividends, branch profits and service fee income received or deemed to be received in Singapore by a Singapore tax resident corporate taxpayer may however be exempt from Singapore tax if specified conditions are met. Section 43(1) of the Income Tax Act 1947 of Singapore (“ITA”) provides that the prevailing corporate income tax rate is 17%. Sections 43(6B) and 43(6D) of the ITA also provide for certain partial tax exemptions.

Dividend Distributions and Withholding Tax

All Singapore tax resident companies are under the one-tier corporate taxation system of Singapore (“**One-Tier System**”). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt (one-tier) dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident. Singapore currently does not impose withholding tax on dividends paid to resident or non-resident shareholders.

Goods and Services Tax

The Goods and Services Tax Act 1993 of Singapore governs goods and services tax (“GST”), which is a consumption tax that is levied on the import of goods into Singapore (excluding certain specified categories of imports), as well as nearly all supplies of goods and services in Singapore. The prevailing rate of GST is 9%. Certain supplies are exempt from GST, including the provision of certain financial services, and the sale and lease of residential properties. The provision of international services and the export of goods are generally zero-rated (i.e. subject to GST at a rate of 0%).

REGULATORY OVERVIEW

Stamp Duty

There is no stamp duty payable on the subscription and issuance of shares. Where shares evidenced in certificate form are acquired in Singapore and where a company maintains a share registry in Singapore, stamp duty is payable on the instrument of transfer of such shares at the rate of 0.2% of the consideration for, or the net asset value of, such shares, whichever is higher. The purchaser has an obligation to pay stamp duty, unless there is an agreement to the contrary.

Personal Data Protection Act 2012

The Personal Data Protection Act 2012 of Singapore (“**PDPA**”) establishes the Singapore regime for the protection of personal data (i.e. data, whether true or not, about an individual who can be identified from that data, or from that data and other information accessible or likely to be accessible to the relevant organisation) and seeks to ensure that organisations comply with a baseline standard of protection for personal data of individuals.

The PDPA currently imposes ten data protection obligations on organisations collecting, using or disclosing personal data of individuals. The Personal Data Protection Commission also has broad powers to direct the organisations to comply with the provisions of the PDPA.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 2000, when our founder, Mr. Tong, began our digital publishing business. Over the past 25 years, we have built a vast digital content library, which included over 5.6 million pieces of digital content as of the Latest Practicable Date.

Building on our abundant digital content library, along with our capabilities in applying AI technologies and our experience in IP development across multiple formats, we have grown into a leading AI-driven digital entertainment platform. Today, we offer diverse content formats, including online literature, audiobooks, comics, AI motion comics, animations and micro dramas with AI technology, as well as IP derivatives to consumers worldwide. Since 2022, we have expanded into the overseas micro drama market for international audiences, marking an important step in our development.

On April 2, 2011, our Company was converted into a joint stock limited company from a limited liability company. Subsequently, on January 21, 2015, our A-Shares were listed on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300364) (the “**A Share Listing**”).

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our Group’s key corporate and business development milestones:

Year	Event
2000	Beijing ChineseAll Culture Development Co., Ltd. (北京中文在線文化發展有限公司), our predecessor, was established in the PRC and was among the first in China to launch a “digital library for primary and secondary schools” (中小學數字圖書館) in 2003.
2006	We established “ 17K.com ” (一起看小說網) for original online literature, offering a platform for Chinese novel writing and reading.
2012	We were recognized as a “National Copyright Demonstration Unit (全國版權示範單位)” by the National Copyright Administration of the PRC (中華人民共和國國家版權局).
2015	Our A Shares were listed on the ChiNext Board of Shenzhen Stock Exchange (stock code: 300364).
2016	We raised approximately RMB2 billion through a private placement to support our development, funding projects like an IP-based digital content ecosystem and an online education platform.
2017	Our Company implemented a global expansion strategy, including launching an interactive visual reading app.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Event
2018	We were honored with the “Fourth China Publishing Government Award for Outstanding Publishing Unit (第四屆中國出版政府獎先進出版單位)”.
2021	We were one of the earliest enterprises in China to develop and broadcast micro dramas.
2023	Our Company released version 1.0 of “Xiaoyao” AI, a pioneering content production platform.
	We acquired Hanmu Chunhua, enhancing our strategic position in animation and IP derivation and operation.
2025	Our overseas micro drama app, <i>FlareFlow</i> , was launched and gained recognition internationally.
	We launched the English version of “Xiaoyao” AI to meet the demands of global users.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which had made a material contribution to our results of operations during the Track Record Period:

No.	Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest attributable to our Group	Principal business activities
1.	ChineseAll Culture Media	PRC	July 31, 2009	100%	Cultural activities
2.	Tianjin ChineseAll	PRC	July 6, 2016	100%	Cultural and technical services
3.	Handan ChineseAll	PRC	October 20, 2017	100% ⁽¹⁾	Cultural activities
4.	Hongda Yitai	PRC	May 2, 1996	100% ⁽¹⁾	Cultural and technical services; audio services
5.	Liaoning Yexiang	PRC	June 7, 2022	100% ⁽²⁾	Information and technology services; new media
6.	Tianjin Xiangwu	PRC	June 8, 2022	100% ⁽²⁾	Information and technology services; new media
7.	Guangxi Yexiang	PRC	October 17, 2022	100% ⁽²⁾	Information and technology services; new media

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

No.	Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest attributable to our Group	Principal business activities
8.	Anhui Yexiang	PRC	October 18, 2022	100% ⁽²⁾	Information and technology services; new media
9.	Tianjin Guangzhiying	PRC	September 25, 2018	100% ⁽¹⁾	Film and television operations
10.	Changchun Guangzhiying	PRC	December 28, 2021	100% ⁽³⁾	Film and television operations
11.	Hangzhou ChineseAll	PRC	April 29, 2009	100%	Cultural and technical services
12.	Hangzhou 4yt	PRC	July 5, 2016	100%	Information and technology services
13.	Guangzhou 4yt	PRC	July 26, 2005	100%	Information and technology services
14.	Maibu Information	PRC	November 23, 2006	100%	Information and technology services
15.	ChineseAll Education Technology	PRC	December 5, 2003	100%	Cultural and technical services
16.	Hubei ChineseAll	PRC	June 15, 2021	100% ⁽⁴⁾	Cultural and technical services; property and leasing
17.	Hainan ChineseAll Universe	PRC	April 1, 2022	100%	Cultural and technical services
18.	Hengqin ChineseAll	PRC	December 23, 2024	100%	Cultural and technical services
19.	ChineseAll International Film and Television	PRC	June 27, 2025	100% ⁽⁵⁾	Cultural and technical services; micro drama production base
20.	COL Hong Kong	Hong Kong	May 30, 2014	100%	Overseas operations; investment
21.	Anti-Piracy Union	Hong Kong	November 12, 2019	100% ⁽⁶⁾	Overseas operations; cultural operations
22.	COL MEDIA	U.S.	December 15, 2021	100% ⁽⁶⁾	Cultural, film and television operations
23.	COL WEB	Singapore	September 6, 2022	100% ⁽⁶⁾	Cultural, film and television
24.	Creative Omni Life	Cayman Islands	February 26, 2025	100% ⁽⁷⁾	Investment

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

No.	Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest attributable to our Group	Principal business activities
25.	FLAREFLOW	Singapore	March 7, 2025	100% ⁽⁸⁾	Cultural, film and television
26.	Hengqin Yankun	PRC	April 10, 2025	100% ⁽⁹⁾	Cultural, film and television
27.	Hanmu Chunhua	PRC	March 14, 2012	51.04% ⁽¹⁰⁾	Culture, film and television; animation production

Notes:

- (1) A wholly owned subsidiary of Tianjin ChineseAll;
- (2) A wholly owned subsidiary of Hongda Yitai;
- (3) A wholly owned subsidiary of Tianjin Guangzhiying;
- (4) A wholly owned subsidiary of ChineseAll Education Technology;
- (5) A wholly owned subsidiary of Hengqin ChineseAll;
- (6) A wholly owned subsidiary of COL Hong Kong;
- (7) A wholly owned subsidiary of our Company, with 51.0% of shares owned by Hengqin ChineseAll and 49.0% owned by COL Hong Kong;
- (8) A wholly owned subsidiary of Creative Omni Life;
- (9) A wholly owned subsidiary of FLAREFLOW; and
- (10) A non-wholly owned subsidiary of our Company, which was acquired by our Company in June 2023. For details, see “Significant Acquisitions and Disposals — Acquisition of Hanmu Chunhua” and Note 29 to the Accountants’ Report in Appendix I to this document.

MAJOR SHARE CAPITAL CHANGES AND DEVELOPMENT OF OUR COMPANY

Early Development and Conversion into Joint Stock Company with Limited Liability

Our history can be traced back to December 19, 2000, when our founder, Mr. Tong, began the digital publishing business by establishing our predecessor, Beijing ChineseAll Culture Development Co., Ltd. (北京中文在線文化發展有限公司), as a limited liability company under the laws of the PRC with an initial registered capital of RMB300,000.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Conversion into Joint Stock Company with Limited Liability

On April 2, 2011, our Company was converted into a joint stock limited company from a limited liability company. The net assets as of December 31, 2010 were converted into 90,000,000 Shares, resulting in a total share capital of RMB90,000,000, with the shareholders at the time as promoters. Upon completion, Mr. Tong remained the largest shareholder of our Company. The shareholding structure of our Company immediately following our conversion into a joint stock company was as follows:

Shareholders	Capital contribution (RMB)	Shareholding percentage %
Mr. Tong	22,426,110	24.92
Beijing Qidi Huachuang Investment Consulting Co., Ltd. (北京啟迪華創投資諮詢有限公司) . . .	16,811,081	18.68
Shanghai Wenrui Investment Co., Ltd. (上海文睿 投資有限公司) (currently known as Jianshui Wenrui Enterprise Management Co., Ltd. (建 水文睿企業管理有限公司))	8,449,643	9.39
Wang Qiuhu (王秋虎)	5,031,630	5.59
Zhejiang Huarui Haiyue Modern Service Industry Investment Co., Ltd. (浙江華睿海越 現代服務業創業投資有限公司)	4,654,742	5.17
Hu Songting (胡松挺)	4,277,994	4.75
Shanghai Kaiwu Investment Partnership (L.P.) (上海開物投資合夥企業(有限合夥))	3,970,588	4.41
Chen Yaojie (陳耀傑)	3,962,102	4.40
Ningbo Bofa Investment Partnership (L.P.) (寧波博發投資合夥企業(有限合夥))	2,501,924	2.78
Beijing Detong Changtong Investment Center (L.P.) (北京德同長通投資中心(有限合夥))	2,095,870	2.33
Beijing Shiji Honghui Investment Center (L.P.) (北京世紀泓慧投資中心(有限合夥))	2,051,472	2.28
Beijing Xunanda Technology Co., Ltd. (北京訊安 達科技有限公司)	1,939,478	2.15
Beijing Zhangzhonda Information Technology Co., Ltd. (北京掌中達信息科技有限責任公司) (currently known as Beijing Chuangzao Li Information Technology Co., Ltd. (北京創造栗信息科技有限責任公司))	1,588,236	1.76
Beijing Dongfang Hongshi Investment Center (L.P.) (北京東方泓石投資中心(有限合夥))	1,267,016	1.41
Suzhou Huahui Venture Capital Center (L.P.) (蘇州華慧創業投資中心(有限合夥))	992,647	1.10
Li Dapeng (李大鵬)	969,738	1.08
Xu Tianqing (徐田慶)	969,738	1.08
Xue Jun (薛軍)	926,474	1.03
Beijing Qidi Startup Incubator Co., Ltd. (北京啟迪創業孵化器有限公司)	825,385	0.92
Zhejiang Donghan High-Tech Investment Yangtze River Delta Investment Partnership (L.P.) (浙江東翰高投長三角投資合夥企業 (有限合夥))	661,767	0.74
Cai Dongqing (蔡東青)	529,412	0.59

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholders	Capital contribution (RMB)	Shareholding percentage %
Beijing Gaoan Investment Co., Ltd. (北京高安投資有限公司) (currently known as Xinyu Angao Investment Co., Ltd. (新余安高投資有限公司))	529,412	0.59
Yao Baozhen (姚寶珍)	426,686	0.47
Mai Gang (麥剛)	412,386	0.46
Zhang Ziming (張自明)	387,894	0.43
Shanghai Rongyin Investment Co., Ltd. (上海容銀投資有限公司)	387,894	0.43
Guan Yu (關宇)	290,922	0.32
Shanghai Hongfan Venture Investment Co., Ltd. (上海弘帆創業投資有限公司)	264,706	0.29
Jinxin Xiangtai Venture Investment (Beijing) Co., Ltd. (金信祥泰創業投資(北京)有限公司) (currently known as Dazi District Taisheng Technology Co., Ltd. (達孜區泰晟科技有限 公司))	132,351	0.15
Zhang Xiangdong (張向東)	132,351	0.15
Gu Hao (顧浩)	132,351	0.15
Total	90,000,000	100.00

Listing on the ChiNext Board of the Shenzhen Stock Exchange

On January 21, 2015, our A Shares were listed on ChiNext Board of the Shenzhen Stock Exchange (stock code: 300364). In connection with the A Share Listing, we offered a total of 30,000,000 A Shares, representing approximately 25.00% of our enlarged share capital immediately following the completion. Following the A Share Listing, our registered share capital increased to RMB120,000,000 comprising 120,000,000 Shares with a nominal value of RMB1.00 each and Mr. Tong directly and indirectly controlled approximately 25.73% of the share capital of our Company.

Capital Reserve Capitalization in 2016

In June 2016, the Company issued 9.856505 A Shares for every ten existing A Shares by capitalizing the capital reserve for dividend distribution. Upon completion, the registered share capital amounted to RMB241,746,991, comprising 241,746,991 A Shares.

Non-Public Issuance of A Shares in 2016

In August 2016, our Company completed the non-public issuance of 42,735,042 A Shares to five subscribers, all of whom were Independent Third Parties. Upon completion, the registered share capital of our Company increased to RMB284,482,033, comprising 284,482,033 A Shares.

Capital Reserve Capitalization in 2017

In August 2017, the Company issued 15.011986 A Shares for every ten existing A Shares by capitalizing the capital reserve for dividend distribution. Upon completion, the registered share capital amounted to RMB711,654,081, comprising 711,654,081 A Shares.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Issuance of A Shares for Acquisition of Shanghai Chenzhike in 2018

In March 2018, we issued 64,020,004 A Shares as part of the consideration for acquiring an 80% equity interest in Shanghai Chenzhike Information Technology Co., Ltd. (上海晨之科信息技术有限公司) (“**Shanghai Chenzhike**”). As a result, our total share capital increased from 711,654,081 A Shares to 775,674,085 A Shares.

Repurchase and Cancellation of A Shares Due to Performance Compensation in 2019 and 2023

In November 2019, our Company completed the repurchase and cancellation of 44,702,940 A Shares as part of a performance compensation arrangement. According to the agreement with the then controlling shareholder of Shanghai Chenzhike (the “**Obligor**”), the Obligor had committed that the net profits of Shanghai Chenzhike for 2017, 2018 and 2019 (after deducting non-recurring gains and losses attributable to the parent company) would not fall below RMB150 million, RMB220 million and RMB264 million, respectively, totaling not less than RMB634 million. As Shanghai Chenzhike failed to meet its 2018 performance target, the Obligor was required to compensate our Company with 44,702,940 A Shares, valued at approximately RMB714.4 million. These A Shares were repurchased by our Company at a total price of RMB1 and subsequently canceled, reducing the total share capital from 771,998,250 A Shares to 727,295,310 A Shares.

In December 2022 and January 2023, our Company further repurchased and canceled 5,806,891 A Shares due to Shanghai Chenzhike’s failure to meet its 2019 performance commitment. Per the agreements with the Obligor, all 5,806,891 A Shares held by the Obligor were repurchased by our Company at a total price of RMB1.00. The cancellation was completed on January 11, 2023, reducing the total share capital from 735,746,509 A Shares to 729,939,618 A Shares.

Other Shareholding Changes

As of 2022, our share capital had increased to RMB735,746,509, divided into 735,746,509 A Shares. This increase resulted from various rounds of capitalization issues, as well as the issuance, repurchase and cancellation of A Shares for employee incentive purposes during previous years.

Repurchase and Cancellation of Shares in 2025

On February 26, 2025, our Company announced the completion of the repurchase and cancellation of 1,439,500 A Shares, reducing our registered capital. The cancellation was finalized on February 25, 2025, decreasing the total share capital from 729,939,618 A Shares to 728,500,118 A Shares.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

DECONSOLIDATION OF CRAZY MAPLE STUDIO

Crazy Maple Studio (“CMS”) was incorporated in California as a limited liability company in July 2016, which then mainly operated overseas interactive reading platforms, including Chapters. It is now primarily engaged in micro drama business, including operation of Reelshort. As of the Latest Practicable Date, our Group owned approximately 47.81% of the total voting rights and 49.24% shareholding in CMS.

In April 2023, to encourage the independent operation and development of CMS and to facilitate its market-oriented financing, the shareholders’ meeting of CMS resolved to reorganize its corporate governance structure, including adjustments to its board composition and voting rights. As part of the reorganization, (i) the number of directors on CMS’s board of directors was increased from three to seven, among whom our Group had the right to nominate three directors; and (ii) our total voting rights in CMS was adjusted from 50.90% to 47.81%.

Following these adjustments, our Group no longer maintained control over CMS, which ceased to be consolidated into our Group’s financial statements as of May 1, 2023. CMS has since been one of our associates. Our Company uses the equity method to measure the remaining equity interest of CMS. A remeasurement gain of RMB55.1 million was recognized upon the loss of control. For details, see Note 16 to the Accountants’ Report in Appendix I to this document.

Following the deconsolidation, CMS has operated independently from our Group, both financially and operationally. CMS has gained full autonomy to pursue its own financing activities in alignment with its business goals, without reliance on our Group. Operationally, CMS is independently managed, with decision-making authority resting solely with its own board and management team.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

During the Track Record Period and up to the Latest Practicable Date, we have carried out the following significant acquisition.

Acquisition of Hanmu Chunhua

Our Company separately entered into equity transfer agreements with, Shengxiao Culture and Entertainment (Beijing) Co., Ltd. (聖曉文化娛樂(北京)有限公司) (“**Shengxiao Culture**”) and Beijing Dream Castle Culture Co., Ltd. (北京夢之城文化有限公司) (“**Dream Castle**”, together with Shengxiao Culture, the “**Sellers**”) on June 28 and August 15, 2023, respectively. Pursuant to the agreements, our Company acquired approximately 51.04% equity interest in Hanmu Chunhua from the Sellers for a total consideration of RMB137,811,771.

Established on March 14, 2012 in the PRC as a limited liability company, Hanmu Chunhua is engaged in IP operation and development, with a focus on the “Hei” (羅小黑) IP. Hanmu Chunhua has expertise in IP creation, development and commercialization. Prior to the acquisition, the shareholders of Hanmu Chunhua, all of whom were Independent Third Parties, included Dream Castle, Zhang Ping (章平), Shengxiao Culture and Tianjin Lingzhi Kongjian Film and Television Culture Partnership (L.P.) (天津靈質空間影視文化合夥企業(有限合夥)) (“**Tianjin Lingzhi**”). Their respective shareholdings were approximately 38.18%, 36.68%, 12.86% and 12.28%.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The acquisition of Hanmu Chunhua aligns with our Company’s “IP-centric” strategy. At the time of acquisition, Hanmu Chunhua had successfully developed the “Hei” IP across comics, animation, films and merchandise, achieving over 1 billion views and RMB300 million in box office revenue. Since the acquisition, Hanmu Chunhua has continued to build on its success. In 2025, “Hei” IP was awarded the Half-Moon Award (半月獎) for the Most Commercially Valuable Animation IP of the Year and the sequel film The Legend of Hei 2 (《羅小黑戰記2》) was released in China, achieving a cumulative box office of approximately RMB534 million by October 17, 2025. This acquisition allows our Company to leverage Hanmu Chunhua’s expertise to enhance IP commercialization, expand global outreach and strengthen market competitiveness.

The consideration for the acquisition of Hanmu Chunhua was determined through arm’s length negotiations, factoring in Hanmu Chunhua’s expertise, the current value and future development potential of its IP.

The acquisition of Hanmu Chunhua was properly and legally completed on August 15, 2023, with all required approvals obtained. Following the completion, Hanmu Chunhua’s equity interests were held as to 51.04% by our Company, 36.68% by Zhang Ping and 12.28% by Tianjin Lingzhi.

The acquisition of Hanmu Chunhua would not have been classified as a major transaction under Chapter 14 of the Listing Rules as of the date of our Company’s application for [REDACTED] and does not fall within the scope of Rule 4.05A of the Listing Rules.

Save as disclosed in “Significant Acquisitions and Disposals” in this section, we did not conduct any other acquisitions, disposals or mergers considered material to us during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEE INCENTIVE PLANS

As of the Latest Practicable Date, our Company has adopted the Employee Incentive Plans. No share options and restricted shares under the Employee Incentive Plans will be further granted after the [REDACTED] and all granted share options and restricted shares have been granted to specified individuals under the Employee Incentive Plans. For details of the Employee Incentive Plans, see “Statutory and General Information — (D) Employee Incentive Plans” in Appendix V to this document.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, the Single Largest Group of Shareholders was able to exercise approximately [REDACTED]% voting rights in our Company. For details, see “Relationship with our Single Largest Group of Shareholders”.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR A SHARE LISTING AND REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Since January 2015, our A Shares have been listed on the ChiNext Board of the Shenzhen Stock Exchange. Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, 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 our Company on the Shenzhen Exchange.

Our Company seeks to be [REDACTED] on the Hong Kong Stock Exchange to (i) solidify our content ecosystem, (ii) develop and improve our AI technologies empowering content creation and distribution, and (iii) build an overseas micro drama ecosystem. See “Business — Our Strategies” and “Future Plans and Use of [REDACTED]” for more details.

PUBLIC FLOAT AND FREE FLOAT

Satisfaction of the Public Float Requirement

Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules provides that, where a new applicant is a PRC issuer with other [REDACTED] at the time of [REDACTED], this will normally mean that the portion of H shares for which [REDACTED] is sought that are held by the public, at the time of [REDACTED], must (a) represent at least 10% of the issuer’s total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3,000,000,000.

Our A Shares are listed on the ChiNext Board of the Shenzhen Stock Exchange. The total number of the H Shares to be [REDACTED] pursuant to the [REDACTED] represents approximately [REDACTED]% of the total issued share capital of our Company (assuming that the [REDACTED] is not exercised). To the best knowledge of our Company, since all H Shares will be counted towards the [REDACTED] for the purpose of Rule 8.08(1) of the Listing Rules upon completion of the [REDACTED], our Company will satisfy the [REDACTED] requirement under Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

Satisfaction of the Free Float Requirement

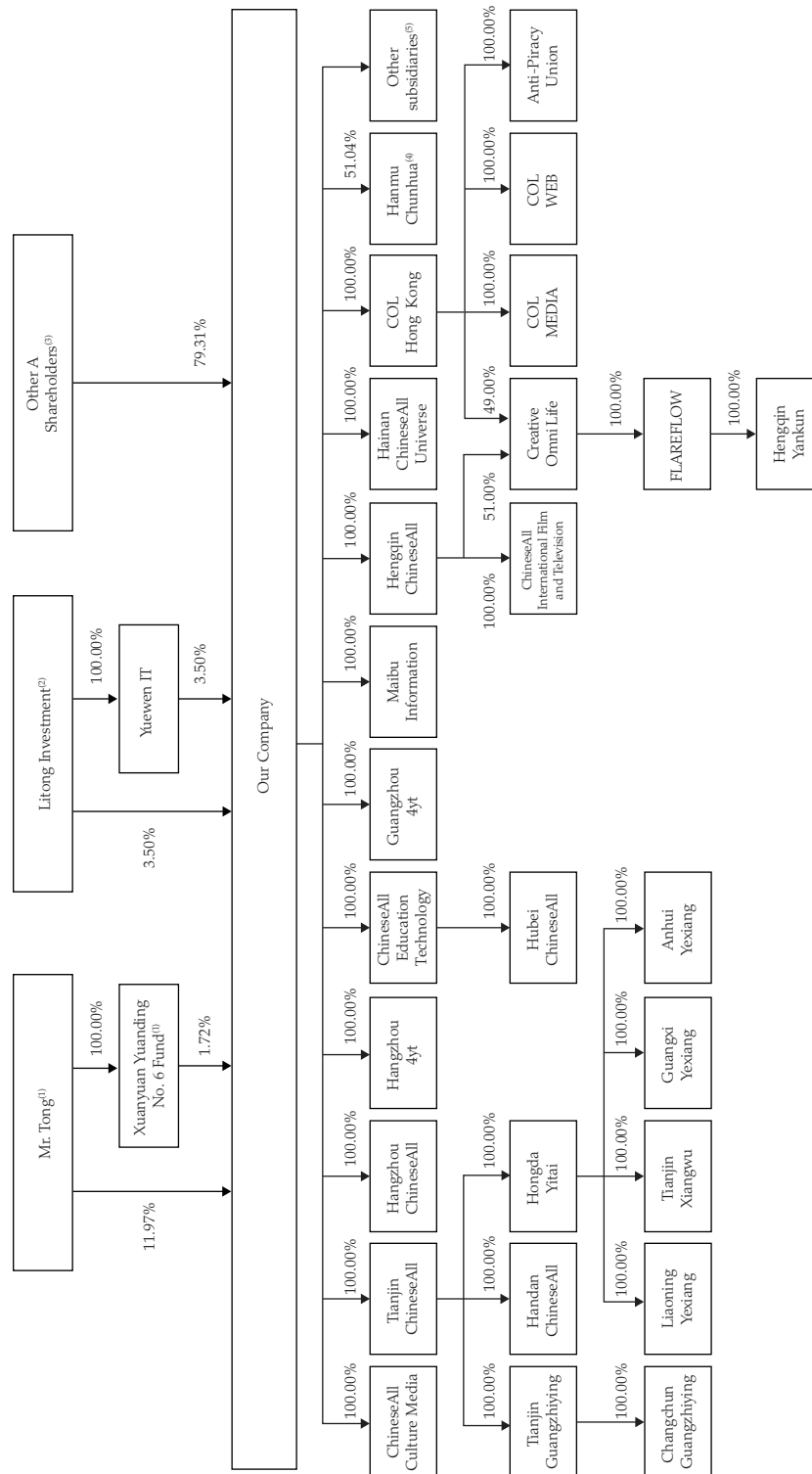
Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules provides that, where a new applicant is a PRC issuer with other [REDACTED] at the time of [REDACTED], this will normally mean that the portion of H shares for which [REDACTED] is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of [REDACTED], must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of [REDACTED] (excluding treasury shares), with an expected market value at the time of [REDACTED] of not less than HK\$50,000,000; or (b) have an expected market value at the time of listing of not less than HK\$600,000,000. To the best knowledge of our Company, we will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately Prior to the [REDACTED]

The following chart depicts our simplified shareholding and corporate structure immediately prior to the [REDACTED]:



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

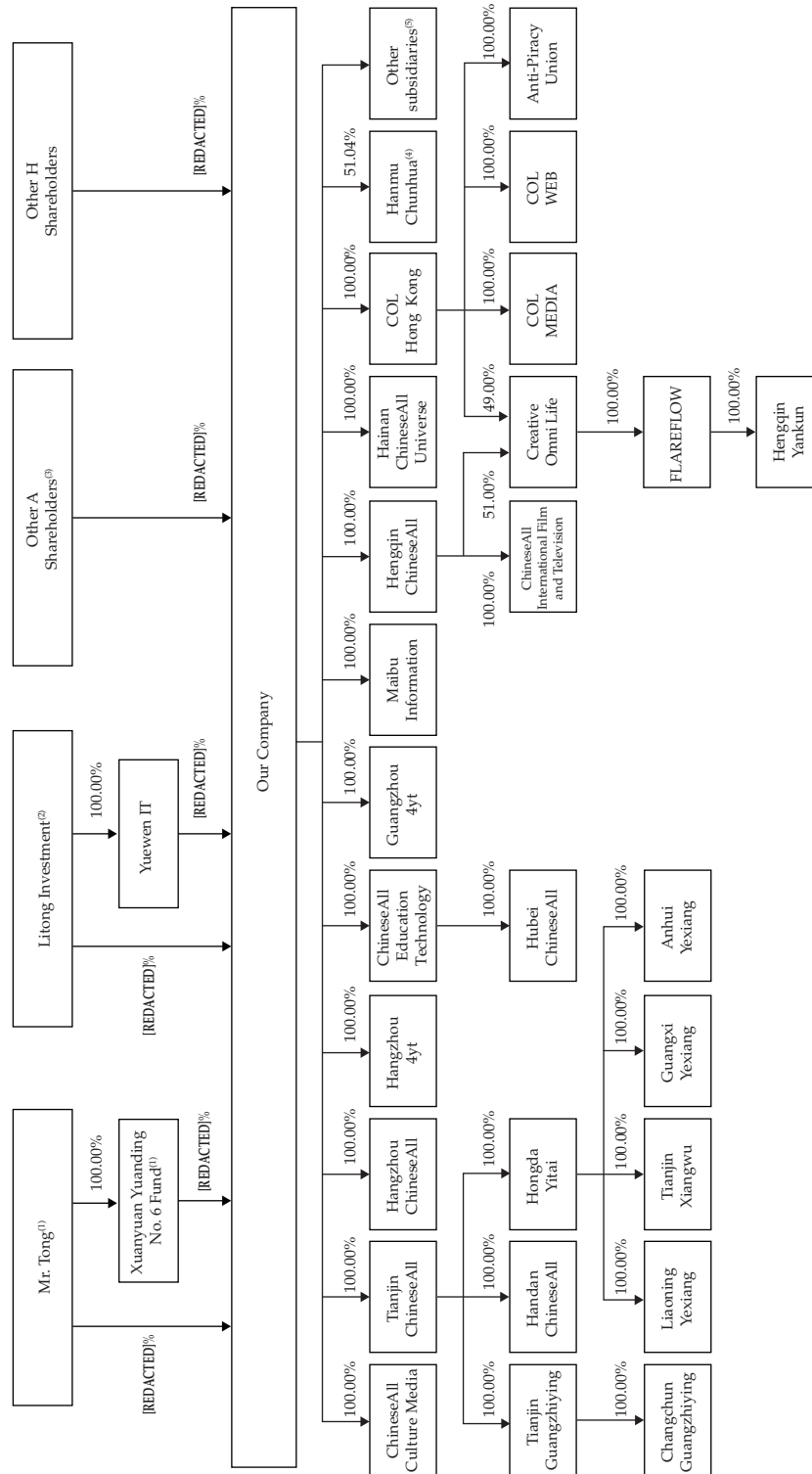
Notes:

- (1) Our Single Largest Group of Shareholders. In addition, Mr. Tong, as the sole beneficial owner, controls the Xuanyuan Yuanding No. 6 Fund.
- (2) Litong Investment is wholly-owned by Shenzhen Tencent Ruijian Investment Co., Ltd. (深圳市騰訊睿見投資有限公司) (“**Tencent Ruijian**”), which is a subsidiary of Tencent Holdings Limited (“**Tencent**”), a company listed on the Stock Exchange.
- (3) As of the Latest Practicable Date, to the best of our Directors’ knowledge having made reasonable enquiries, these A Share Shareholders were not core connected persons of our Company.
- (4) As of the Latest Practicable Date, the remaining 48.96% interest in Hanmu Chunhua is held by Zhang Ping and Tianjin Lingzhi, both of whom are Independent Third Parties, holding 36.68% and 12.28%, respectively.
- (5) Other subsidiaries include (i) onshore and offshore and (ii) wholly-owned and non-wholly owned subsidiaries of our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately Following the Completion of the [REDACTED]

The following chart depicts our simplified shareholding and corporate structure immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised):



Note: See notes (1) to (5) in “— Shareholding and Corporate Structure Immediately Prior to the [REDACTED].”

BUSINESS

OVERVIEW

Mission

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

Vision

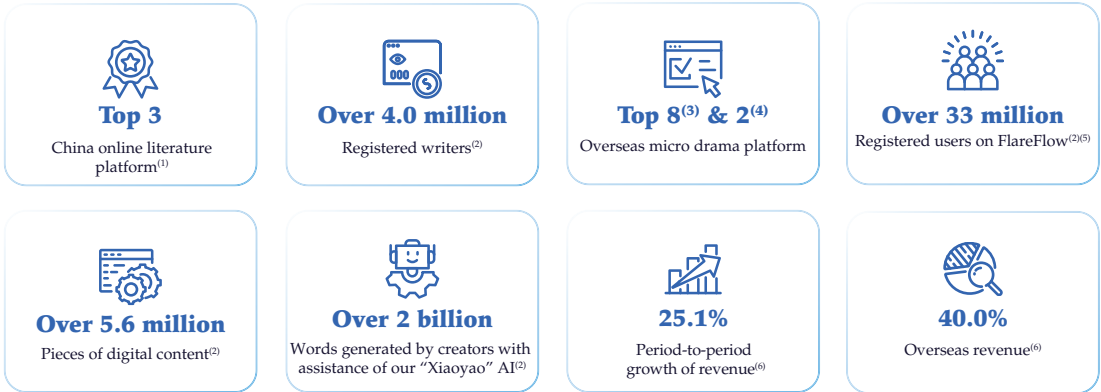
Build a sustainable organization, create a cultural universe (打造百年組織，創造文化宇宙).

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:



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, according to Frost & Sullivan.
- (5) FlareFlow is our flagship overseas micro drama platform.
- (6) In the nine months ended September 30, 2025.

BUSINESS



Note:

(1) Cumulative figure as of the Latest Practicable Date.

BUSINESS

As a leading digital entertainment platform, 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 RMB 100 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.

With our AI technology application capabilities, our abundant digital content library serves as the foundation for the operation of our micro drama and IP derivative business. The integration of AI technology with our digital content enables us to develop and adapt micro dramas and IP derivatives across multiple formats in an efficient and cost-effective way.

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.

BUSINESS

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), Weread (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.

BUSINESS

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

We are a leading digital entertainment platform, enjoying vast potential market opportunities of RMB4,392.5 billion in 2029 with our abundant original digital content library, as well as our robust capabilities in application of AI technology and development of IPs across multiple formats.

According to Frost & Sullivan, the global digital entertainment market is growing rapidly, with its size projected to increase from RMB2,511.7 billion in 2024 to RMB4,392.5 billion in 2029, representing a CAGR of 11.8%. Among them, the China online literature market is growing steadily, expected to expand from RMB42.5 billion in 2024 to RMB61.9 billion in 2029 with a CAGR of 7.8%. The overseas micro drama market, still in its early development stages, is expected to grow significantly from RMB14.0 billion in 2024 to RMB120.8 billion in 2029, achieving a CAGR of 53.9%.

The rapidly expanding global digital entertainment market offers significant opportunities, and we are well positioned to capitalize on them due to our strong market standing. According to Frost & Sullivan, we ranked 3rd among copyright-driven content platforms in China online literature market by revenue in 2024, holding a 1.6% market share. Furthermore, among overseas micro drama platforms, we ranked 8th by revenue in September 2025 and 2nd in terms of the MAUs during the initial seven-months period following launch.

As a pioneer in China digital entertainment industry for over 25 years, we have accumulated extensive content resources, integrated AI across our content production to monetization processes, and established a comprehensive IP development system encompassing online literature, audiobooks, comics, AI motion comics, animations, micro dramas, films, and accessories. These core strengths, combined with our leading market position, empower us to seize vast opportunities in the global digital entertainment market and continuously bolster our growth and competitive advantages.

Deep Integration of AI Technology, Driving Efficiency across Business Value Chain and Forging a New Engine for Future Growth

We believe AI technology is essential for consolidating our leading position in the digital entertainment industry, and we have comprehensively integrated AI technology into all key processes of our business. According to Frost & Sullivan, we are one of the pioneers in developing AI technology in this industry, with the most advanced AI application capabilities and the deepest integrations of AI technology into business operations.

Our Proprietary “Xiaoyao” AI

As an AI-driven digital entertainment platform, we recognized the transformative impact of technology on the entire industry and our operations even before the launch of general-purpose LLMs. In October 2023, we launched Chinese version of our “Xiaoyao” AI which is a content production platform, followed by the release of its English version in June 2025. Through continuous iteration, our “Xiaoyao” AI now features the functions such as generating novels from a single image or sentence, processing and analyzing novels of up to one million words, novel-to-script conversion and one-click translation. These functions provide comprehensive AI-assisted writing solutions for global creators, constantly enhancing their production efficiency. As of the Latest Practicable Date, our “Xiaoyao” AI had been utilized by over 50,000 content creators across more than 90 countries and regions, assisting them to produce over 2 billion words of content.

BUSINESS

AI Empowerment across Business Value Chain

In addition, leveraging years of technology accumulation and innovation, we have deeply integrated our “Xiaoyao” AI and other AI tools into key processes of our business, achieving AI empowerment from production to monetization.

- *IP assessment and screening:* By integrating data-driven insights from our AI-empowered content platforms with our deep industry expertise, we carry out comprehensive assessments of our digital content library to screen out high commercial potential IPs, which are then shortlisted for subsequent IP development plans, spanning from literature to audiobooks, comics, AI motion comics, animations, micro dramas, films and accessories.
- *Content generation:* We utilize our AI technology to empower core content production processes, enhancing efficiency and reducing costs. 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. For instance, in micro drama production, we deploy AI technology to empower subtitle translation and dubbing. We also use AI technology to generate high-visual-effect scenes that would otherwise require substantial production investment. For AI motion comics production, we have integrated our self-developed AI toolchain into key production process, covering script splitting, character modeling, and storyboard image and video generation, which have significantly reduced production time and costs compared to traditional production methods. As of the Latest Practicable Date, we have applied AI technology to cover 60% of our literary content production processes. This has driven a more than 40% increase in our production efficiency in terms of average daily word count generated and reduced our average translation costs by over 90% as compared with traditional non-AI processes.
- *Promotion material generation and placement:* 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. Our AI-agent features dynamic optimization of budget allocation, as well as real-time monitoring and intelligent intervention of placement, significantly enhancing the efficiency of our marketing efforts. As of the Latest Practicable Date, our AI agent has promoted over 27,000 titles of our literary works, increasing the average daily readership of high-quality literary works by more than 48 times, raising the average daily reading time of our paying readers by over 20% and enhancing our placement efficiency by more than 20 times in terms of average daily number of advertisement managed per person as compared with traditional non-AI processes.
- *Content recommendation:* Based on multi-dimensional information including viewing history, search record and consumption behaviors, the AI recommendation engine of our micro drama platform enables precise content recommendation, improving user experience as well as enhancing user stickiness and platform retention rates.

BUSINESS

A Pioneer in the Overseas Micro Drama Market, Leading the New Wave of “Business Model Going Global (模式出海)”

Building on our successful experience in producing domestic popular micro dramas and profound industry insights, we have become one of the pioneers in the overseas micro drama market, consistently driving our rapid business growth.

Since 2022, we have leveraged our extensive digital content and valuable intellectual property to pioneer the overseas micro drama market. Since then, we launched multiple overseas micro drama apps, which have earned various awards at the national level. In April 2025, we launched our proprietary flagship overseas micro drama app, FlareFlow. As of the Latest Practicable Date, FlareFlow previously achieved top one on daily rankings in the U.S. region of the free entertainment app charts of leading mobile app stores.

Guided by the strategy of “Business Model Going Global”, we actively expand into overseas micro drama markets by combining a proven successful business model of “pay-to-unlock” in China with our localized content creation capabilities. Leveraging our abundant digital content library, capabilities in application of AI technology, as well as content production and operational experience, we have established end-to-end capabilities from script incubation to global distribution. In addition, by establishing cross-border collaborations between domestic and local screenwriters, we have built robust localization advantages, with localized operation team across North America, Japan and China. Building on these advantages, we have achieved notable success in the overseas micro drama market. As of the Latest Practicable Date, our overseas micro drama platforms reach 200 countries and regions, covering North America, Southeast Asia, and Europe; and our platforms’ cumulative registered users have exceeded 33 million, generating monthly top-up amount of over US\$10 million.

In addition, we have invested in constructing the world’s first international micro drama filming base in Hengqin, Guangdong, which has commenced operations since January 2026. Located in Hengqin, adjacent to Macau, this filming base facilitates the entry of foreign actors for filming. With a usable area of approximately 17,000 sq.m., it features over 94 sets of commonly used scenes for overseas micro drama filming, covering diverse settings such as hospitals, offices, high schools, restaurants, residences, churches, courtrooms, police stations and castles. This filming base will significantly enhance our overseas micro drama production capabilities, supplement our footprint in the overseas micro drama ecosystem, and solidify the foundation for our significant growth potential in the future.

Abundant and Growing Library of Original Digital Content, Supporting the Development of High-Quality and Diverse IP Derivatives and Fostering an Integrated Business Ecosystem

Our abundant and growing library of digital content serves as the cornerstone for the development of AI technology and the explosive growth of our overseas micro drama business. It constitutes the core of our business and constantly provides rich sources for our IP screening and development, forming a formidable competitive moat.

Abundant Original Digital Content Resources

Since our inception in 2000, through over 25 years of development, creation, refinement and accumulation, we have built an organic ecosystem centered on our proprietary original content, connecting renowned creators, publishers, distribution channels and digital content consumers. As of the Latest Practicable Date, we accumulated over 5.6 million pieces of digital content covering diverse categories such as original literature, classical literature, education, Chinese folk performance art and management.

BUSINESS

We recognize creators are crucial in driving our continuous generation of high-quality original content. We believe we possess the following advantages to attract creators to our platform:

- ***Diverse distribution and monetization capabilities:*** Leveraging our capabilities in content distribution through diverse channels and monetization of IP derivatives across multiple formats, our platforms attract a large number of outstanding writers. As of the Latest Practicable Date, our platforms have cumulatively cooperated with over 4.0 million writers.
- ***Copyright protection capabilities:*** We believe our strong copyright protection capabilities facilitate our continuous attraction of high-quality creators. Since our inception, we have consistently adhered to the principle of “authorization first, distribution later,” using IP lawfully within the authorization scope. Through technological, administrative, judicial and social means, we have established a comprehensive IP protection system, actively promoting and advocating for orderly IP transaction practices.

Robust Capabilities to Develop and Commercialize IPs across Multiple Formats Based on Digital Content Resources

We not only possess an abundant digital content library but also, based on it, develop blockbuster IPs and various IP derivatives. We have established an IP development process from selection and planning to development and operation, developing the same IP across multiple formats to maximize its value.

We have developed a dynamic IP portfolio consisting of our flagship IPs, proprietary IPs and high commercial potential IPs. Leveraging our abundant digital content library and IP reserves, as well as our capabilities in application of AI technology, we accurately and efficiently screen IPs for subsequent development. We have adopted a multi-format IP development strategy to create diverse IP derivatives. Such IP derivatives in different formats do not exist in isolation. Instead, they drive traffic and value to IP derivatives in other format, creating a multiplier effect of one IP for multiple developments and monetization. Our multi-format IP development strategy not only diversifies and increases our revenue streams, but also allows us to pilot IP adaptations in lower-cost formats before proceeding to IP development in higher-cost formats. For example, we typically utilize AI technology to first adapt online literature into audio content. If it gains popularity, we then further develop it into higher-cost formats such as animations and/or micro drama, thereby effectively reducing our development costs and improving our operational efficiency.

Notably, our representative IP development cases include Hei (羅小黑) and Martial God Asura (修羅武神). With its lively and vivid cartoon image, Hei is beloved by audiences across different age groups. It was first created in comic format, which has been subsequently developed and adapted into animation series, animated films and accessories, with our revenue generated from this IP of RMB53.6 million in the nine months ended September 30, 2025. Martial God Asura is a popular serialized online literature on our online literature platform with a large reader base. It has been developed across multiple formats from online literature to audiobooks, comics, animation series and accessories.

Our massive original digital content library serves as the foundation for our business development, increasing the success rate of our high-quality IP development and driving our diversified revenue growth. Benefiting from this digital content library, we are able to explore more possibilities for our IP development and continuously produce high-quality content in more formats. This, in turn, attracts more talented creators to develop premium content and IPs for us, which fuels the expansion of our digital content library, forming a strong flywheel effect.

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A Visionary Founder with Innovative Spirit and a Proficient Senior Management Team, Driving Our Growth Through Outstanding Leadership

Our founder, Mr. Tong, graduated from Tsinghua University and is an entrepreneur possessing strategic foresight, innovative spirit, robust execution ability, acute market insight and substantial industry experience. Mr. Tong’s served as the captain of the championship team in the first Challenge Cup China College Student Entrepreneurship Competition (挑戰杯中國大學生創業計劃大賽), which is a testament to his innovative and entrepreneurial spirit. His strategic vision, ability to grasp the macro trends of industry and rich industry experience have played a crucial role in our success and growth in China and globally. Since our inception in 2000, Mr. Tong has been fully responsible for our strategic planning. With strong forward-looking perspective, keen market insight, and excellent innovative capabilities, he has consistently demonstrated his ability to accurately predict industry trends, seize key opportunities, and make forward-looking strategic layouts. This can be illustrated by our following key strategic milestones under Mr. Tong’s leadership:

- we commenced digital publishing business in 2000 when the Internet in China was in its early development stage;
- we pioneered mobile reading in 2006; and
- we were one of the first companies to produce and broadcast micro dramas as early as in 2021.

Under the leadership of Mr. Tong, we have assembled a proficient management team with a wealth of industry experience and global vision. Most of our senior management and core members of our technology and business team have served us for over 10 years, ensuring our management stability and continuity. We have attracted management and technical talent from around the world, possessing diverse backgrounds, overseas experience and global vision. For details on our senior management, see “Directors and Senior Management”. We believe the extensive management experience and keen market insight of our senior management will play a significant and positive role in formulating our business strategies, reaching our strategic objectives and fostering team cohesion, ultimately facilitating our consistent and sustainable business growth.

OUR STRATEGIES

We believe that the next generation content ecosystem will consist of next generation concept, next generation connection and next generation creation. 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

Rooted in the digital entertainment industry, we are committed to continuously consolidating and expanding our digital content library with next generation concept.

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We recognize that writers are a crucial source of literary works for our digital content library. We plan to invest additional resources to identify, nurture and attract more aspiring writers, thereby ensuring constant supply of high-quality literary works for us. To this end, we intend to implement the following methods: offering more competitive customized licensing agreements to writers with development potential; expanding the editorial team and building AI-empowered content production toolkits to enable writers to create content more efficiently on our platforms; and establishing incentive funds and/or organizing activities to attract talented writers to submit literary works to us.

To continuously enrich our high-quality digital content reserves, we plan to procure IP resources with commercial development potential. Leveraging our capabilities and experience in development and operation of IPs across diverse formats, we believe we are able to incubate and diversify the monetization of acquired IPs, thereby consistently driving our business growth.

We also intend to focus on producing more high-quality micro dramas, further enriching our digital content. We plan to strengthen our strategic cooperation with industry partners such as premium micro drama screenwriting studios, ensuring stable, high-quality source of scripts and consolidating the core competitiveness of our micro drama content.

IP-driven Success: Conduct Full-format Development around Our Top-Tier IPs to Form a Virtuous Business Cycle, Unleashing IP Monetization Potential

We intend to further strengthen diverse marketing synergy between our core IPs and IP accessories. We plan to establish professional brand marketing teams, pursue IP co-branding collaborations, and further explore offline IP-themed collaborations and activities, such as themed park events, pop-up stores and interactive games, enhancing the market penetration and monetization capabilities of our core IPs.

We are also committed to building our IP ecosystem. We intend to focus on promoting cross-media and diversified development of our proprietary core IPs, achieving a full-format development. To accelerate the development and adaptation process, we may seek to co-develop our proprietary core IPs with other IP adaptation partners.

In addition, we will establish an IP value assessment and full lifecycle development mechanism, encompassing IP innovation, IP commercialization and IP capital reinvestment. To support the effective operation of this mechanism, we plan to build an IP full lifecycle middle platform, to effectively manage and enhance the value of our IP assets.

Global Prioritization: Boost Overseas Resource Allocation, Rapidly Scaling Our International Business

We believe next generation content requires next generation connection to maximize its commercial value, including global distribution and synergy between overseas and domestic markets. To implement the strategy of next generation connection, we plan to accelerate the global expansion of our IP content, by focusing on emerging overseas micro drama and animation markets such as Europe and Southeast Asia. Specifically, we will increase investment in our overseas content platforms offering micro dramas and AI motion comics, including developing multi-language content platform apps tailored to the local user preferences, deploying a global CDN and building operation infrastructure to constantly enhance our users' experience. In addition, we will also establish and expand our overseas micro drama production studios, set up local operation teams in regions like North America and Southeast Asia, and conduct localized adaptation of micro dramas for overseas users, and collaborate with overseas influencers, KOLs and traffic platforms to promote our micro dramas and micro drama platforms. These efforts will further enhance our capabilities in content development, adaptation and promotion, as well as local operation.

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AI Empowerment: Increase AI Technology Investment and Deepen AI Empowerment in Production and Operations, Further Improving Our Revenue Scale and Operational Efficiency

We believe next generation content relies on next generation creation method, primarily leveraging new technology such as AI for the development, design, and production of content. Guided by the philosophy of next generation creation, we will further advance the integration of AI technology into our core business processes across online literature, micro dramas and other IP derivatives. In addition, we will also continuously strengthen application of AI technology in areas such as user preference prediction and content recommendation algorithms, forging AI-driven competitiveness anchored by our “Xiaoyao” AI. Specifically:

- To efficiently empower content creation, we will actively research and improve AI toolchains for generating novels, scripts and AI motion comics, build proprietary training datasets by cleansing and labeling our proprietary data as well as data procured from third parties, recruit algorithm teams, and procure computing power resources; and
- To enhance precise distribution and user growth technology, we will upgrade the recommendation algorithm engine of our content platforms, build an AIGC-powered personalized recommendation platform, and conduct overseas user growth experiments.

Talent Acquisition: Continuously Recruit Aspiring Individuals and Technical Elites, Fueling Our Business Development

Talent with global vision, capabilities and determination is critical to further enhance our technology capabilities and expand our business. On one hand, we actively encourage our domestic talent to gain international exposure and expertise abroad. On the other hand, we are also recruiting talented individuals globally, attracting outstanding talent with international backgrounds. We have established offices in key markets and regions such as North America, Japan, and Singapore, implementing tailored talent identification and arrangement based on local market demands.

Specifically, we plan to integrate domestic and overseas recruitment channels to establish cross-regional and interdisciplinary teams spanning R&D, AI technology, content creation, as well as overseas and localization operations, providing effective support for our rapid business expansion and globalization strategy.

OUR BUSINESS

As a leading, AI-driven digital entertainment platform, we are committed to promoting integration of technology and content to create “Better Content, Better Life”. During the Track Record Period, we mainly generated revenue from the following business lines:

- Online literature and related business: With more than 25 years of dedication to the digital entertainment industry, as of the Latest Practicable Date, our digital content library has accumulated over 5.6 million pieces of high-quality digital content, primarily comprising online literary works. Through years of accumulation, we have also aggregated a wide range of audio content, most of which is adapted from our online literary works. We distribute our literary content and audio content to users through diverse third-party distribution channels and our proprietary online literature 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.

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- **Micro dramas and IP derivatives business:** We are one of the first companies to produce and distribute micro dramas in 2021, and among the few companies in China to generate revenue of over RMB100 million from micro dramas in 2022, according to Frost & Sullivan. We produce micro dramas mainly based on our digital content library. We distribute our premium micro dramas through leading domestic micro drama platforms and other video platforms in China. For the overseas market, we operate our proprietary micro drama platforms offering both in-house and third-party produced micro dramas. In addition, we identify high-quality IPs from our digital content library 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.
- **Others:** We also generated other revenue from provision of educational products and services, rentals, content reviewing services and other technical operation services.

The table below sets forth the breakdown of our revenue by business line for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (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 ⁽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 provision of educational products and services, rentals, content reviewing services and other technical operation services.

ONLINE LITERATURE AND RELATED BUSINESS

Our Online Literary Content

Digital Content Library

Our digital content is mainly accumulated from our domestic online literature platforms, which primarily focuses on Chinese-language, original literary content. Such content is largely fictional and serialized in nature. In addition, our overseas online literature platform, launched in 2024, constantly supplements and enriches our digital content library with English-language novels. With more than 25 years of dedication to digital entertainment industry, as of the Latest Practicable Date, our digital content library has accumulated over 5.6 million pieces of high-quality digital content.

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Content Popularity

Our digital content library includes some of the most popular online literature works in China, including:

Name	Highlights
 The First God of All Eternity (萬古第一神)	This work belongs to the genre of xuanhuan and is popular and ranks top on various online reading platforms. It has been selected for the “IP Influence Ranking of 2020 China Online Literature Influence Ranking (2020年度中國網絡文學影響力榜 – IP影響榜)” by the Chinese Writers Association (中國作家協會). As of the Latest Practicable Date, the audiobook of this work has been played for over 3.6 billion times.
 Martial God Asura (修羅武神)	This work belongs to the genre of xuanhuan. It ranked top 10 on a trending novel chart of a leading Internet company at of the Latest Practicable Date, and it has been awarded the “Best Translated Work of 2019 China Online Literature Overseas Influence List (中國網絡文學海外傳播榜(2019年度) – 最佳外語翻譯)”, a prestigious national recognition. With a massive reader base, the adapted animated series of the same title achieved great success and used to rank first on a leading video platform’s overall paid-content chart.
 Nine Star Hegemon Body Art (九星霸體訣)	This work belongs to the genre of xuanhuan. It ranked top 7 on a trending novel chart of a leading Internet company at of the Latest Practicable Date, and it has been selected as “Top 100 Work (百強作品)” and “Top 10 Most Promising Game IP (最具潛力十大IP)” of the 4th Chenggua Online Literature Awards (第四屆橙瓜網絡文學獎) in 2019, and “Overseas Distribution Award of 2021 China Online Literature Influence List (中國網絡文學影響力榜(2021年度)海外傳播獎)” by the Chinese Writers Association.

BUSINESS

Name

Highlights



District 9 (第九特區)

This work belongs to the genre of post-apocalyptic crisis. It achieved a rating of 9.5 out of 10 on a leading online reading platform, and has been awarded as “New Era Decade’s Top 100 Chinese Online Literature Works (新時代十年百部中國網絡文學榜)” in 2023, “Annual List of Online Literature Youth Ranking (網文青春榜年度榜單)” and “3rd Pan-Chinese Online Literature Golden Keyboard Award (第三屆泛華文網絡文學金鍵盤獎)” both in 2022.



Whole Family Goes Crazy after Hearing My Thoughts; All I Do is Drink Milk (全家偷聽我心聲殺瘋了，我負責吃奶)

This work belongs to the genre of ancient romance. It was one of the most popular female-oriented online literature in 2023, and ranked top on the trending charts of several leading Internet platforms at of the Latest Practicable Date.

Content Creation

Our writers

Our writers serve as the primary source of new content on our online literature platforms. As of the Latest Practicable Date, we had over 4.0 million registered writers on our platforms. Our platforms allow writers of all levels, ranging from amateurs to professionals, to create and publish content, including both finished works as well as works-in-progress, for extensive online literature audiences in China and overseas. Furthermore, writers on our platforms frequently continue to update their published works after initial publication.

While our platform is open to writers of all levels, we place a strong emphasis on discovering and cultivating the literary talent, as the caliber of our writers directly impacts content quality, users experience, engagement, and ultimately, the monetization potential of our content. To secure a consistent pipeline of premium content, we enter into commercial arrangements with high-quality writers.

Licensing Agreements with Writers. We obtain the licensing rights to specific works of writers only under the license contract by title. Our licensing agreements with writers may vary depending on the negotiations between our Group and writers. The scope and structure of these agreements are determined with reference to (i) the writer’s established popularity; (ii) the monetization potential of the work through online reading; and (iii) other potential opportunities for licensing work to content adaptation partners.

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Typical key terms of license agreements between writers and us may include the following:

- *Scope of license:* The writer may irrevocably grant all copyrights in a literary work (including the right to sublicense) to us on an exclusive basis. We are entitled to create derivative works in any form based on the contracted literary work, without any permission from or payment to the writer; or

In certain cases, the writer may only grant to us the rights of copying and disseminating to a literary work on either an exclusive or non-exclusive basis;

- *Target for writer:* The writer may be required to achieve certain targets in respect of minimum number of words written for the literary work. Except for force majeure events or prior notification and written consent from us, if the writer fails to provide the literary work as scheduled for more than one month, we may suspend all the payment until the relevant literary work is completed, and the writer shall indemnify any loss we suffered as a result of such breach;
- *Payment:* We generally pay the writer in the following manner:
 - (i) a fee calculated based on the number of words written at the agreed rate for the literary work, which would be settled on a monthly basis; or
 - (ii) revenue-sharing arrangements under which writer receives certain portion of the total revenue derived from the copyrights of the literary work; or
 - (iii) a combination of the above two arrangements.
- *Indemnity:* The writer shall indemnify us for any losses resulting from contravention of his/her obligations under the licensing agreements with us.

We are committed to supporting and facilitating our writers’ creative efforts. Through our writer welfare program, we provide a basic financial support to writers to incentivize their continued content creation and active engagement. Contracted writers can obtain a basic monthly stipend under our writer welfare program, if they consistently update their literary content to meet our specified requirements. In addition, the serialized nature of content on our online literature platforms encourages ongoing engagement between readers and our writers. This not only strengthens the engagement on our online literature platforms but also provides valuable feedback, helping our writers understand reader preferences and refine their work. Our online literature platforms, 17K.com and 4yt.net, provide writers with dedicated free tools to manage their works, including functions such as content creation, work management, reader interaction and feedback statistics as well as income statistics.

Our editors

Our in-house editorial team performs many critical roles for our platforms. Our editors are primarily responsible for improving the quality of our writers’ works, identifying new writer talent, and managing our content distribution. As of September 30, 2025, we had 79 professional full-time and part-time editors, among whom 60 editors possess at least five years of experience. Our senior editors have discovered and promoted many of the most popular writers and original online literary works in China.

Our editors are assigned to cover content on our platforms largely by content genre. They review newly published literary works after a predetermined maturation period, and assess the content quality through their experience and expertise, while also considering user data related to such works, such as number of times the works was archived, reader volume and reader likes. When our editors identify that a new writer has potential, they will collaborate with the writer to enhance his work quality and reader appeal. Depending on a writer’s potential, he may have either generalist editorial coverage or a dedicated team of editors assigned to him. Throughout the editorial process, our editors consistently offer their

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own suggestions as well as collect readers’ feedback to advise writer on the storyline, language and plot points of their works. For many writers, this represents a unique resource that helps enhance both the literary and commercial value of their works.

Content screening and reviewing

We place great importance on content screening and reviewing on our proprietary online literature platforms. This is to ensure that all the literary content published on our platforms fully complies with all applicable laws and regulations, and is free from any obscene or pornographic content or any information that may jeopardize the quality of our literary works. We have adopted the following dual-review processes:

Automated Content Screening Process. We first utilize an AI-powered automated system to screen all writer-generated literary content. Based on a keyword repository regularly updated in line with the latest laws and regulations in the PRC, this system identifies and flags suspicious content for further review. All flagged content must be reviewed and confirmed by our content reviewing staff prior to publication.

Manual Content Reviewing Process. If the relevant flagged content fails to pass the review of our content reviewing team, they will not be uploaded onto our platforms. When necessary, we may engage third-party consultants with expertise in China’s content regulatory framework to review specific content, further enhancing our compliance capabilities.

Content generated with the assistance of our “Xiaoyao” AI

Our “Xiaoyao” AI empowers us and global writers to create novels, constantly enriching and supplementing our digital content reserve. For more details, see “— Our AI Technologies — Our Self-Developed “Xiaoyao” AI”. As of the Latest Practicable Date, our “Xiaoyao” AI has been used by over 50,000 creators across over 90 countries and regions, assisting in generating over 2 billion words of content.

Our Audio Content

Through years of accumulation, we have aggregated over 490,000 hours of audio content as of the Latest Practicable Date, spanning diverse categories such as original literature, classical literature, education, Chinese folk performance art and management. Most of our audio content is adapted from our online literary works. Among our audio content, as of the same date, Martial God Asura (修羅武神) achieved over 2 billion cumulative plays across all platforms. Gate of Star Traces (星痕之門) accumulated over 300 million plays, ranking second on the Ximalaya’s new releases chart, while Immortal Through the Nine Realms (九域凡仙) obtained more than 300 million plays, ranking third on the same chart. In addition to human narrators, we now also use more AI technologies to generate high-quality audio content with lower costs and higher efficiency. As of the Latest Practicable Date, our AI-generated audio content has exceeded 200,000 hours.

Our Monetization Opportunities

We operate our online literature and related business through a multi-layered monetization channels as below.

Online Literary Content

We primarily distribute our online literary content to readers through our diverse third-party distribution channels as well as our proprietary online literature platforms. In addition, we also generate revenue from licensing of our online literary content to IP adaptation partners.

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Online literary content through third-party distribution channels (to-B model)

Our distribution channel partners receive revenues from readers who pay fees to access our premium online literary content on their platforms, as well as from advertisement incomes in connection with our online literary content. Our distribution channel partners then share a portion of such revenues with us pursuant to our copyright cooperation agreements.

For online literary content distribution through third-party channels, we have partnered with renowned domestic online reading platforms such as Fanqie (番茄), Qimao (七貓), Qidan (起點), QQ Reading (QQ閱讀), and leading domestic Internet and telecommunication companies.

The typical salient terms of the copyright cooperation agreements with third-party distribution customers are as follows:

- *Delivery of the literary works:* We are required to deliver the specified number of literary works to distribution customers by the prescribed time;
- *Scope of license:* Distribution customers are generally granted a non-exclusive right to distribute our literary works through their platforms within the PRC, and to convert our literary works into audio content by text-to-speech technology. They may not sub-license such rights to any third party;
- *Term of license:* The license term for our literary works generally ranges from one to three years; and
- *Fees:* We receive from distribution customers (i) a share of the revenue generated from such literary works on distribution customers’ platforms or (ii) a combination of fixed fee based on the number of licensed literary works and the shared revenue. Such fees typically would be settled on a monthly or quarterly basis. While we do not control the monetization of literary works on distribution customers’ platforms, we are generally able to receive guaranteed fixed fees by leveraging our abundant digital content library.

Online literary content through our self-owned online literature platforms (to-C model)

We operate our main online literature platforms across various formats, including mobile apps, websites and WeChat mini programs. These platforms primarily provide functions that enable readers to easily enjoy the online literary works, mainly including reading, as well as content search and discovery. The below table provides an overview of our main online literature platforms:

<u>Name</u>	<u>Format(s)</u>	<u>Paid or free subscription (Note)</u>	<u>Highlights</u>
Domestic online literature platforms			
17K.com (17K小說網)	Mobile app and website	• Free; and paid by membership and by content	• one-stop shop for high-quality content across all major online literature genres such as fantasy, modern romance, wuxia and xianxia, and youth and school

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Name	Format(s)	Paid or free subscription (Note)	Highlights
			- primarily attract male readers of all age groups - exemplary works include Martial God Asura (修羅武神), District 9 (第九特區), and From Rags to Rank One (一品布衣)
4yt.net (四月天小說網) . . .	Website	Free; and paid by membership and by content	- focus on female readers covering diverse female-oriented novels - exemplary works include Whole Family Goes Crazy after Hearing My Thoughts; All I Do is Drink Milk (全家偷聽我心聲殺瘋了，我負責吃奶)
haili.chineseall.net (海狸故事)	Website	Free	- new short fiction platform including labels such as Mystery Project (謎想計劃) and Fantasy Universe (奇想宇宙) - dedicated to fostering diversity and innovation in local genre literature and uncovering new writers and works
multiple online reading mini programs	WeChat mini program	- Free; and paid by content - Unlock content by watching advertisement	our new media platforms providing curated online literary works with a faster narrative pace

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Name	Format(s)	Paid or free subscription (Note)	Highlights
Overseas online literature platform			
Rocnovel	Mobile app and H5 page	• Free; and paid by membership and by content • Unlock content by watching advertisement	• our overseas platform primarily providing English-language novels • these English-language novels are created by overseas writers with the assistance of our “Xiaoyao” AI

Notes:

- (1) “Paid by membership” means the reader is required to subscribe for the membership of the reading platform and pay fixed periodic membership fee for the membership.
- (2) “Paid by content” means the reader is required to pay for reading the literary work by chapter or by item.
- (3) “Unlock content by watching advertisement” means the reader may read certain chapter of a literary work by watching advertisement without any payment.

We operate our online literature platforms under a freemium model. Typically, we offer the beginning chapters of a literary work for free and then charge the rest of the work. We believe the free content attracts readers and encourages them to visit and explore our digital content. The ability to pay for only the parts of the work that a reader consumes eliminate a reader’s concern that he may not read the whole book, particularly given the length of some of our works. We also offer monthly, quarterly and yearly membership packages ranging from RMB15 to RMB298 for our domestic online literature platforms; and provide weekly, monthly, quarterly and yearly membership packages ranging from US\$9.99 to US\$179.99 for our overseas online literature platform. These packages allow readers unlimited access to a specific sub-set of our content offerings. In addition, on certain of our online reading mini programs and overseas online literature platform, users can read certain chapter of a literary work through watching advertisements placed on our platforms by our advertising customers. We generally charge these advertising customers based on the agreed charging model.

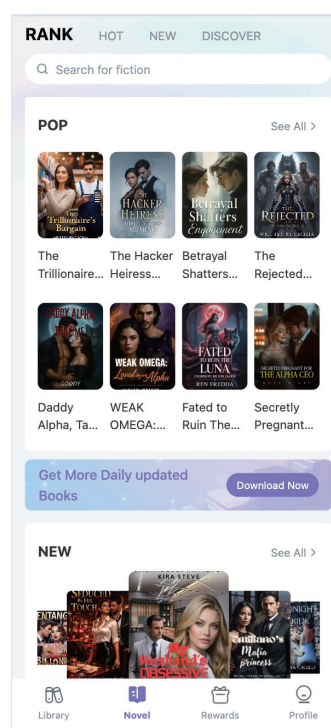
In light of the decline in the gross profit margin of our to-C model (through mini programs) due to increasing distribution costs and intensifying competition in China’s online literature market, we made strategic shift of focus from the to-C model (through mini programs) to to-B model for our domestic online literature business from 2025 onwards. Further to this strategic shift, our domestic online literature platforms, primarily our 17K.com and 4yt.net, remained the core channels for enriching our digital content literary by connecting us with our writers.

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The following are certain screenshots of interfaces of our online literature platforms.



17K mobile app



Rocnovel mobile app

IP licensing

To enhance the commercial value of the online literature content in our digital content library, we may also license them to IP adaptation partners for adaptation into various products, such as translated works, audiobooks, animations, as well as television and films. We typically receive from such IP adaptation partners fixed licensing fee and/or a combination of a fixed licensing fee and revenue sharing from the adapted products in return. We enter into licensing agreements with our IP adaptation partners pursuant to which IP adaptation partners are entitled to develop and/or operate the translated works, as well as the adapted audiobooks, animations, television and films and/or other adaptations. The license is of either exclusive or non-exclusive nature. Our IP adaptation partners may sub-license the rights to their affiliated companies without our approval. However, if our IP adaptation partner wants to sub-license the relevant adaptation rights to a third party during the term of the license, our written approval is generally required. Our IP adaptation partners are not permitted to adapt our IPs into other formats not specified in the licensing agreements.

BUSINESS

Other

We mainly distribute our audio content to users through leading domestic audio platforms. We enter into licensing agreements with such audio platforms pursuant to which they are granted a license to offer our audiobooks to their users. The license is non-exclusive nature and does not include any sub-licensing rights. We typically receive revenue sharing from our licensed audio content in return.

During the Track Record Period, we also generated other revenue from provision of certain digital data in our digital content library to independent third parties.

MICRO DRAMAS AND IP DERIVATIVES BUSINESS

Micro Dramas

We were among the first companies in China to produce and distribute micro dramas, starting as early as 2021, and we achieved remarkable success in micro drama, making us one of the few companies in the PRC to reach the milestone of RMB100 million revenue, according to Frost & Sullivan. Micro drama is a new narrative format, which is optimized for vertical viewing on mobile and other smart devices, with one to ten minutes of duration per episode. Its narrative logic is similar to that of online literature. Capitalizing on more than 25 years of accumulation and expertise in online literature industry, we have achieved great success and produced a number of blockbusters in the micro drama industry.

Leveraging our deep industry insights, coupled with our extensive experience of overseas operation and abundant digital content and IP reserve, we successfully expanded our micro drama business into overseas markets in 2022. Since then, our overseas micro drama business has demonstrated a rapid growth momentum. According to Frost & Sullivan, the market size of the overseas micro dramas is expected to grow from RMB14.0 billion in 2024 to RMB120.8 billion in 2029, representing a CAGR of 53.9%. In order to capitalise on these overseas market opportunities and solidify our domestic micro drama business, we have formed a dual-pillar strategy of platform-centric for overseas markets and content-centric for domestic market.

Overseas Micro Dramas

Built on our rich digital content library, AI technology capabilities and localization expertise, we have successfully tapped into the overseas micro drama market since 2022. We successively launched multiple micro drama apps tailored to the needs of overseas users, including Sereal+ and FlareFlow. Sereal+, launched in December 2023, was among our initial overseas micro drama platforms. Leveraging our experience in overseas micro drama business, we launched our flagship overseas micro drama platform FlareFlow in April 2025, which adopts an operation model and monetization methods similar to those of Sereal+. In light of FlareFlow’s strong performance and growth momentum, we strategically shifted our resource allocation from Sereal+ to FlareFlow in mid 2025, and have since then prioritized the operation of FlareFlow.

FlareFlow is free for user download from the Apple and Android app stores. As of the Latest Practicable Date, FlareFlow previously achieved top one on daily rankings in the U.S. region of the free entertainment app charts of leading mobile app stores, with cumulative registered users exceeding 33 million across over 200 countries and regions, including the U.S., Canada, Europe and Southeast Asia; and it has built a content distribution network supporting over 14 languages such as English, Spanish, French, Thai, and Arabic.

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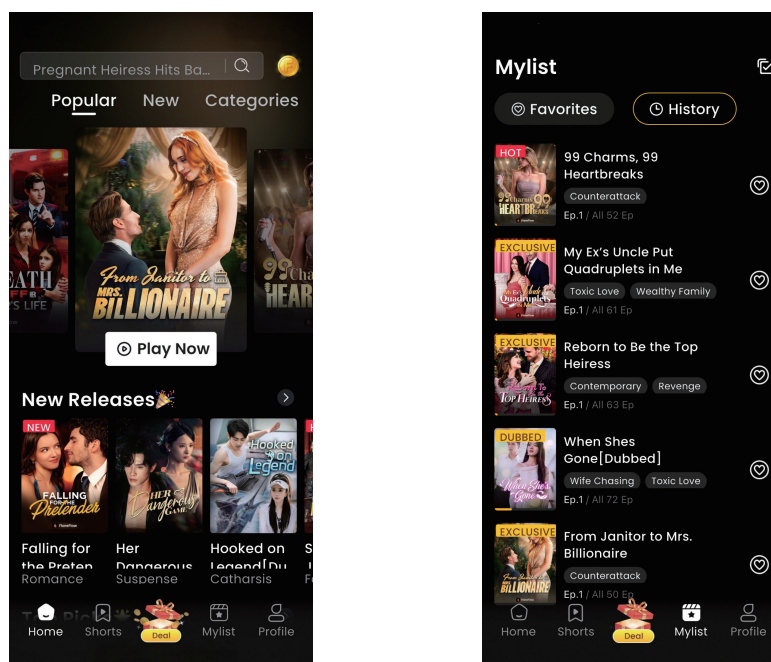
FlareFlow

FlareFlow is our flagship micro drama platform offering both our in-house and third-party produced micro dramas to users (to-C model). We primarily operate FlareFlow by the below monetization methods:

- *Pay-per-view.* We offer the initial episodes of micro dramas for free, as we believe the initial free episodes can attract users and encourage them to visit and explore our micro dramas. Users may then unlock the remaining episodes by coins or bonus. Coins can be purchased, and when users purchase a specified amount of coins, they may receive corresponding bonus. In addition, users can earn bonus through our reward systems, including daily check-ins and completing designated tasks.
- *Membership subscription.* We offer flexible subscription packages with weekly, monthly and yearly plans, ranging from US\$19.99 to US\$199.99. Subscribers are granted unlimited access to all of our micro dramas on FlareFlow with an ad-free viewing experience.
- *Advertising.* Users may also unlock and watch episodes by watching advertisements. We then receive relevant fees from the advertising customers.

We utilize our AI analytical capabilities in our feed system to categorize and recommend micro dramas based on user data captured on our platform. See “— Our AI Technologies” for more details. To allow users to enjoy immersive, distraction-free viewing experience, FlareFlow is designed to retain the essential functions, including viewing, liking, and discovering micro dramas by various rankings and categories.

User Interface of FlareFlow App



As of the Latest Practicable Date, FlareFlow aggregated around 5,200 premium micro drama series, comprising over 700 micro drama series produced by us and over 4,400 micro drama series licensed from renowned third-party producers, covering diverse genres such as romance, suspense, revenge, fantasy, and adorable baby. We derive revenue primarily from our self-produced premium micro drama series. The following are the posters and highlights of the top five micro dramas on the FlareFlow as of Latest Practicable Date:

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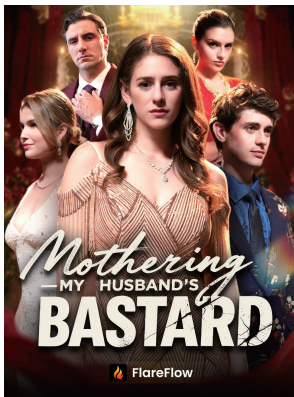
Name

Highlights



Raising His Mistress's Child

As of the Latest Practicable Date, this micro drama series had total views of over 193.6 million, generating the top-up amount of US\$15.5 million for the Company.



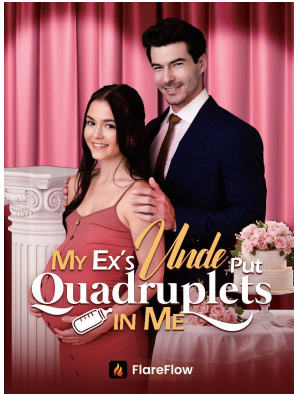
Mothering My Husband's Bastard

As of the Latest Practicable Date, this micro drama series had total views of over 115.4 million, generating the top-up amount of US\$7.4 million for the Company.

BUSINESS

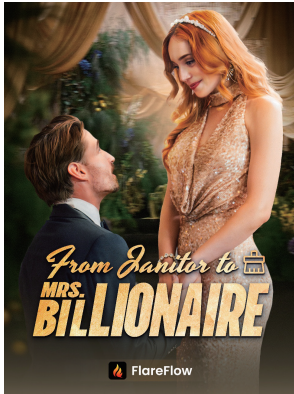
Name

Highlights



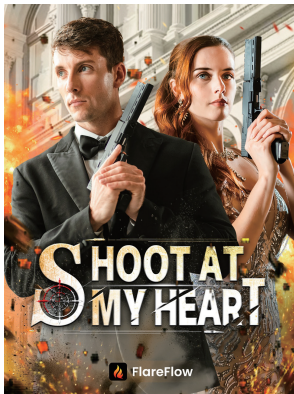
My Ex's Uncle Put Quadruplets in Me

As of the Latest Practicable Date, this micro drama series had total views of over 165.5 million, generating the top-up amount of US\$5.6 million for the Company.



From Janitor to Mrs. Billionaire

As of the Latest Practicable Date, this micro drama series had total views of over 89.8 million, generating the top-up amount of US\$3.2 million for the Company.



Shoot at My Heart

As of the Latest Practicable Date, this micro drama series had total views of over 64.8 million, generating the top-up amount of US\$3.3 million for the Company.

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We generally enter into licensing agreements with these third-party producers. The typical salient terms of these agreements are as follows:

- *Delivery of the micro dramas:* The schedule of the agreements typically sets out the name of the specified micro dramas. The licensor is required to deliver to us the licensed micro dramas in the formats as agreed by the parties together with copyright certification documents of these micro dramas by the prescribed time;
- *Scope of license:* Generally we are granted, among other things, the rights of reproduction, distribution, broadcasting and translation for the micro dramas on a global basis within the specified term of license. We are entitled to distribute and broadcast licensed micro dramas on any platforms owned, operated or co-developed;
- *Nature of license:* Subject to negotiations between the parties, licenses are typically granted to us on a non-exclusive basis, and to a lesser extent, we may be granted exclusive licenses; and
- *Fees:* We shall pay to the licensor license fees based on the number of micro dramas and shared revenue from the broadcasting of micro dramas on our platforms. Such license fees and share revenue typically would be settled on a quarterly basis.

Domestic Micro Dramas

Based on our abundant digital content and IP reserve, we produce our own micro dramas and distribute them on leading domestic micro drama platforms (such as Hongguo) and other video platforms (to-C model). As of the Latest Practicable Date, we have produced and released over 800 domestic micro drama series, covering diverse genres such as romance, suspense, revenge, fantasy and adorable baby.

Set out below are a number of our popular premium micro dramas series which are adapted from online literatures of the same/similar title in our digital content library:



Series of From Rags
to Rank One
(一品布衣)

In recognition of its premium quality, From Rags to Rank One series I has been included in the “2025 Influential List (2025年度影響力名單)” and awarded the “Micro Drama of the Year (年度微短劇)” by Media & Entertainment Industry Reporter (綜藝報) in 2025. Its series II and III were released in January and February 2026, respectively. In 2025, From Rags to Rank One series I achieved over 3 billion views on Hongguo, making it one of only two male-oriented micro dramas on the platform to surpass that milestone that year. As of the Latest Practicable Date, this micro drama series was among the top male-oriented micro dramas on Hongguo by its highest Hongguo Heat Score^(Note).

Note: Hongguo Heat Score refers to the popularity metric for micro dramas used by Hongguo, a leading free micro drama platform in China.

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Did the Crown Prince
Break His Rules Today
(太子殿下今天
破戒了嗎)

Its highest Hongguo
Heat Score^(Note) is
over 63 million as of
the Latest Practicable
Date.



Everyone's Favorite
Little Cutie, I'm the
Most Awesome Kid in
the Empire
(團寵小奶包，我是全
皇朝最靚的崽)

Its highest Hongguo
Heat Score is over 62
million as of the
Latest Practicable
Date.



A Broken Mirror
Cannot Be Restored;
The Princess Does Not
Seek Divorce
Peacefully But Only
Dismisses Her
Husband
(破鏡不重圓，嫡公主
不和離只休夫)

Its highest Hongguo
Heat Score is over 59
million as of the
Latest Practicable
date.



Substitute Bride
Turned Stepmother,
Raised the Children
and Conquered All
(替嫁當後娘，
侯門主母養崽逆襲)

Its highest Hongguo
Heat Score is over 57
million as of the
Latest Practicable
date.

We enter into cooperation agreements with leading domestic online micro drama platforms and other video platforms for broadcasting of our micro dramas. The typical salient terms of these agreements are as follows:

- Delivery of the micro dramas:* The schedule of the agreements typically sets out the name of the specified micro dramas. We are required to deliver these micro dramas to the relevant customers by the prescribed time set forth in the agreements. We may be required to refund part or all the fees we have received to customers if the specified micro dramas cannot be broadcast due to changes in laws and regulations within specified period after their debut on the customers' platforms;

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- *Territories and exclusivity:* Generally the customers are licensed, among other things, the broadcasting rights of the micro dramas in the PRC. Such broadcasting rights are typically exclusive and permanent. The customers shall not conduct derivative development or commercial operation of the licensed micro dramas;
- *Right of sub-licensing:* From time to time, we grant sub-licensing rights to certain customers. Customers with sub-licensing rights can sub-license the exclusive broadcasting rights of our micro dramas to third parties in the PRC within the term of the license; and
- *Fees:* We will receive fixed fees based on the number of micro dramas and shared revenue from the licensing of micro dramas from the customers. Such fixed fees and shared revenue typically would be settled on a monthly basis. Under these agreements, we generally do not control monetization of such licensed micro dramas.

Operation Flow of Micro Dramas

We typically act as the sole investor of our original micro dramas, contributing all of the funding and taking the lead in the production, promotion and distribution processes. We solely own the copyrights of our original micro dramas. As the sole copyright owner, we only license the broadcasting rights of our domestic micro dramas to third-party platforms and maintain all the other legal rights including IP adaptation and licensing rights. For our overseas micro dramas, we solely broadcast them on our proprietary overseas micro drama platforms.

The production and monetization of an original micro dramas mainly consist of four stages as below:

Script development

We believe that the script is the cornerstone of compelling micro dramas as it directly shapes narrative quality and audience engagement. Thus, we place great importance on the script development stage, from initial theme selection to final refinement. Our in-house editors typically develop and select themes for new micro drama projects based on user preference data from our online literature platforms and micro drama platforms, as well as our industry insights derived from market research on the latest social media trends.

In respect of our overseas micro dramas, our in-house domestic editorial team first develops core narrative framework and drafts storyline within the selected themes. Our local teams across Japan and North America then oversees cultural localization, including polishing dialogue, integrating local elements and refining cultural nuances. Throughout the entire script development process, our in-house domestic team and local teams collaborate closely to ensure the content resonates deeply with overseas audiences and aligns with local cultural norms and preferences.

For our domestic micro dramas, our in-house domestic editorial team takes primary responsibility for developing and refining the scripts based on the selected themes. We may also engage external editors to expand and diversify our script portfolio, ensuring a steady pipeline of high-quality content.

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In addition, our editorial teams constantly optimize our scripts by leveraging user preference data from our micro drama platforms, as well as conduct various creative experiments, from hook strength testing to cultural adaptation trials, ensuring maximum resonance and conversion for our micro drama series.

Filming

We engage third-party production companies to conduct the filming process, while we assign an in-house production team to monitor the entire filming process, with a focus on managing the shooting progress to ensure efficiency and adherence to project schedule.

For overseas micro drama filming, we have formed a joint in-house operation team across North America, Japan and China. Our domestic team oversees the filming of core plots, while our overseas team monitors the production of localized scenes and details. This dual-team structure ensures that our overseas micro dramas strike the balance between storytelling consistency and local cultural authenticity, thereby resonating with international audience while ensuring our content quality.

The typical salient terms of the agreements with the third-party production companies are as follows:

- *Scope of work:* The production companies are responsible for the filming process, covering production and shooting of the micro dramas;
- *Quality control:* We generally have rights to monitor and provide opinions at all production stages and on selection of the main production team (including but not limited to actors, screenwriters, directors and producers). We also have the exclusive right to make all decisions related to the micro dramas, including the final editing right. In the event of substandard quality observed in the micro drama project at any time, we are entitled to retain the payment due for the project, and reserves the right to take over the project;
- *Delivery period:* We typically require the production companies to deliver micro dramas by the prescribed time. The delivery time of domestic micro dramas ranges from approximately seven to 14 days, while it would take one to two months to produce overseas micro dramas;
- *Fees:* We generally pay to the production companies a fixed fees by instalments, and/or share certain portion of the revenue from the relevant micro dramas with the production companies. Such fees payable by us comprise all fees for production of micro drama projects, including but not limited to filming fees, as well as cast and crew expenses; and
- *Intellectual property rights:* We own all the copyright and intellectual property rights in relation to the deliverables or other results of the relevant micro dramas.

Post-production

We adopt the same post-production process for both our domestic and overseas micro dramas. After filming is completed, we proceed to select the scenes to assemble the final micro drama product. Depending on our capacity, we may handle post-production ourselves or engage production companies to process it. Post-production primarily involves (i) video and sound editing; (ii) voice dubbing; (iii) creating and recording music; (iv) special effects; and (v) color grading. To enhance the production efficiency, we utilize AI technologies for multi-language dubbing, subtitle generation, color grading and special effects. Following the post-production process, our in-house production team will conduct compliance reviews of the final product to,

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among other things, detect copyright risks, avoid culturally sensitive elements and ensure compliance with relevant laws and regulations.

Promotion and distribution

We primarily deploy our self-developed AI agent to automatically generate and place promotion materials for our overseas micro dramas. See “— Our AI Technologies” for more details.

We distribute our domestic micro dramas primarily through leading domestic micro drama platforms and other video platforms, while we distribute our overseas micro dramas on our proprietary overseas micro drama platforms.

IP Derivatives

With more than 25 years of dedication to the digital entertainment industry, combined with our deep insights in market trends and audience preferences, we have established a comprehensive IP development process, spanning from strategic IP selection and planning to operation and adaptation.

Selection and Planning

We assess our digital content library periodically and select the IPs which we consider to have commercial potentials for subsequent development and adaptation process. We have proactively integrated AI technologies into our selection process, significantly enhancing its efficiency and effectiveness. See “— Our AI Technologies” for more details. In the selection process, we generally assess and consider the following factors:

- popularity of literary work on online reading or audio platforms. We will assess the popularity of the relevant writer and literary genre, such as the awards granted to the works, reader volume and reader likes;
- latest market trends and reader preferences;
- development and adaptation potentials of the literary work;
- general quality of the draft literary work and the writer’s capacity to complete the work if only a work-in-progress is submitted to us; and
- originality of the literature concept.

At the initial stage, we formulate a comprehensive IP development plan to develop and adapt our shortlisted IPs, either by ourselves or in collaboration with IP adaptation partners, into multiple formats such as audiobooks, comics, AI motion comics, animations, micro dramas, films and accessories. We adopt a tiered IP development strategy. We believe that if an IP performs well in lower-cost adaptation formats, it presents a less risky opportunity to develop it into higher-cost formats. Thus, we initially adapt our IPs through lower-cost formats, such as AI-generated audiobooks or comics, to test the market. If these initial adaptations receive positive market feedback, we will then progressively adapt these IPs into higher-investment formats, including animation, micro dramas, and ultimately film productions. This tiered development approach not only effectively mitigates early-stage investment risks but also optimizes operational efficiency by ensuring resources are allocated to high commercial potential IPs with validated market demand.

Development and Adaptation

Building on our strategic selection and planning process, we have developed a dynamic IP portfolio that consists of our flagship IPs, and high commercial potential IPs suitable for subsequent development. Below is an overview of our key adaptation formats for this IP portfolio, spanning audiobooks, comics and AI motion comics, animations, micro dramas, film and accessories:

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Audiobooks

See “— Online Literature and Related Business — Our Audio Content” for more details.

Comics and AI motion comics

In addition to traditional comics, we may adapt our IPs into AI motion comics. AI motion comics are AI-driven dynamic visual adaptations of online literature and comics, presented in multiple formats such as comic-dramas and 3D animations. As of the Latest Practicable Date, we have fully developed and officially launched a comprehensive AI toolchain called “Dimension Brush (次元神筆)” for the entire production workflow, covering script splitting, character modelling, storyboard image and video generation, to constantly support our AI motion comic projects. For more details, see “— Our AI Technologies”.

Our AI-generated comic-dramas have not only been commercialized through paid serialization but have also demonstrated strong, sustainable growth. As of the Latest Practicable Date, we have utilised AI toolchain to produce over 250 AI motion comics. Notably, *Strength Against Strength: My Cultivation Has No Limit* (遇強則強，我的修為無上限), adapted from a literary work of the same title in our digital content library, has achieved remarkable success, with its cumulative viewership exceeding 300 million as of the same date.

Moreover, our AI toolchain has significantly enhanced our 3D animation adaptation capabilities. Under traditional manual production methods, the production of one-minute 3D animation typically costs approximately RMB8,000, and the process is highly time-consuming and labor-intensive. By leveraging our AI technologies, we have been able to reduce the production cost to approximately RMB2,000 per minute, while also dramatically accelerating the production timeline. A prime example of this improvement is our first AI-generated 3D animation series released in October 2025, *The Immortal’s Return: A Single Hand Overpowers the Mortal Realm* (仙尊歸來：隻手鎮人間). For producing this series, we have deployed our AI toolchain to generate characters, scenes and actions entirely without manual modelling. This significantly reduced the average production cost per minute by more than 75% as compared with the traditional manual production methods. Following its official release on a leading short video platform, this animation series topped this platform’s animation charts and

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quickly became a blockbuster in the AI-generated animation sector, achieving a dual breakthrough in both creative efficiency and user engagement.



Strength Against Strength:
My Cultivation Has No Limit
(遇强则强，我的修为无上限)



The Immortal's Return:
A Single Hand Overpowers the Mortal Realm
(仙尊归来：只手镇人间)

Animations

We usually cooperate with top-tier production companies to co-develop and adapt literary works of our digital content library into animations. We usually entered into licensing agreements with animation production companies, pursuant to which we agreed to co-invest and co-produce animations with such licensees. Generally, we are entitled to share a portion of the revenue generated from the adapted animations in proportion to our investment amount in the development and production of the relevant adapted animations. We and the licensees share the full ownership and intellectual property rights of the adapted animations. One of our most famous animation adaptations is *Martial God Asura* (修罗武神), which was adapted from our famous online literary work of the same title. This animation series was co-produced by us and a renowned film and television company and it has been broadcast exclusively on a leading video platform since September 2023, ranking Top two on this platform's both hit topic chart (热搜榜) and popularity chart (热播榜). Due to its popularity, *Martial God Asura* season two was co-produced by the same parties and released in February 2026. Concurrently, we continue to maintain strategic communication with leading platforms for co-developing multiple animation projects.

Micro dramas

See “— Micro Dramas” for more details.

IP accessories

In 2024, the “goods economy”, which centered on accessories of IP, experienced robust development. To capitalise on these market opportunities, we strategically launched our brand of “Dimension Quest (次元探秘)” in October 2024, which is dedicated to the development and operation of IP accessories. This brand is built on our core proprietary IP *Hei*, supplemented by our other licensed IPs. Our licensed IP portfolio mainly includes *Minions* and *King Kong Dragon Team* (金刚特龙战队). We generally outsource the production for IP accessories to third-party contractors, while we are responsible for design, promotion and distribution of these IP accessories.

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Our flagship IP across multiple formats – Hei (羅小黑)

We acquired Hanmu Chunhua in 2023, which holds famous IP, Hei. For details, see “History, Development and Corporate Structure — Significant Acquisitions and Disposals — Acquisition of Hanmu Chunhua”. This IP has been successfully developed and commercialized across multiple formats spanning comics, animated series, animated films and accessories.

Building on this IP, we co-produced the animated film, The Legend of Hei 2 (羅小黑戰記2). It was released in China on July 18, 2025, and has commenced international distribution since August 2025, reaching audience across North America, Southeast Asia, Japan, Hong Kong, Macau, Europe, South Korea, Australia, and New Zealand, extending our IP’s cultural influence globally. This animated film has demonstrated exceptional market performance. As of the Latest Practicable Date, it recorded domestic and overseas box office of over RMB533 million and RMB25.5 million, respectively. It earned top-tier ratings on major domestic review platforms, including a score of 8.7 on Douban, the highest score among all 2025 theatrical animation releases, and has also been awarded the “Most Commercially Valuable Animation IP of the Year 2025 (2025年度最具商業價值IP)” by Thunder Report (雷報). In addition, it ranked second in the 2025 Summer Season Audience Satisfaction Survey conducted by China Film Art Research Center (中國電影藝術研究中心), reflecting its broad appeal across all age group.



The Legend of Hei

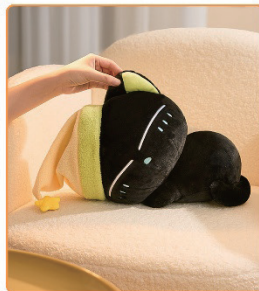


The Legend of Hei 2

In order to further enhance commercial value of Hei, we have developed and launched a comprehensive series of accessories, including blind boxes, badges, acrylic stands, wobble toys, film cell cards, and posters. Multiple Hei accessories became bestsellers and sold out rapidly. In July 2025, following the debut of The Legend of Hei 2, sales at our Hei online flagship store increased dramatically, with one top-selling product achieving sales of over 20,000 units.

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Capitalising on the successful release of The Legend of Hei 2, we have entered into deep licensing partnerships with leading companies in the pop toy, game, and F&B sectors. These collaborations create synergy between IPs and content, generating significant online and offline engagement. Our co-branded Hei products with leading pop toy partners such as Wanle Zhuyi, Miniso, and Pop Mart consistently sold out upon release.



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OTHER BUSINESS

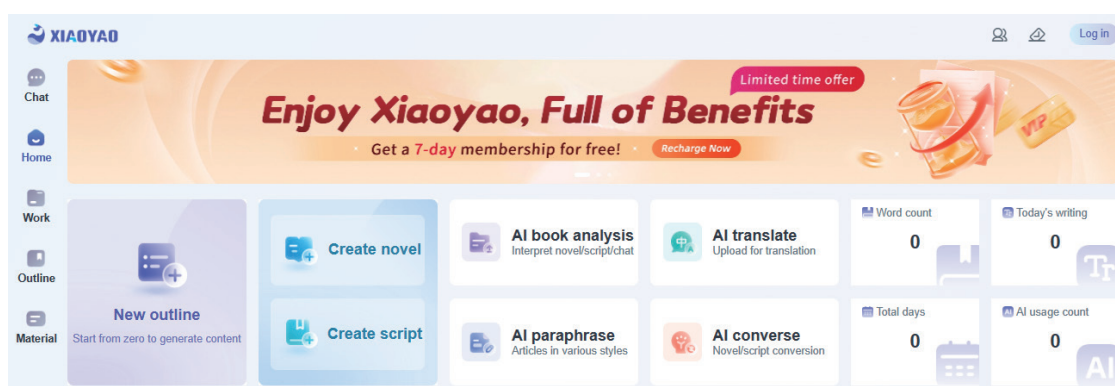
During the Track Record Period, we also generated other revenue from provision of educational products and services, rentals, content reviewing services, and other technical operation services primarily relating to advertising placement and content processing.

OUR AI TECHNOLOGIES

Our success is built on our ability to continuously innovate and enhance our core technologies. We began investing in, developing and deploying AI technologies as early as 2023. Today, we remain committed to prioritize research and development in AI technologies to reinforce our leading industry position and drive the industry forward.

Our “Xiaoyao” AI

Interface of our “Xiaoyao” AI



Innovation has always been at the forefront of our business, driving our growth and success over the years. With over 25 years of dedication to the digital entertainment industry, we have assembled a rich and diverse digital content library. It serves as a critical foundation for research and development of professional-grade content production platform.

In October 2023, we launched version 1.0 of our “Xiaoyao” AI, a pioneering content production platform which is developed based on open-source models to empower creators across the entire creation process. To meet the demands of global users, in June 2025, we released the English version of “Xiaoyao” AI. Through continuous iteration, our “Xiaoyao” AI now features the functions such as generating novels from a single image or sentence, processing and analyzing novels of up to one million words, novel-to-script conversion and one-click translation. Specifically, our “Xiaoyao” AI supports writers across multiple stages of the novel creation process, including setting story background and characters’ profiles, structuring outline, drafting and rewriting main content, and polishing and proofreading draft novels. These functions provide comprehensive AI-assisted writing solutions for global creators, constantly enhancing creators’ production efficiency. As of the Latest Practicable Date, our “Xiaoyao” AI had been utilized by over 50,000 users across more than 90 countries and regions, assisting creators to produce over 2 billion words of content.

BUSINESS

Application of AI technologies in our business value chain

IP Assessment and Screening

By integrating data-driven insights from our AI-empowered platforms with our deep industry expertise, we carry out comprehensive assessments of our digital content library to screen out high commercial potential IPs which are then shortlisted for subsequent IP development plans, spanning from literature to audiobooks, comics, AI motion comics, animations, micro dramas, films and accessories.

Content Generation

We have used our AI technologies to empower core content creation processes. 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. For instance, in micro drama production, we leverage AI technologies to empower subtitle translation and dubbing, facilitating cost-effective content localization; and we also use AI technologies to generate high-visual-effect scenes that would otherwise require substantial production investment, significantly reducing overall production costs. For AI motion comics production, we have integrated our self-developed AI toolchain into over 85% of our production process, covering script splitting, character modeling, and storyboard image and video generation, which has significantly reduced production time and costs compared to traditional production methods.

Specifically, as of the Latest Practicable Date, we have applied AI technology to cover 60% of our literary content production and operation processes. This has driven a more than 40% increase in our production efficiency in terms of average daily word count generated and reduced our average translation costs by over 90% as compared with traditional non-AI processes.

Promotion Material Generation and Placement

Our self-developed AI agent, comprising our “Xiaoyao” AI and a suite of AIGC tools, has been integrated into the core steps of our advertisement placement process. Our AI agent is capable of automatically extracting clips from micro dramas most likely to drive user clicks and payments through analyzing their emotional peaks, conflict nodes and plot twists. For each overseas micro drama series, our AI agent can generate between 100 and 300 promotion materials, covering short clips, cover images, hook versions and reversal versions. This enables us to select tailored promotion materials for different language regions such as English, Japanese, Arabic and Spanish based on their cultural preferences, thereby enhancing the localization effectiveness of our promotion materials. Our AI agent then automatically places the promotion materials simultaneously across leading overseas social media platforms in multiple overseas market, including North America, Japan and South Korea, Southeast Asia and the Middle East. This strategy not only enhances visibilities of our new micro drama series but also allows us to swiftly identify regions with higher user demands. In addition, our AI agent collects and provides our marketing teams with quantifiable series performance data, ensuring our promotion budget is allocated to the most effective placements.

As of the Latest Practicable Date, our AI agent has promoted over 27,000 titles of our literary works, increasing the average daily readership of high-quality literary content by 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.

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Content Recommendation

For our overseas micro drama and online literature platforms, we utilize our AI analytical capabilities in our feed system to categorize and recommend content based on user data captured on our platforms, such as viewing history, search record and consumption behaviors. For example, with AI algorithm, we dynamically evaluate each micro drama series’ potential click-through rate and conversion rate, allowing us to adjust recommendation weights and resource allocations to a series accordingly. This AI-empowered distribution approach helps users quickly discover high-quality new micro dramas series while enabling us to efficiently identify key micro drama series for focused operational efforts. In addition, our platforms integrate an AI-empowered real-time data monitoring module. It dynamically tracks and provides early warnings for anomalies in key metrics of our micro dramas, such as view counts, subscription revenue, and advertising income. Based on this real-time data, our AI agent can constantly recommend and adjust the promotion and placement strategies for our micro dramas.

Research and Development

Our R&D efforts primarily focus on improving our “Xiaoyao” AI, exploring the application of advanced AI technologies into our business processes, and designing and optimizing technical structures for our platforms. Our R&D team is led by Mr. Wu Jiang (吳疆), who obtained a master’s degree in software engineering from Peking University (北京大學) in January 2009 and has approximately 17 years of experience in R&D. Mr. Wu led the R&D of our “Xiaoyao” AI and AI agent for advertisement placement. As of September 30, 2025, we have assembled a dedicated R&D team of 70 experienced engineers and specialists in China among whom 45 had more than 10-year experiences. We have constantly made investments into our R&D efforts and technology infrastructures.

INTELLECTUAL PROPERTY

Our business involves primarily on the creation, licensing, use and protection of our intellectual properties, which is fundamental to our success and competitiveness. Our business model primarily involves intellectual property rights in the following scenarios:

- Under the relevant agreements with our writers, we would enjoy the full copyrights of the literary works created by our writers;
- Under the relevant licensing agreements with our IP adaptation partners, our IP adaptation partners are allowed to produce and develop adaptations in a specific manner based on our IPs;
- Under the relevant licensing agreements with third-party content distribution customers, such customers are generally granted a non-exclusive right to distribute our content through their platforms; and
- Under the relevant agreements with the production companies for development of micro dramas and/or other IP derivatives based on our IPs, we often enjoy the copyrights of such micro dramas and/or IP derivatives.

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We rely on a combination of contractual restrictions, confidentiality procedures, and intellectual property registrations to establish and protect our proprietary intellectual property rights. As of the Latest Practicable Date, we have entered into confidentiality agreements with all employees. We also implement strict confidentiality protocols that are designed to mitigate the risk of unauthorised disclosure by our employees in general. In addition, we had included confidentiality provision in our licensing and cooperation agreements, which prohibits the unauthorised disclosure of our trade secrets, confidential information and confidential technical expertise. Despite our efforts, third parties may still obtain and misappropriate our intellectual property without authorisation. To the best knowledge of our Directors, we did not have any disputes or pending legal proceedings of intellectual property rights with third parties that may have a material adverse impact on our business during the Track Record Period and up to the Latest Practicable Date.

Since our inception, we have consistently adhered to the principle of “authorization first, distribution later,” using IPs lawfully within the authorization scope. Through technical, administrative and judicial means, we have established a comprehensive IP protection system. We have a dedicated team to handle the management and protection of our IPs, and may seek legal advice from external legal advisors when necessary. Civil litigations are our primary mean for our IP protection, while we collaborate with relevant authorities to enhance the administrative and criminal protection for our IPs.

Our intellectual property portfolio consists of copyrights, patents, trademarks, and domain names. Our intellectual property is important to our business. As of the Latest Practicable Date, we had registered 15 patents, 71 software copyrights, 99 artwork copyrights, 19 domain names, and 61 trademarks in the PRC as well as two trademarks in Hong Kong which we consider to be or may be material to our business. For more information about our intellectual property, see “Appendix IV — Statutory and General Information”.

OUR 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 8.1%, 15.1% and 19.1% 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 29.6%, 26.0% and 51.6% of our total purchase amount during the respective period. We believe that we have a good cooperation relationship with our key suppliers.

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Our Five Largest Suppliers

The following tables set forth certain information of our five largest suppliers during the Track Record Period:

For the year ended December 31, 2023

Supplier	Products/services supplied to us	Credit terms	Payment method	Purchase amount (RMB'000)	% of our total purchases	Year of commencement of business relationship with us
Supplier A ⁽¹⁾	promotion and marketing services	10 working days	bank transfer	96,783	8.1	2023
Supplier B ⁽²⁾	promotion and marketing services	10 working days	bank transfer	86,144	7.2	2020
Supplier C ⁽³⁾	promotion and marketing services	10 working days	bank transfer	66,898	5.6	2022
Supplier D ⁽⁴⁾	promotion and marketing services	10 working days	bank transfer	59,126	4.9	2022
Supplier E ⁽⁵⁾	promotion and marketing services	10 working days	bank transfer	45,604	3.8	2021
				354,555	29.6	

For the year ended December 31, 2024

Supplier	Products/services supplied to us	Credit terms	Payment method	Purchase amount (RMB'000)	% of our total purchases	Year of commencement of business relationship with us
Supplier F ⁽⁶⁾	promotion and marketing services	45 days	bank transfer	166,663	15.1	2024
Supplier G ⁽⁷⁾	promotion and marketing services	30 or 45 days	bank transfer	36,353	3.3	2024
Supplier H ⁽⁸⁾	promotion and marketing services	10 working days	bank transfer	31,697	2.9	2023
Supplier E ⁽⁵⁾	promotion and marketing services	10 working days	bank transfer	31,480	2.9	2021
Supplier I ⁽⁹⁾	promotion and marketing services	20 working days	bank transfer	19,913	1.8	2023
				286,106	26.0	

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For the nine months ended September 30, 2025

Supplier	Products/services supplied to us	Credit terms	Payment method	Purchase amount (RMB'000)	% of our total purchases	Year of commencement of business relationship with us
Supplier J ⁽¹⁰⁾	promotion and marketing services	45 days	bank transfer	166,081	19.1	2025
Supplier K ⁽¹¹⁾	promotion and marketing services	60 days	bank transfer	112,559	12.0	2025
Supplier L ⁽¹²⁾	promotion and marketing services	30 days	bank transfer	86,185	9.9	2024
Supplier F ⁽⁶⁾	promotion and marketing services	45 days	bank transfer	59,400	6.8	2024
Supplier M ⁽¹³⁾	promotion and marketing services	15 working days	bank transfer	25,127	2.9	2024
				449,352	51.6	

Notes:

- (1) A company established in 2021 in the PRC with a registered capital of RMB10 million, primarily engaged in advertising services.
- (2) A company established in 2018 in the PRC with a registered capital of RMB10 million, primarily engaged in software development, data processing and advertising services.
- (3) A company established in 2017 in the PRC with a registered capital of RMB1 million, primarily engaged in providing advertising services.
- (4) A company established in 2016 in the PRC with a registered capital of RMB20 million, primarily engaged in software development, maintenance and sales; and value-added telecommunications services.
- (5) A company established in 2016 in the PRC with a registered capital of RMB1 million, primarily engaged in information technology consulting, as well as advertising and marketing services.
- (6) A company incorporated in 2014 in Hong Kong, primarily engaged in providing data-driven advertising and digital marketing solutions.
- (7) A company incorporated in 2022 in Hong Kong, primarily engaged in providing advertising solutions driven by AI and big data.
- (8) A company established in 2011 in the PRC with a registered capital of RMB10 million, primarily engaged in offering information technology development and consulting services as well as advertising services.
- (9) A company incorporated in 2016 in Hong Kong, primarily engaged in offering AI-powered digital marketing solutions.
- (10) A company incorporated in 2011 in Hong Kong, primarily engaged in providing search engine marketing services.
- (11) A company incorporated in 2021 in Hong Kong, primarily engaged in providing advertising and marketing services for micro dramas.
- (12) A company incorporated in 2015 in Hong Kong, primarily engaged in providing integrated digital marketing solutions.
- (13) A company established in 2015 in the PRC with a registered capital of RMB1 million, primarily offering information technology and software development as well as marketing services.

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During the Track Record Period and as of the Latest Practicable Date, none of our Directors or their respective associates or any Shareholder (whom to the knowledge of our Directors owns more than 5% of the issued Shares) had any interest in any of our five largest suppliers or contractors. During the Track Record Period and as of the Latest Practicable Date, we did not have any material disputes with our suppliers or contractors.

Salient Terms of Contracts with Major Suppliers

We typically engage with suppliers through various agreements tailored to the nature of the services and/or products. For our major suppliers of providing promotion and marketing services, we generally enter into the following service agreements with them.

Service agreements with suppliers for social media advertising services

A summary of the salient terms of these agreements is set out below:

- **Term:** The term of the agreements with these suppliers generally ranges from one to three years.
- **Scope of services:** Our suppliers are principally obligated to provide certain promotion and marketing services, including but not limited to the opening and management of advertising accounts on certain leading international social media platforms. We typically generate and place promotion materials on these social media platforms by ourselves.
- **Payment terms:** Our suppliers shall provide us with a monthly statement, detailing the advertising fees incurred by us on the social media platforms. We are required to settle such fees within a specified credit period.
- **Confidentiality:** Both parties should protect each other’s business and technical secrets and should not disclose each other’s business and technical secrets to third parties without the other party’s approval.

Service agreements with suppliers for promotional services on a cost per sale (“CPS”) basis

A summary of the salient terms of these agreements is set out below:

- **Term:** The term of the agreements with these suppliers is generally one year.
- **Scope of services:** Our suppliers are principally responsible to display and promote the designated promotion materials of our digital content on the channels that they own or are entitled to operate.
- **Payment terms:** We shall pay a certain portion of our distributable revenue to the suppliers as service fees on a CPS basis. Such portion ranges from 88% to 92%. Our distributable revenue refers to the total amount paid by our users for the premium digital content on our platforms that is attributable to the suppliers’ promotional services, after deducting payment processing fees and bad debt expenses.
- **Confidentiality:** Both parties should protect each other’s business secrets. Without our approval, the suppliers should not disclose our business secrets and product information to any other third parties.

Our Directors confirm that we had not experienced any material fluctuations in prices set by our suppliers, material breach of contract on the part of our suppliers, or material shortage or delay in delivery of our orders from our suppliers during the Track Record Period and up to the Latest Practicable Date.

OUR CUSTOMERS

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

BUSINESS

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. We have established a stable and long-term relationship with our customers. Most of our top five customers during the Track Record Period have business relationship with us from 5 years to 8 years.

Our Five Largest Customers

The following tables sets forth certain information of our five largest customers (on a group basis) during the Track Record Period:

For the year ended December 31, 2023

Customer	Products/services provided by us	Credit terms	Payment method	Revenue attributable to the customer (RMB'000)	% of our total revenue	Year of commencement of business relationship with us
Customer A ⁽¹⁾ . . .	Copyrights licensing	15 working days	bank transfer	72,454	5.1	2019
Customer B ⁽²⁾ . . .	Copyrights licensing	20 working days	bank transfer	48,628	3.5	2020
Customer C ⁽³⁾ . . .	Copyrights licensing	45 working days	bank transfer	21,958	1.6	2018
Customer D ⁽⁴⁾ . . .	Copyrights licensing	3 working days	bank transfer	15,094	1.1	2023
Customer E ⁽⁵⁾ . . .	Technical operation service	45 working days	bank transfer	14,434	1.0	2018
				<u>172,568</u>	<u>12.3</u>	

For the year ended December 31, 2024

Customer	Products/services provided by us	Credit terms	Payment method	Revenue attributable to the customer (RMB'000)	% of our total revenue	Year of commencement of business relationship with us
Customer B ⁽²⁾ . . .	Copyrights licensing	15 working days	bank transfer	69,596	6.0	2020
Customer A ⁽¹⁾ . . .	Copyrights licensing	15 working days	bank transfer	68,513	5.9	2019
Customer C ⁽³⁾ . . .	Copyrights licensing	45 working days	bank transfer	30,967	2.7	2018
Customer F ⁽⁶⁾ . . .	Copyrights licensing	28 days	bank transfer	24,032	2.1	2019
Customer G ⁽⁷⁾ . . .	Technical operation service	15 working days	bank transfer	17,235	1.5	2024
				<u>210,343</u>	<u>18.2</u>	

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For the nine months ended September 30, 2025

Customer	Products/services provided by us	Credit terms	Payment method	Revenue attributable to the customer (RMB'000)	% of our total revenue	Year of commencement of business relationship with us
Customer B ⁽²⁾	Copyrights licensing	20 working days	bank transfer	88,194	8.7	2020
Customer G ⁽⁷⁾	Copyrights licensing	10 working days	bank transfer	45,523	4.5	2024
Customer C ⁽³⁾	Copyrights licensing	20 working days	bank transfer	41,577	4.1	2018
Customer A ⁽¹⁾	Copyrights licensing	15 working days	bank transfer	37,521	3.7	2019
Customer F ⁽⁶⁾	Copyrights licensing	28 days	bank transfer	10,628	1.1	2019
				<u>223,443</u>	<u>22.1</u>	

Notes:

- (1) A leading Chinese language Internet search provider, listed on the Hong Kong Stock Exchange and the NASDAQ.
- (2) A company established in the PRC in 2012, primarily engaged in short videos, news information and digital marketing.
- (3) A leading internet company primarily engaged in the provision of value-added services, online advertising services, as well as FinTech and business services, listed on the Hong Kong Stock Exchange.
- (4) A company established in the PRC in 2018 with a registered capital of RMB10 million, primarily engaged in scientific research and technical services.
- (5) A national communication and information provider in the PRC, listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.
- (6) A national telecommunications operator in the PRC, listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.
- (7) A company incorporated in the Cayman Islands in 1999, primarily engaged in providing technology infrastructure, e-commerce platforms, cloud computing and internet content services, and listed on the Hong Kong Stock Exchange and the New York Stock Exchange.

Except for the customer C, all of our five largest customers during the Track Record Period had been Independent Third Parties. During the Track Record Period and up to the Latest Practicable Date, except for two subsidiaries of the customer C holding in aggregate approximately 7% of the shareholding in our Company, none of our Directors or their respective close associates or any of our Shareholders, to the knowledge of our Directors, owned more than 5% of our issued Shares, had any interest in any of such customers. During the Track Record Period, to the best knowledge of our Directors, our Group did not have any material disputes with our customers.

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Overlapping of Major Customers and Suppliers

During the Track Record Period and up to the Latest Practicable Date, among our top five customers and suppliers in each year/period, we had a total of seven overlapping customers and suppliers. The table below sets out our revenue and purchases from these customers/suppliers, as well as the respective percentages of total revenue and purchases they accounted for the periods indicated:

	Products/ services procured from us as our customer	Products/ services to us as our supplier	For the year ended December 31,								For the nine months ended September 30,			
			2023				2024				2025			
			Revenue		Purchase		Revenue		Purchase		Revenue		Purchase	
			RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Customer A . .	Copyrights licensing	Licensing fee	72,454	5.1	662	0.1	68,513	5.9	7,537	0.7	37,521	3.7	595	0.1
Customer B . .	Copyrights licensing	Content licensing, marketing fee	48,628	3.5	24	*	69,596	6.0	1,588	0.1	88,194	8.7	3,871	0.4
Supplier C . .	Copyrights licensing	Promotion and marketing services	75	*	66,898	5.6	—	—	2,117	0.2	—	—	—	—
Customer C . .	Copyrights licensing	Traffic acquisition	21,958	1.6	2,247	0.2	30,967	2.7	463	*	41,577	4.1	434	*
Customer E . .	Operational support service	Service fee, server costs	14,434	1.0	1,482	0.1	13,990	1.2	540	*	4,736	0.5	116	*
Customer F . .	Copyrights licensing	Licensing fee, service fee	7,031	0.5	41	*	24,032	2.1	8,334	0.8	10,628	1.1	—	—
Customer G . .	Operational support service, copyrights licensing	Server costs	3,802	0.3	13,076	1.1	17,235	1.5	8,914	0.8	45,523	4.5	9,063	1.0

* The percentage is less than 0.1.

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Our Directors confirmed that negotiations of the terms of our sales to and purchases from the above overlapping customer and supplier were conducted independently, and these sales and purchases were independent from one another. The terms of transactions with the overlapping customer and supplier are of normal commercial terms and similar to those transactions with our other customers and suppliers. As advised by Frost & Sullivan, it is not uncommon to have overlapping customers/suppliers in the industry.

TRANSFER PRICING ARRANGEMENT

We did not carry out any transfer pricing arrangements (“**Transfer Pricing Arrangements**”) in the year ended December 31, 2023. In the year ended December 31, 2024 and the nine months ended September 30, 2025 and up to the Latest Practicable Date, we entered into certain Transfer Pricing Arrangements, primarily including the licensing of our literary works.

We carried out the Transfer Pricing Arrangements in line with the arm’s length principle. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties, investigations, inquiries or transfer pricing audits conducted by local tax authorities in connection with the Transfer Pricing Arrangements. Our Directors believe that the Transfer Pricing Arrangements adhered to the arm’s length principle and we remained compliant with applicable transfer pricing laws and regulations during the Track Record Period and up to the Latest Practicable Date.

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 platforms on a regular basis. We believe that these efforts enable us to maintain and foster fruitful business relationships with such content platforms, and in the meantime, closely monitor the market trends of the digital entertainment industry in different regions in China and overseas.

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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. We formulate the promotion and marketing strategy of each content based on a number of factors, including (i) the characteristics of the content; (ii) distribution channel; and (iii) the target audience. Selling and marketing expenses are crucial for our user acquisition and business expansion strategy, in particular, for our FlareFlow. We closely monitor the return on investment of such expenses and continuously optimize our marketing strategy, with a view to improving profitability. 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.

Customer Service

We are committed to providing our customers with high-quality customer service experience. We have established customer complaint handling system and maintained a customer service team for our main business lines. Our customer service team is responsible for providing customer service for our products and services, handling user inquiries and complaints, and collecting user feedback. We require our customer service team to complete investigations of all complaints and provide responses to all questions from our users and customers as soon as possible. During the Track Record Period, we did not receive any material customer complaints, underscoring our commitment to high-quality service and product delivery as well as customer satisfaction.

Seasonality

Our business has no obvious cyclical or seasonal fluctuation.

Pricing

In terms of the pricing for the online literary works and audiobooks on our online literature platforms, we primarily take into account other industry players’ pricing levels, our content costs, promotion and marketing expenses for our content, and/or the operation costs of our online literature platforms. In determining the fees of licensing our online literary works and audiobooks to third-party distribution channels, which generally include fixed fees and shared revenue, we usually consider other industry players’ pricing levels, our content costs, target profit margin, and our past commercial arrangements (if any).

We monetize our overseas micro drama platforms through pay-per-views, membership subscriptions and advertisings, while we receive license fees from license of domestic micro dramas to the domestic platforms. With respect to the pricing for our micro dramas, we generally consider other industry players’ pricing levels, our production costs, promotion and marketing expenses and target profit margin. As for the pricing for our IP derivatives, we typically take into account other industry players’ pricing levels for IP derivatives of similar nature and formats, our development and production costs, as well as promotion and marketing expenses. In addition, to benefit fans of our IP derivatives, we strive to maintain our products at a competitive pricing level. In determining the pricing for our other business, we would generally consider our costs and prevailing market price (if any) for similar properties, products or services.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned 20 properties in China with a total GFA of approximately 4,155.35 sq.m., which have been leased out. We have obtained title certificates for these properties. As confirmed by our PRC Legal Advisors, we legally and validly own these properties, with no existing or potential ownership disputes.

The property valuation report (the “**Property Valuation Report**”) from Masterpiece Valuation Advisory Limited (“**Masterpiece**”), an independent property valuer, set out in

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Appendix III of this document, contains details of our selective property interests as of November 30, 2025. Masterpiece valued these property interests at an amount of approximately RMB26.8 million as of November 30, 2025. Except for the property interests set forth in the Property Valuation Report, pursuant to Rule 5.01A of the Listing Rules, as of September 30, 2025, no single property interest (i) that formed part of our property activities had a carrying amount representing 1% or more of our total assets; or (ii) that formed part of our non-property activities had a carrying amount representing 15% or more of our total assets.

Leased Properties

As of the Latest Practicable Date, we leased nine properties with an aggregate GFA of approximately 7,418.11 sq.m. in China, which had been used mainly as office.

As of the Latest Practicable Date, eight of our aforementioned leased properties in the PRC had not been filed with relevant real estate management departments in the PRC, primarily due to reasons beyond the Company’s control that the relevant lessors failed to perform necessary procedures for lease registration or failed to provide sufficient documents for the lease registrations, such as property ownership certificates or other relevant certificates regarding their legal right to lease the properties to the Company. Under the relevant PRC laws and regulations, the parties to a lease agreement have the obligation to file the executed lease agreement. As advised by our PRC Legal Advisor, the validity of the lease agreements is not affected by the failure to file them with the relevant government authorities. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. The aggregate maximum potential penalty for the non-registration of the foregoing leased properties would be RMB80,000 as of the Latest Practicable Date. See “Risk Factors — Risks Relating to Doing Business in Jurisdictions Where We Operate — Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations”. As of the Latest Practicable Date, we have not received any order from the relevant government authorities requiring us to file these lease agreements.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

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.

Compliance

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.

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.

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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”.

INFORMATION SECURITY AND DATA PRIVACY

We strictly abide by the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》), and other national or regional laws and regulations to conduct business.

In order to effectively provide our services and better understand user needs, our online literature and overseas micro drama platforms may collect and use user data, which primarily include personal information (such as nick name, phone number and gender), transactional information (such as subscription and payment records on our platforms), behavioral information (such as using time, reading/viewing history and search history). For entering into license agreements with our writers, we may collect relevant personal information of such writers, including their name, identification document number, bank information and contact information.

We believe data security is critical to our business operation. We have established comprehensive data protection policies, spanning from collection, storage, usage, disclosure, retention and destruction of data. We review and assess the effectiveness of our data protection policies and procedures in protecting our users’ and writers’ privacy and interests, and monitor our compliance status in accordance with the applicable regulatory requirements on a regular basis. To safeguard our users’ and writers’ data, we implement access controls to strictly limit our employees’ access to a need-to-know basis. We also provide regular data privacy training to the relevant employees. Employees are required to report any actual and/or potential data security breaches immediately.

During the Track Record Period and as of the Latest Practicable Date, in the PRC and other jurisdictions where we operate, (i) we have not been subject to any material fines or sanctions due to non-compliance with laws and regulations relating to data privacy; (ii) to the best of our knowledge, we had not experienced any material data leak; and (iii) we had not received any legal proceedings from any third party for material breach of data privacy or protection laws. To safeguard cross-border data transfers, we will, in accordance with the applicable requirements of relevant jurisdictions, adopt appropriate technical and organizational measures, and take other necessary measures to ensure the security and compliance of such transfers.

As advised by our PRC legal advisor as to PRC data compliance matters, during the Track Record Period and up to the Latest Practicable Date, we complied with the applicable PRC laws and regulations in relation to data and personal information in all material respects.

Given the volume of users of our overseas micro drama platform, FlareFlow, and the associated revenue generated from the U.S. market, we have engaged U.S. legal advisor, Loeb & Loeb LLP (the “**U.S. Legal Advisor**”) to conduct diligence on the data protection compliance issues. The U.S. Legal Advisor is of the opinion that as of the Latest Practicable Date, our operations of FlareFlow in the U.S. are compliant with currently applicable data protection and data security laws and regulations in the jurisdictions in which we operate in the U.S. in all material respects.

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AWARDS AND RECOGNITIONS

As of the Latest Practicable Date, we have received the following key awards and recognitions relating to our business operation:

Award/Recognition	Awarding Authority	Year
Outstanding Global Expansion Award of the Year (年度卓越出海獎)	Gelonghui (格隆匯)	2025
2024 Future Rising Star Listed Company in the Information Industry (2024年度未來信息產業之星上市公司)	China Listed Company Industry Development Forum (中國上市公司產業發展論壇)	2024
China’s Top 50 Most Valuable Enterprises in the “AIGC × Pan-content” (中國“AIGC × 泛內容”行業50家最有價值公司)	Jiemian News (界面新聞), Entertainment Capital (娛樂資本論), Shanghai Xuhui Culture-Tourism Service and Development Center (上海市徐匯區文化旅遊服務和發展中心)	2023
Online Literature Overseas Dissemination Platform Award (網絡文學海外傳播平台獎)	Online Literature Center of China Writers Association (中國作家協會網絡文學中心)	2023
2021 Influential Enterprise in the Private Book Industry Award (2021年度民營書業影響力企業獎)	Private Book Industry Summit (民營書業峰會)	2022
2022 Quality Copyright Cooperation Platform (2022優質版權合作平台)	Mango TV	2022
2020–2021 Outstanding Digital Publishing Brand (2020–2021年度數字出版優秀品牌)	China Digital Publishing Expo (中國數字出版博覽會)	2021
2020 Top 100 Beijing Private Enterprises in the Cultural Industry (2020年北京民營企業文化產業百強)	Beijing Federation of Industry and Commerce (北京市工商業聯合會)	2020
2020 Best IP Partner for Kuaishou Micro Dramas (2020快手短劇最佳IP合作方)	Kuaishou	2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We consider Environmental, Social, and Governance (“ESG”) a core component of our corporate philosophy, promoting its full integration into our corporate strategy and daily operations. By adopting responsible business practices and advancing ESG initiatives systematically, we are committed to creating long-term value for our stakeholders, including employees, customers, suppliers and partners, and bringing positive and sustainable impact to the communities where we operate.

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ESG Governance

We acknowledge our responsibilities in environmental protection and social responsibility and undertake to regularly disclose ESG reports in accordance with the requirements of the regulatory departments upon [REDACTED]. We have established a multi-tiered ESG management framework. The Board, as the highest governing body for ESG management, is responsible for formulating, supervising, and reviewing our ESG management strategies, including defining strategic directions, setting goals and establishing key policies, as well as assessing and identifying relevant ESG risks and opportunities to ensure these factors are fully considered in our long-term development. A Strategy and ESG Committee led by Mr. Tong is established, which is responsible for overseeing ESG issues and providing advice on decision-making, regularly reviewing the implementation of our ESG strategies and objectives and regularly reporting the latest progress to the Board. Our management is responsible for formulating our overall strategies and action plans on ESG issues, assisting the execution units in segmenting objectives and clarifying responsibilities, as well as ensuring the effective implementation of relevant measures.

ESG Strategy

We continuously track and assess ESG risks and opportunities, as well as applicable laws and regulations, to proactively address current and anticipated challenges. In promoting the premium quality of digital content and the application of AI technology, we have implemented measures across multiple businesses, including online literature, micro drama and IP derivatives, with a focus on the full-chain protection on intellectual property.

Furthermore, we have established a comprehensive risk adaptation and mitigation plan, setting various scientific indicators and objectives to ensure the efficient implementation of our premium and intelligent strategies. We currently focus on intellectual property rights confirmation, business ethics development and data privacy and security, establishing a clear management framework and phased goals to drive continuous improvement in key ESG areas. As of the Latest Practicable Date, we have strictly complied with all applicable ESG-related laws and regulations, with no material violations.

ESG Risk Management and Materiality Assessment

We believe that systematically conducting ESG materiality assessments as well as, identifying and managing ESG-related risks are crucial for our ESG management and sustainable operations. We pay attention to stakeholders’ expectations on corporate ESG issues. Through benchmarking analysis of ESG disclosures from other industrial players, we comprehensively evaluate both the materiality to corporate financial performance and the materiality to the economy, society and environment. This enables us to conduct materiality assessments, prioritize ESG issues, identify high-materiality ESG issues and incorporate them into our ESG management policies and strategies.

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Based on industry development trends and our business operations, we have systematically identified ESG risks and opportunities that may exert a significant impact on business operations, strategic progress and financial performance, and that are of concern to stakeholders. We have formulated corresponding management and response measures as follows:

Major Issues	Potential Risks	Response Measures
Intellectual Property Protection	Improper internal management of intellectual property rights may lead to litigation and penalties, as well as the loss of contracted writers, resulting in a impairment of core content assets. The proliferation of external intellectual property infringements may adversely affect the value of our core content assets and the rights and interests of contracted writers, potentially increasing the direct costs of legal services and technical maintenance.	Internally, we strictly adhere to the principle of “authorization before use” to prevent content leaks and ownership disputes, and comprehensively protect our rights. Externally, we implement a dual protection strategy of “technology+ law”, using platform monitoring technology to track infringements and initiating rights protection actions and civil lawsuits to safeguard our core asset rights.
Business Ethics . . .	Illegal business practices may violate laws and regulations and lead to penalties, and seriously damage our reputation.	We have adhered to the principle of integrity in our operations. We have established a sound system to regulate the conduct of employees, suppliers and other relevant parties and a strict reporting process and whistleblower protection mechanism. We maintain a “zero tolerance” stance towards corruption and work together to maintain a good business environment and development order.
Compliance Management . . .	Failure to maintain compliance may have serious adverse effects on our business operation, market access and brand reputation. Failure to effectively prevent violations may also directly lead to litigations, penalties, business shutdowns and a surge in financial losses and operating costs.	We have established a top-down compliance management system, and through routine compliance audits and company-wide training, we ensure that our operations comply with legal requirements.

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Corporate Governance

Strategy and ESG Committee

According to the written terms of reference, the primary responsibility of the Strategy and ESG Committee is to make recommendations to the Board on our long-term development strategy, major investments and ESG management issues. The Strategy and ESG Committee consists of five members, namely Mr. Tong, Mr. Zhang Fan, Mr. Xie Guangcai, Dr. Lei Lin and Dr. Li Xiaodong, with Mr. Tong, our Chairman, serving as its convener.

Board Diversity Policy

We have adopted the Board’s diversity policy to enhance the efficiency of the Board and maintain high standards of corporate governance. We recognize and embrace the benefits of diversity in our Board’s and consider it an important factor in supporting the achievement of our strategic objectives and sustainable development. Our Board currently includes two female directors and four independent non-executive directors with diverse industry backgrounds. Combined with our existing business model and development needs, the current Board composition fully reflects our diversity philosophy and complies with our diversity policy. According to the Board’s diversity policy, the Nomination Committee will regularly monitor and evaluate the implementation of the Board’s diversity policy after the [REDACTED] to ensure its continued effectiveness.

Training and Development of Board Member

We adhere to high standards of corporate governance, and all Directors are required to attend training corresponding to their duties. For the purpose of effectively fulfilling their fiduciary duties, newly appointed independent Directors shall complete the prescribed qualification training, and all incumbent Directors shall also attend ongoing training regularly to ensure that their knowledge and competence consistently meet the latest regulatory requirements and corporate governance practices.

Compliance Management

We have consistently adhered to the principle of legal and compliant operation and strictly uphold national laws and regulations, such as the Copyright Law of the PRC, the Cybersecurity Law of the PRC and the Administrative Measures on Internet Information Services, maintaining a “zero-tolerance” stance towards illegal and irregular business practices. We have formulated and strictly abided by internal management systems, including the Contract Management System and the Content Review Standards, to regulate our daily operations. We strictly prohibit any form of content violation, data abuse or infringement of third-party rights, and resolutely prevent any behavior that may jeopardize our operational qualifications.

We prioritize compliance awareness training for our employees. We provide new employees with relevant training on compliant operations and cybersecurity. We also regularly conduct training for all employees, with a focus on key positions such as content editors, algorithm engineers and business development personnel, emphasizing specific compliance risk and detailed regulatory requirements. We regularly disseminate a compliance culture to all employees and send reminders of updated regulations, urging all employees to maintain a strong sense of compliance and self-discipline, adhere to legal and regulatory bottom lines and jointly safeguard our sound business environment and development order.

BUSINESS

During the Track Record Period, our compliance management data are as follows:

Index	Unit	Year ended December 31,		Nine months ended September 30, 2025
		2023	2024	
Number of Major Administrative Penalties	Case	0	0	0
Compliance Training Coverage	%	100	100	100

Business Ethics

We have established a rigorous business ethics management system. We have constructed a governance structure with the Board’s Audit Committee as the highest supervisory body and the monitoring and internal audit department as the core execution unit. Our monitoring and internal audit department maintains its independence and is specifically responsible for conducting investigations into anti-fraud, anti-bribery and anti-money laundering, as well as internal control evaluations and integrity risk assessments, thereby ensuring the effective exercise of supervisory power.

We have formulated and issued the Anti-Corruption, Anti-Money Laundering and Economic Sanctions Policy (Draft), the Whistleblowing Management System, the Employee Code of Conduct and the System for the Avoidance of Conflict of Interests and Filing, clearly defining the red lines for behaviors of employees. To ensure smooth supervision channels, we have made our whistleblowing email address and dedicated telephone number available to internal employees and external partners and have established a strict mechanism for protecting the confidentiality of whistleblowers, strictly prohibiting any form of retaliation.

We place great emphasis on the development and dissemination of a culture of integrity, requiring all employees to sign integrity commitment letters. Upon onboarding, new employees receive specialized integrity. Furthermore, we extend integrity management to our supply chain. When entering commercial contracts with suppliers and partners, not only do we evaluate their commercial credit and technical qualifications, we also concurrently enter into integrity agreements with them. Anti-commercial bribery clauses are explicitly incorporated into these agreements. We also actively advocate for all supply chain participants to adhere to ESG standards, thereby fostering a fair and transparent business collaboration environment.

Index	Unit	Year ended December 31,		Nine months ended September 30, 2025
		2023	2024	
Number of Adjudicated Corruption Lawsuits Against the Company or its Employees	Case	0	0	0

BUSINESS

Environmental Protection

As a digital entertainment platform centered on online literature, micro drama and IP derivatives, our business model is inherently environmentally friendly. As operating without physical production facilities, we fundamentally avoid the significant environmental impacts associated with the traditional models. Building on this, we remain actively engaged in environmental protection and improvement, as well as sustainable development, proactively fulfilling our social responsibilities by integrating environmental protection and sustainable development into our corporate strategy, and continuously fulfilling our environmental responsibilities via systematic management and substantive actions.

Our paperless reading model itself serves as an important carbon reduction initiative. This model can effectively reduce paper consumption, printing energy consumption and logistics emissions typically generated in traditional book publishing, thereby providing a sustainable path for achieving green cultural dissemination.

Energy Usage

We consistently integrate energy management into our operations, continuously improving efficiency through systematic measures and supporting business sustainability through green office practices. In daily operations, we systematically promote energy saving and consumption reduction by encouraging employees to practice water and electricity conservation and strictly enforce energy control during holidays. We also optimize air conditioning operation management, continuously upgrade energy-saving measures in offices and fully adopt energy-saving lighting and intelligent environmental control systems to improve energy efficiency.

We integrate green development into the entire operational process, relying on our digital office system to fully promote cloud services and electronic processes, thereby improving operational efficiency while reducing reliance on physical resources. Through internal policies and cultural guidance, we promote energy-saving habits among all employees and systematically mitigates the environmental impact of our operations.

During the Track Record Period, our resource utilization and consumption data are as follows:

Index	Unit	Year ended December 31,		Nine months ended
		2023	2024	September 30, 2025
Electricity Consumption	kilowatt-hours	189,720	185,410	147,180

Resource Usage

We prioritize resource conservation and recycling and are committed to building a systematic green office management system. We conduct quarterly environmental awareness campaigns, continuously conveying waste sorting standards and environmental knowledge to our employees to strengthen their awareness of conservation and create a sustainable working environment with full participation. In practice, we comprehensively promote paperless operation by digitalizing document circulation and approval processes, while advocating for double-sided or reusable printing of non-essential documents, thus controlling paper consumption at the source.

Waste Management

In fulfilment of our environmental responsibilities, we have implemented a series of waste-reduction and compliance-management initiatives. We have introduced office waste-segregation measures to ensure the proper handling and disposal of all waste categories, and we remain fully committed to promoting green office practices.

BUSINESS

Climate Change

We fully recognize the systemic challenges posed by climate change to society and the environment, and have incorporated greenhouse gas management into our corporate governance and operational systems.

In our emissions reduction practices, we focus on promoting a green transformation in daily operations, including encouraging employees to adopt low-carbon commuting modes to reduce commuting-related emissions, actively promoting online meetings to reduce unnecessary travel, strictly implementing national air conditioning temperature control standards and ensuring the switch of electrical equipment at night and during non-working hours to reduce operational energy consumption.

We place great importance on the management of Scope 3 emissions. As an AI-driven digital entertainment platform, the carbon emissions in our value chain primarily stem from externally procured digital infrastructure and partner services, presenting challenges including dispersed emission sources, difficult data acquisition, and complex boundary definitions. In the future, we will accelerate our efforts in Scope 3 accounting and disclosure, continuously enhancing our climate governance across the entire value chain.

During the Track Record Period, our greenhouse gas emissions data are as follows:

Index	Unit	Year ended December 31,		Nine months ended
		2023	2024	September 30, 2025
Greenhouse gas emissions (Scope 1+2)	Tons of carbon dioxide equivalent	100.67	98.38	78.09
Greenhouse gas emissions (Scope 1) ¹	Tons of carbon dioxide equivalent	0	0	0
Greenhouse gas emissions (Scope 2) ²	Tons of carbon dioxide equivalent	100.67	98.38	78.09

1. We do not involve fixed-source fuel combustion and currently have no mobile emissions such as business vehicles.
2. Scope 2 greenhouse gas emissions primarily stem from the consumption of indirect energy (purchased or procured electricity) during our operations. Relevant data references the Hong Kong Stock Exchange’s “Reporting Guidance on Environmental KPIs”, with the greenhouse gas emission factor for purchased electricity referencing the 2023 national average carbon dioxide emission factor for electricity.

We have also systematically identified and assessed the potential impact of climate-related risks on our operations. Regarding physical risks, our business operations are highly dependent on a continuous and stable energy supply. Extreme weather events (such as torrential rains and floods) may disrupt power supply stability and equipment operations, leading to service interruptions. High temperatures, on the other hand, may increase cooling energy consumption and lead to equipment overheating, reduced efficiency and data security risks. Regarding transformation risks, the continued strengthening of domestic and international climate policies, and regulations such as energy taxes and pollution control measures, may drive up operating costs and impact business performance.

BUSINESS

Society

Employee Rights and Benefits

Adhering to the “people-oriented” philosophy, we regard our employees as the core of sustainable corporate development, and are committed to building a legal, compliant, caring and inclusive work environment. We strictly abide by laws and regulations, including the Labor Law of the PRC and the Labor Contract Law of the PRC. Through the comprehensive labor contract system, the social security system and the internal management policies, we clearly define and protect the legitimate rights and interests of our employees, thus laying a solid foundation for harmonious labor relations.

We uphold the principles of equal opportunity, diversity and inclusion. We strictly follow national laws and regulations as well as international standards throughout our entire process of recruitment, employment and career development. We are committed to building a fair, transparent and non-discriminatory workplace environment. We prohibit all forms of discrimination based on factors such as gender, ethnicity, nationality, religious beliefs, family status and disability. We uphold the principle of equal pay for equal work and continuously promote gender equality in the workplace. We strictly comply with laws and regulations, including the Law of the PRC on the Protection of Minors and the Provisions on the Prohibition of Using Child Labor. We rigorously verify employee identities and resolutely prohibit the employment of child labor with reference to international standards like International Labour Organization conventions. We actively cultivate a diverse talent pool, foster an open and respectful organizational culture, and provide all employees with equal development platforms and employment opportunities.

During the Track Record Period, the composition of our employees are as follows:

Index	Unit	Year ended December 31,		Nine months ended
		2023	2024	September 30, 2025
Total Number of Employees	person	460	550	792
By Gender				
Male	person	204	246	305
Female	person	256	304	487
By Education Level				
Degrees below the Bachelor's level	person	58	65	114
Bachelor's Degree and Above	person	334	376	518
Master's Degree and Above	person	68	109	160
By Age				
30 and Under	person	170	240	465
30 to 50	person	275	302	317
50 and above	person	15	8	10
By Region				
Mainland China	person	454	529	752
Hong Kong, Macao, Taiwan and Overseas	person	6	21	40

We believe that an excellent working environment is the key to attracting and retaining talent and stimulating organizational vitality. To this end, for employee health and well-being, we provide our employees with supplementary commercial medical insurance, offering multi-tiered medical protection. Concurrently, we actively promote the concept of “healthy living, happy working”, supporting the establishment of various employee clubs such as football and badminton to promote employees’ physical and mental balance.

In the field of diversity, equality and inclusion, we have established nursing rooms, hold women-themed salons and leadership sharing events to effectively support the career growth and life needs of female employees.

BUSINESS

To enhance management transparency and employee participation, we have established diverse and convenient internal communication and feedback channels, including face-to-face interactions with the chief executive officer, an internal hotline and a whistleblowing email address. We also hold regular all-staff meetings to encourage employees to offer suggestions directly, ensuring timely responses and implementation from the management, thereby creating an open, trusting and highly collaborative organizational atmosphere.

Employee Health and Safety

To ensure the health and safety of employees in the office environment, we have systematically established an occupational health and safety management system. Based on relevant laws and standards, we regularly conduct safety education and training, so as to enhance the safety awareness and emergency response capabilities of all employees.

In daily operations, all office spaces are equipped with comprehensive fire-fighting facilities as required, and clear and standardized emergency evacuation and first aid signs are in place to continuously optimize the safety conditions of the physical environment.

We have obtained the occupational health and safety management system certification (ISO 45001), creating a safer and more reliable working environment for our employees.

Safety and Quality of Product and Service

We focus on developing core businesses including online literature, micro drama and IP derivatives. As of the Latest Practicable Date, a number of our works have garnered high recognition from authoritative institutions and the market. We have obtained the quality management system certification (ISO 9001) and the information technology service system certification (ISO 20000), providing robust assurance for delivering standardized, high-quality digital content to our users and content partners.

Information Security

We attach great importance to the protection of user privacy by strictly adhering to laws including the Law of the PRC on Protecting Consumers’ Rights and Interests, the Data Security Law of the PRC, the Cybersecurity Law of the PRC and the Personal Information Protection Law of the PRC. We also uphold the principles of legality, legitimacy, transparency and necessity in the collection and use of personal information, strengthen employees’ awareness of information security and confidentiality and strictly regulate the authorization process. We have also formulated the Personal Information Security Management Guidelines to further regulate our data processing activities in relation to personal data.

We have obtained the information security management system certification (ISO 27001), providing robust support for effectively mitigating cybersecurity risks, ensuring compliant platform data operations and achieving standardized and systematic information security management.

Social Contribution

We have always placed the fulfilment of corporate social responsibility at the forefront of our development and have actively promoted educational equity and technological advancement, striving to contribute significantly to the sustainable development of the society. We are a key partner of the Hunan Wispring Education Development Foundation, providing long-term and systematic support for the development of rural education in China. We firmly believe that, for enterprises, philanthropy is not only a moral obligation but also a crucial pathway to achieving sustainable value.

BUSINESS

LICENSES, APPROVALS AND PERMITS

As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals, permits and certificates from the competent government departments and regulatory authorities in China, and such licenses, approvals, permits and certificates remained in full effect and had not been revoked or cancelled as of the Latest Practicable Date.

The following table sets forth the key licenses and permits material to our business and operation as of the Latest Practicable Date:

Holder	Name of license/permit	Date of issue	Date of expiry
Company	Value-added Telecommunications Business License	December 28, 2021	December 28, 2026
	Internet Publishing Service License	February 24, 2023	February 9, 2028
	Publication Operation License	July 17, 2023	April 30, 2028
	Reproduction Operation License	November 20, 2023	February 28, 2028
	Radio and Television Programme Production and Operation License	June 6, 2025	June 6, 2027
	Internet Cultural Operation License	December 1, 2023	December 1, 2026
ChineseAll Culture Media	Value-added Telecommunications Business License	February 20, 2025	February 20, 2030
	Internet Cultural Operation License	May 17, 2024	May 27, 2027
ChineseAll Education Technology	Value-added Telecommunications Business License	July 9, 2025	July 9, 2030
	Internet Cultural Operation License	July 12, 2024	July 23, 2027
	Internet Publishing Service License	April 13, 2023	February 12, 2028
	Publication Operation License	August 16, 2022	April 30, 2028
Hongda Yitai	Value-added Telecommunications Business License	July 31, 2023	April 6, 2027
	Value-added Telecommunications Business License	July 31, 2023	September 22, 2027
	Internet Cultural Operation License	June 13, 2023	June 12, 2026
	Publication Operation License	July 17, 2023	April 30, 2028
	Radio and Television Programme Production and Operation License	May 29, 2025	May 29, 2027

BUSINESS

Holder	Name of license/permit	Date of issue	Date of expiry
Tianjin Guangzhiying	Radio and Television Programme Production and Operation License	March 24, 2025	March 31, 2027
Changchun Guangzhiying	Radio and Television Programme Production and Operation License	April 1, 2025	March 31, 2027
	Value-added Telecommunications Business License	April 11, 2025	February 19, 2030
Maibu Information.	Internet Cultural Operation License	March 10, 2025	March 15, 2028
	Value-added Telecommunications Business License	July 27, 2023	July 20, 2027
Guangzhou 4yt	Value-added Telecommunications Business License	August 18, 2023	April 21, 2028
Hangzhou ChineseAll	Radio and Television Programme Production and Operation License	April 1, 2025	March 31, 2027
Hangzhou 4yt.	Radio and Television Programme Production and Operation License	April 1, 2025	March 31, 2027
	Publication Operation License	December 2, 2025	December 31, 2030
Liaoning Yexiang.	Value-added Telecommunications Business License	February 21, 2023	August 10, 2027
	Radio and Television Programme Production and Operation License	June 9, 2025	June 8, 2027
Tianjin Xiangwu	Value-added Telecommunications Business License	January 12, 2023	July 14, 2027
	Internet Cultural Operation License	June 30, 2025	July 3, 2028
	Radio and Television Programme Production and Operation License	March 31, 2025	March 31, 2027
Guangxi Yexiang	Value-added Telecommunications Business License	August 24, 2023	March 2, 2028
	Radio and Television Programme Production and Operation License	October 24, 2024	November 7, 2026
	Internet Cultural Operation License	July 5, 2023	April 25, 2026
Anhui Yexiang	Radio and Television Programme Production and Operation License	July 1, 2024	March 31, 2026

BUSINESS

Holder	Name of license/permit	Date of issue	Date of expiry
Hainan ChineseAll	Value-added Telecommunications Business License	November 24, 2022	November 24, 2027
	Internet Cultural Operation License	April 11, 2023	April 10, 2026
	Radio and Television Programme Production and Operation License	March 4, 2025	March 31, 2027
Hanmu Chunhua	Radio and Television Programme Production and Operation License	July 8, 2024	July 8, 2026
Tianjin ChineseAll	Value-added Telecommunications Business License	July 4, 2023	December 23, 2027
	Internet Cultural Operation License	August 21, 2025	August 22, 2028

We will renew the above licenses, approvals, permits and certificates before expiration. As advised by our PRC Legal Advisor, there are no legal impediments to the renewal of the relevant licenses, approvals, permits and certificates so long as we meet the applicable requirements and conditions and adhere to the procedures set forth in the relevant laws and regulations.

INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We have obtained insurance to cover certain potential risks and liabilities. In particular, our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and medical insurance, as required by PRC laws and regulations.

During the Track Record Period, we did not make any material insurance claims in relation to our business. We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practices in our industry. However, our insurance policies are subject to standard deductibles, exclusions and limitations. As a result, our insurance policies may not be able to cover all of our losses, and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. For details, see “Risk Factors — Risks Relating to our Business and Industry — We have limited insurance to cover our potential losses and claims”.

BUSINESS

EMPLOYEES

As of September 30, 2025, we had 792 employees in total across our global operations. 752 employees were based in the PRC, while the remaining 40 employees were based overseas, mainly including Japan, Singapore and the U.S. The following table sets forth a breakdown of our employees by function and geographical location as of the same date.

Function	Number of employees	% of total employees
Content and operation	437	55.2%
Product and technology	190	24.0%
Management	50	6.3%
Sales and marketing	36	4.5%
Legal, accounting and human resources	79	10.0%
Total	792	100.0%
Geographical location		
PRC	752	94.9%
Other countries and regions	40	5.1%
Total	792	100.0%

Our success deeply depends on our ability to attract, retain and motivate qualified talents, and we believe that our high-quality talent pool is one of our competitive advantages. We primarily recruit our employees through various methods, including campus recruitments, media advertising, online recruitments and internal referrals. We recruit employees based on a number of factors such as their educational background, working experience, professional qualifications, our expansion strategy and job vacancies. Standard employment contracts and confidentiality agreements are signed with our employees, and we have also entered into non-compete agreements with certain employees.

Empowering our employees to grow is one of the core elements of our corporate culture. We offer our employees a range of training programs, including onboarding training, professional skills training, and management training. We also strive to provide employees with comprehensive social benefits, a safe working environment and diverse career development opportunities. Meanwhile, we strictly abide by the laws, regulations and standards on workplace safety in relevant countries and regions, and are committed to creating a safe and healthy working environment for employees, and ensuring the safety and physical and mental health of employees. Labor unions have been established to protect our employees’ rights, encourage employee participation in management decisions and assist in mediating disputes between us and union members. We have maintained a good relationship and expect to maintain an amicable relationship in the future with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant labor disputes.

BUSINESS

RISK MANAGEMENT AND INTERNAL CONTROL

To monitor and reduce the impact of risks relevant to our business operations, improve our corporate governance and ensure compliance with the applicable laws and regulations, we have established internal control procedures and risks management measures. We have adopted a series of internal policies, guidelines and procedures to strengthen corporate governance and mitigate risks. Based on our actual business needs and in compliance with applicable laws and regulations, we may engage in foreign exchange hedging transactions with financial institutions to mitigate and manage exchange rate risks. These transactions may include forward foreign exchange contracts, foreign exchange swaps, currency swaps, foreign exchange options and other foreign exchange derivative instruments. Our Group is committed to building and maintaining a strong culture of compliance among all employees. During the Track Record Period and up to the Latest Practicable Date, we did not engage in any significant hedging activity.

We place particular emphasis on content compliance, and we have established a dual-review mechanism encompassing automated content screening and manual content reviewing. For details, see “Online Literature and Related Business — Our Online Literary Content — Content Creation — Content screening and reviewing”. This mechanism is designed to ensure that the content published on our platforms complies with relevant laws and regulations. To keep our reviewing standards aligned with evolving regulatory requirements, our content review team regularly monitors violation cases published by regulatory authorities and studies newly enacted relevant laws and regulations.

We have established and implemented a set of policies and procedures for IP management, covering IP acquisition and contracting, review and approval procedures for use of IP resources, IP registration and renewal, as well as other functional support and data maintenance across all stages of IP management. In addition, to ensure effective protection and sustainable commercialization of our core IP portfolio, we conduct periodic evaluations of such core IPs, encompassing verification of legal status, assessment of market value, risk rating, and renewal feasibility analysis with corresponding budget planning.

The internal control evaluation is led by our Board of Directors and its Audit Committee, with the audit department playing a central role in coordinating a cross-functional evaluation team. To ensure the robustness of the internal control evaluation, the team applies a variety of assessment methods, including individual interviews, questionnaires, focused discussions, walkthrough tests, statistical sampling and comparative analysis. These methods are employed to comprehensively gather evidence concerning the design and operating effectiveness of internal controls, and to identify both design flaws and operational deficiencies where applicable.

Furthermore, we have implemented enhanced internal controls to strengthen operational efficiency, financial reliability, and regulatory compliance. Going forward, we will continue to regularly review and improve our internal policies, measures and procedures to ensure continuous alignment with evolving operational requirements, regulatory development and industry best practices.

BUSINESS

BUSINESS SUSTAINABILITY

Summary of Our Historical Financial Performance

Our overall gross profit and gross profit margin decreased in 2024, primarily due to (i) increased domestic to-C online literature business (online reading through mini programs) that had a relatively lower gross profit margin, due to intense competition in the domestic market and (ii) loss of gross profit from Crazy Maple Studio following its deconsolidation which had overseas online literature business with a higher profit margin. As a result, we recorded profit and net profit margin in 2023 as compared to loss and net loss margin in 2024.

However, both gross profit and gross profit margin rebounded in the nine months ended September 30, 2025, with gross profit increasing significantly by 42.1% and the margin expanding from 30.2% to 34.4%. This recovery was driven by improved profitability from (i) our to-C overseas online literature business benefiting from improvement on efficiency of literature creation through AI technology, (ii) our domestic to-B online literature business and (iii) FlareFlow, our flagship overseas micro drama business. However, in 2025, FlareFlow business incurred relatively higher selling and marketing expenses to achieve rapid user base expansion. As a result, we recorded increased loss and net loss margin for the nine months ended September 30, 2025.

For details regarding the foregoing financial information and analysis, see “Financial Information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income, and Period to Period Comparison of Results of Operations”.

We prioritize business sustainability as the bedrock of our operations, constantly striving to generate lasting value and foster resilience in a fiercely competitive and fast-changing market. We aim to achieve this through reaching profitability while maintaining working capital sufficiency.

Pathway to Profitability

To achieve profitability, we aim to (1) focus on driving our revenue growth in untapped overseas micro drama market and cosmic market; (2) phase out businesses that have lower profit margins; (3) achieve higher production and distribution efficiency for our overseas micro dramas business; and (4) gain effective control of selling and marketing expenses for our overseas micro dramas business.

Focusing on driving our revenue growth in untapped overseas micro drama market and AI motion comics market

We have been continually focusing on expansion of the untapped overseas micro drama market by increasing penetration rate among geographies both in regions we have already operated in and new markets. We have recorded impressive overseas micro drama business growth. Current penetration rate of overseas micro drama market is low, by further leveraging our advantage in self-owned IP assets derived from our online literature business, we expect to seize the potential robust market growth. In addition to further expand our business in existing business segment, considering our advantage in literature copyrights, experience in developing micro drama and AI technology, we have scaled up AI motion comic business in late 2025, where it is expected to be a new revenue driver going forward.

BUSINESS

Phasing out Business with Lower Profit Margins

We have been constantly optimizing our business mix in light of the rapidly evolving markets. During the Track Record Period, our online literature and related business recorded gross profit margin of 40.6% and 24.4% in 2023 and 2024 respectively. The decline in gross margin was primarily due to the increased scale of domestic to-C online literature business (through mini programs) in 2024, which mainly involved sale of online literature products through mini programs. This incurred relatively high level of distribution costs and rendered lower segmental gross margin. We subsequently strategically decided to scale down the domestic to-C online literature business through mini programs in 2025 given its relatively lower gross margin, and our online literature and related business's gross margin improved to 31.5% in the nine months ended September 30, 2025. Additionally, we strategically shifted to to-B micro dramas business and discontinued domestic to-C micro dramas business through mini programs, leading to decreased distribution costs from 2023 to 2024. Going forward, we expect to continue phasing out the domestic to-C online literature business through mini programs, and focus on domestic to-B online literature business and to-B micro dramas business, which enjoys much higher gross margin since this business model does not require high level of distribution costs.

Achieving Higher Production and Distribution Efficiency for our Overseas Micro Dramas Business

Production and distribution costs are two main components of the cost of sales for our overseas micro dramas business. We aim to continuously improve our production and distribution efficiency for our overseas micro dramas business. For production costs efficiency improvement, we expect to gradually increase the number of overseas micro dramas produced in our Hengqin filming base in Zhuhai, China, which commenced trial operations since January 2026. In the past, we mainly filmed our overseas micro dramas in the U.S. The production costs per overseas micro drama in our Hengqin filming base are expected to be much lower than that of overseas micro dramas filmed in our U.S. base, while ensuring comparable content quality, primarily due to lower outsourcing service costs, labor costs, and rental costs in China than in the U.S. We expect, in the long term, about 50% of all of our overseas micro dramas will be filmed and produced in our Hengqin filming base, and this is expected to significantly lower our production costs as percentage of revenue. Additionally, benefit from recent development of AI technology on film production, the production cost is expected to further controlled. For distribution efficiency, we intend to partner with new payment channel partners. Through these new partnerships, we expect to receive better channeling pricing and hence enjoy lower distribution fees compared to those charged by our existing distribution partnerships.

Gaining Effective Control of Selling and Marketing Expenses for Our Overseas Micro Dramas Business

Selling and marketing expenses is a key operational expense for us during the Track Record Period, which accounted for 34.2%, 40.1%, and 65.3% of revenue in 2023, 2024 and the nine months ended September 30, 2025 respectively. The significant increase from 2024 to the nine months ended September 30, 2025 was primarily due to the increase in scale of our FlareFlow business, driven by its aggressive marketing and user acquisition efforts during the period. We thrive to continuously improve marketing and user acquisition efficiency for our overseas micro dramas business, primarily through (i) FlareFlow's rapidly expanding reserve of high-quality micro dramas, which will serve to attract new users while retaining existing users with less selling and marketing spending needed, (ii) partnerships with additional leading KOL platforms that will enable better fee model with more performance-based ads spending (v.s. previously FlareFlow needed to pay advertising fees upfront to partnering platforms without guaranteed outcomes), and (iii) Company's increasing usage of AI technologies to better match users with more suitable content and package offerings. Additionally, the deployment of AI technologies will also serve to reduce the level of personnel salary, share-based payments and welfare through AI-generation of ads, and promotional materials and AI-enabled ads placements. Through these measures, we expect that our selling and marketing expenses to revenue ratio for our overseas micro dramas business will continue to increase and as a result, our overall profitability will continue to improve.

BUSINESS

Pathway to Achieve Working Capital Sufficiency

During the Track Record Period, we had funded our cash requirements primarily with capital contribution from shareholders and financing through bank borrowings. As of January 31, 2026, we had RMB238.6 million in cash and cash equivalents. Our total cash balance is sufficient to cover our net cash flows used in operating activities and provide adequate liquidity for our expansion of business operations. Meanwhile, we expect the improvement in our revenue and profitability based on the foregoing measures can further solidify our working capital and cash positions. As such, we believe that we possess sufficient working capital, including sufficient cash and liquidity assets, after taking into account the financial resources available to us, including the [REDACTED].

To achieve and maintain working capital sufficiency in the foreseeable future, we aim to (1) improve business efficiency, especially on our profitability to generate positive operating cash flow; and (2) gain capital through [REDACTED] [REDACTED].

Improve business efficiency, especially on our profitability to generate positive operating cash flow

We expect to implement effective operating leverage to enhance our profitability as described above. We also intend to improve our forecasting capability on customer demand, improve manufacturing planning and enhance inventory management protocol to optimize inventory levels and change dynamically to fulfill the market demand.

Gain capital through [REDACTED] [REDACTED]

We estimate that the [REDACTED] from the [REDACTED] will be approximately HK\$[REDACTED] million, after deducting [REDACTED] fees and other related expenses payable by us in the [REDACTED], assuming the [REDACTED] are not exercised and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range in this document.

The foregoing forward-looking statements on our future revenue and profitability are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Our business growth and long-term profitability are subject to known and unknown risks, uncertainties and other factors, some of which are beyond our control, and they may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements set out above. For related risks, see “Risk Factors — Risks Relating to Our Business and Industry”.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Single Largest Group of Shareholders includes Mr. Tong and Xuanyuan Yuanding No. 6 Fund. Pursuant to the concert party agreement entered into between them, Xuanyuan Yuanding No. 6 Fund agrees to follow Mr. Tong’s voting decisions when exercising its voting rights. Accordingly Mr. Tong and Xuanyuan Yuanding No. 6 Fund constituted our Single Largest Group of Shareholders.

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 Mr. Tong.

Pursuant to the PRC Company Law and related regulations promulgated by the CSRC, Mr. Tong is our controlling Shareholder and *de facto* controller. Pursuant to the Hong Kong Listing Rules and Chapter 1.1C of the Guide for New Listing Applicants, Mr. Tong and Xuanyuan Yuanding No. 6 Fund constitute our Single Largest Group of Shareholders, holding in aggregate approximately 13.69% of the voting rights in our Company as of the Latest Practicable Date.

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.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Single Largest Group of Shareholders and their close associates after the [REDACTED], taking into consideration of the factors below.

Management Independence

We are able to conduct our business independently from the Single Largest Group of Shareholders from a management perspective. Our Board comprises eight Directors, including two executive Directors, two non-executive Directors and four independent non-executive Directors. Save and except for Mr. Tong, none of our Directors or members of our senior management serves as a director or member of senior management in our Single Largest Group of Shareholders and their close associates (other than members of our Group).

We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Single Largest Group of Shareholders for the following considerations:

- (a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

- (b) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. Save for Mr. Tong, none of the other Directors or senior management of our Company are members of the Single Largest Group of Shareholders, their close associates or hold any position in the Single Largest Group of Shareholders. For details of the industry experience of our Directors and senior management, see “Directors and Senior Management”;
- (c) we have appointed four independent non-executive Directors, who have sufficient knowledge, experience and competence with a view to bringing independent judgment to the decision-making process of our Board;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and
- (e) as an A Share listed company, we have formulated and adopted a comprehensive internal control system and have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders which would support our independent management. For further details, see “— Corporate Governance Measures”.

In light of the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole.

Operational Independence

We do not rely on the Single Largest Group of Shareholders and their close associates for our operations. We have full rights to make all decisions on, and to carry out, our own business operations independently. Our Company has established its own dedicated departments specializing in operations, research and development, administration, finance, information technology, sales and marketing, human resources and legal and compliance. These departments have been operating independently and are expected to continue functioning separately from the Single Largest Group of Shareholders and their close associates. We hold all the requisite licenses, intellectual property rights and qualifications that are material to carry on our principal business. We also have independent access to suppliers and customers and have sufficient capital, facilities and employees to operate our business independently from our Single Largest Group of Shareholders and their close associates.

Based on the above, our Directors believe that we will be able to operate independently from our Single Largest Group of Shareholders and their close associates.

Financial Independence

We have established and maintained an independent financial system that operates autonomously. We make financial decisions according to our own business needs and neither our Single Largest Group of Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of financial staff who are entirely independent of the Single Largest Group of Shareholders and their close associates. The finance department is responsible for financial control, accounting, financial reporting, group credit management and internal control. As of the Latest Practicable Date, none of our finance staff were employed by the Single Largest Group of Shareholders or their close associates, ensuring impartiality and independence in financial management.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

We have also implemented an independent audit, accounting and financial management system. We manage our bank accounts independently, without sharing any accounts with the Single Largest Group of Shareholders or their close associates.

As of September 30, 2025, our Group had bank and other borrowings amounting to RMB432.4 million. All of the bank borrowings were guaranteed by Mr. Tong, our executive Director and a member of our Single Largest Group of Shareholders, either individually or together with Dr. Ni. For further details regarding our borrowings, see “Financial Information — Indebtedness — Bank and Other Borrowings” and Note 26 to the Accountants’ Report in Appendix I to this document. In addition to these guarantees, Mr. Tong has also provided share pledge over certain of his shares in our Company to secure our borrowings.

Our Directors confirm that the guarantees and share pledges provided by Mr. Tong, either individually or together with Dr. Ni, are expected to be released and replaced by new independent loans prior to [REDACTED].

While early discharge of these guarantees is possible, it is not deemed in the best interests of our Group and its Shareholders, as it would incur unnecessary costs, time and expenses to refinance these loans before their respective maturity dates. Notwithstanding the above, we believe our Group is financially independent of the Single Largest Shareholders and their close associates for several reasons:

- (i) as of the Latest Practicable Date, independent commercial bank has committed to providing binding credit facilities of approximately RMB100 million without requiring any guarantees from the Single Largest Shareholders or their close associates, reflecting market confidence in our Company’s creditworthiness;
- (ii) as of the Latest Practicable Date, our Company had obtained consent letters from the lending banks to release RMB323.3 million in loans secured by guarantees or share pledges prior to [REDACTED];
- (iii) the credit facilities obtained with guarantees from the Single Largest Shareholder and/or their close associate were on normal commercial terms, with no preferential interest rates or conditions. It is noted that in the PRC, it is common practice for commercial banks to require personal guarantees from *de facto* controllers, including those of A Share listed companies, as part of their standard lending practices. Such guarantees are considered a normal market practice and are not indicative of reliance on the Single Largest Shareholders;
- (iv) our Company has a demonstrated history of raising funds independently through equity financing. We completed an A Share Listing in 2015 and conducted one private placement in 2016, collectively raising over RMB2 billion in [REDACTED]. These fundraising activities demonstrate our ability to attract external [REDACTED] and raise capital independently, without reliance on the Single Largest Group of Shareholders or their close associates;
- (v) during the Track Record Period, we have not experienced any defaults in bank borrowing repayments, withdrawals of credit facilities or requests for early repayment, further demonstrating our ability to manage financial obligations independently; and
- (vi) our Directors confirm replacing the guarantees provided by the Single Largest Shareholders and their close associates with corporate guarantees from our Group upon [REDACTED] or loan maturity,

these factors collectively confirm that our Group is capable of operating financially independent of the Single Largest Shareholders and their close associates.

Save as disclosed above, during the Track Record Period and as of the Latest Practicable Date, there are no outstanding loans or guarantees provided by, or granted to, our Single Largest Group of Shareholders.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Based on the above, our Directors believe that we are capable of carrying on our business independently of and do not place undue reliance on our Single Largest Group of Shareholders Group and their close associates after the [REDACTED].

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the CG Code, which sets out principles of good corporate governance upon [REDACTED]. Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Single Largest Group of Shareholders:

- (a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Group of Shareholders or any of their associates has a material interest, our Single Largest Group of Shareholders or their associate will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Single Largest Group of Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;
- (c) our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Single Largest Group of Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) where our Directors reasonably request the advice of independent professionals, such as financial advisor, valuers or legal advisors, the appointment of such independent professionals will be made at our Company's expenses; and
- (e) we have appointed Guolian Securities International Capital Market Co., Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Single Largest Group of Shareholders and to protect our Shareholders' interests as a whole after the [REDACTED].

INTEREST IN COMPETING BUSINESS OF OUR SINGLE LARGEST GROUP OF SHAREHOLDERS AND THE DIRECTORS

None of the members of our Single Largest Group of Shareholders or our Directors was, as of the Latest Practicable Date, interested in or engaged in any business, other than our Company, which, materially competes or is likely to materially compete, either directly or indirectly, with our Group's businesses and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Upon [REDACTED], our Board of Directors comprises eight Directors, including two executive Directors, two non-executive Directors and four independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

The following table sets out information regarding the Directors.

Name	Age	Position	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Mr. Tong Zhilei (童之磊)	51	Chairman of the Board, executive Director and general manager	December 19, 2000	December 19, 2000	Responsible for development strategy formulation, business plan execution and overall management of our Group, presiding over Board decisions and leading the Group to achieve long-term sustainable development	None
Mr. Xie Guangcai (謝廣才)	49	Executive Director and executive vice general manager	April 15, 2002	September 8, 2020	Responsible for providing operation opinions to our Board, executing the Group’s business plan and management, and overseeing the domestic business	None
Non-executive Directors						
Mr. Zhang Fan (張帆)	56	Non-executive Director	July 1, 2010	March 22, 2011	Responsible for providing opinion to Board affairs and providing guidance on the Group’s operations	None
Dr. Lei Lin (雷霖)	51	Non-executive Director	June 10, 2025	June 10, 2025	Responsible for providing opinion to Board affairs and providing guidance on the Group’s affairs	None
Independent Non-executive Directors						
Ms. Lian Lian (連蓮)	50	Independent non-executive Director	October 9, 2023	October 9, 2023	Responsible for providing independent judgment on our Group’s strategy, performance and standard of conduct	None
Mr. Wang Chunren (王春仁)	51	Independent non-executive Director	June 10, 2025	June 10, 2025	Responsible for providing independent judgment on our Group’s strategy, performance and standard of conduct	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
Dr. Li Xiaodong (李曉東)	49	Independent non-executive Director	June 10, 2025	June 10, 2025	Responsible for providing independent judgment on our Group's strategy, performance and standard of conduct	None
Ms. Ni Hong (倪虹)	53	Independent non-executive Director	December 31, 2025	December 31, 2025	Responsible for providing independent judgment on our Group's strategy, performance and standard of conduct	None

Executive Directors

Mr. Tong Zhilei (童之磊), aged 51, is our founder, the chairman of the Board, an executive Director and the general manager of our Company. In December 2000, Mr. Tong founded our Company and has been our Director and the general manager of our Company since its inception. He also acts as director or chief executive officer in various subsidiaries of our Company, including ChineseAll Education Technology, COL MEDIA and COL WEB. He is primarily responsible for development strategy formulation, business plan execution and overall management of our Group, presiding over Board decisions and leading the Group to achieve long-term sustainable development.

Mr. Tong has over 25 years of experience in the digital publishing industry. Since founding our business in 2000, Mr. Tong has led the development of our Company from the first digital publishing enterprise into a leading digital entertainment platform. Under his leadership, our Group has continuously innovated our business model and adopted new technologies to align with industry trends, strengthening our Group's position in the digital entertainment industry. Mr. Tong served as the director of ATA Creativity Global (previously known as ATA Inc.), a company listed on NASDAQ (stock code: AACG) from February 2016 to February 2025.

Mr. Tong has been recognized as a member of the Senior Digital Editor by the Beijing Municipal Senior Specialized Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in October 2016. He is a delegate to the 16th Beijing Municipal People's Congress (北京市第十六屆人大代表) and a member of its Education, Science, Culture and Public Health Committee (教育科技文化衛生委員會委員). Mr. Tong has served as the vice chairman of the China Audio-Video and Digital Publishing Association (中國音像與數字出版協會副理事長) since 2019 and the vice president of the Chinese Society of Editors (中國編輯學會) since 2017. Mr. Tong was awarded the Special Government Allowances (政府特殊津貼) by the State Council in November 2024 in recognition of his outstanding contributions in the field of culture and art.

Mr. Tong obtained his bachelor's degree in automotive engineering from Tsinghua University (清華大學) in June 1998. He obtained the master of business administration (MBA) from Tsinghua University in June 2000.

Mr. Xie Guangcai (謝廣才), aged 49, is an executive Director and the executive vice general manager of our Company. Mr. Xie joined our Group on April 15, 2002. Since then, he has been working on copyright protection and content resource management, and was later promoted to our vice general manager before being appointed as our Director. He also serves as the director of various subsidiaries of our Company. He is primarily responsible for providing operation opinions to our Board, executing the Group's business plan and management, and overseeing the domestic business.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xie has accumulated extensive experience in digital publishing, copyright and management. Mr. Xie has served as a director of the China Foundation for Cultural Heritage Conservation (中國文物保護基金會理事) in 2021. Additionally, since August 2025, Mr. Xie has served as the vice chairman of the 7th Council of the Copyright Society of China (中國版權協會第七屆理事會副理事長).

Mr. Xie obtained his bachelor’s degree in financial accounting from Renmin University of China (中國人民大學) in July 1999. He obtained the executive master of business administration (EMBA) from Tsinghua University in January 2014.

Non-executive Directors

Mr. Zhang Fan (張帆), aged 56, is a non-executive Director of our Company. Mr. Zhang joined our Company on July 1, 2010 and has been serving as our Director since March 22, 2011. He served as a deputy general manager and Board secretary of our Company from March 2011 to August 2016. Mr. Zhang was re-designated as our non-executive Director on December 31, 2025 with effect from the [REDACTED]. He is primarily responsible for providing opinion to Board affairs and providing guidance on the Group’s operations.

Mr. Zhang has extensive experience in corporate finance and management. Prior to joining our Group, Mr. Zhang served as a deputy general manager, director and board secretary in Hunan Chenzhou Mining Co., Ltd. (湖南辰州礦業股份有限公司), currently known as Hunan Gold Co., Ltd. (湖南黃金股份有限公司) from June 2006 to April 2012. Apart from the directorship in our Company, Mr. Zhang has founded and served as a chairman in Wispring Education Development Foundation (湖南弘慧教育發展基金會) since August 2008, a chairman of the board in Beijing Yuanhui Venture Capital Management Co., Ltd. (北京源慧創業投資管理有限公司) since October 2010.

He was also certified as a senior economist by the Department of Personnel of Hunan Province (湖南省人事廳) (currently known as the Human Resources and Social Security Department of Hunan Province (湖南省人力資源和社會保障廳)) since November 2009.

Mr. Zhang obtained his bachelor’s degree in fluid machinery and fluid engineering from Tsinghua University in July 1994, and his master’s degree in international trade from Tsinghua University in June 2000. Mr. Zhang also received a certificate of achievement for the “Principles & Practices of Fundraising” course held in Beijing by the Indiana University Lilly Family School of Philanthropy in May 2017, a program sponsored by the China Global Philanthropy Institute (深圳國際公益學院). He then obtained a certificate of completion from the English Language Center, Georgetown University, for the Intensive English Program in May 2019, and a certificate of completion for the Charitable Finance Scholarship Training Program at PBC School of Finance, Tsinghua University in June 2021.

Dr. Lei Lin (雷霖), aged 51, is a non-executive Director. Dr. Lei first joined our Group on March 22, 2011 as a director and left on September 8, 2020. He then rejoined our Group on June 10, 2025 and has been serving as our Director since June 10, 2025. Dr. Lei was re-designated as our non-executive Director on December 31, 2025 with effect from the [REDACTED]. He is primarily responsible for providing opinion to Board affairs and providing guidance on the Group’s affairs.

Dr. Lei has over 10 years of experience in the investment and corporate management. Prior to joining our Group, Dr. Lei served as a postdoctoral fellow at Tsinghua University from January 2003 to July 2005. He also served as a vice president in Tsinghua Holdings Co., Ltd. (清華控股有限公司) (currently known as Tianfu Qingyuan Holding Co., Ltd. (天府清源控股有限公司)) from August 2014 to July 2017, and as a president in its wholly owned subsidiary Tsinghua Holdings Asset Management Co., Ltd. (清控資產管理有限公司) from September 2012 to January 2018. Subsequently, he founded THG Venture Capital Investment Management (Beijing) Co., Ltd. (清控銀杏創業投資管理(北京)有限公司) and worked as a founding partner since July 2015.

Dr. Lei obtained his bachelor’s degree in automation from Tsinghua University in June 1998, and his master’s as well as doctoral degree in control theory and control engineering from Tsinghua University in January 2003.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Ms. Lian Lian (連蓮), aged 50, is an independent non-executive Director. Ms. Lian joined our Company as an independent Director on October 9, 2023, and was re-designated as an independent non-executive Director on December 31, 2025 with effect from the [REDACTED]. She is primarily responsible for providing independent judgment on our Group’s strategy, performance and standard of conduct.

Ms. Lian has over 20 years of experience in the legal services industry. Prior to joining our Group, Ms. Lian has been working in Beijing Kangda Law Firm (北京市康達律師事務所) since May 2003 and currently holds the position of senior partner.

Ms. Lian obtained her bachelor’s degree in economic law and international economic law from Peking University (北京大學) in July 1998 and her master’s degree in economic law from Peking University in January 2007. She has been qualified as a PRC practicing lawyer in January 2000.

Mr. Wang Chunren (王春仁), aged 51, is an independent non-executive Director. Mr. Wang joined our Company as an independent Director on June 10, 2025, and was re-designated as an independent non-executive Director on December 31, 2025 with effect from the [REDACTED]. He is primarily responsible for providing independent judgment on our Group’s strategy, performance and standard of conduct.

Mr. Wang has over 10 years of experience in accounting, audit and financial management. Mr. Wang has been working in ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP (中興華會計師事務所(特殊普通合伙)) since January 2014 and currently holds the position of partner.

Mr. Wang obtained his bachelor’s degree in accounting from North Jiaotong University (北方交通大學) (currently known as Beijing Jiaotong University (北京交通大學)) in July 2000 in the PRC. He has been recognized as a certified public accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since June 2007 and a certified tax agent of the PRC since June 2010. He was certified as a cost engineer by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China (中華人民共和國住房和城鄉建設部) since October 2008, and a certified asset valuer by the China Appraisal Society (中國資產評估協會) since September 2017.

Dr. Li Xiaodong (李曉東), aged 49, is an independent non-executive Director. Dr. Li joined our Company as an independent Director on June 10, 2025 and was re-designated as an independent non-executive Director on December 31, 2025 with effect from the [REDACTED]. He is primarily responsible for providing independent judgment on our Group’s strategy, performance and standard of conduct.

Dr. Li has over 20 years of experience in computer and Internet technologies industry. From 2004 to 2018, Dr. Li successively served as the deputy director of the technical department at the China Internet Network Information Center (中國互聯網絡信息中心) (the “CNNIC”), the vice president at the Internet Corporation for Assigned Names and Numbers, and the director general of the CNNIC. Since December 2018, he has been working as a Level 3 researcher in Institute of Computing Technology, Chinese Academy of Sciences (ICT)(中國科學院計算技術研究所). He founded the Shandong Fuxi Institution on Internet (山東伏羲智庫互聯網研究院) in April 2019 and has been its chairman since then.

Dr. Li obtained his bachelor’s degree in computer software from Shandong University (山東大學) in July 1998, and his doctoral degree in computer architecture from Chinese Academy of Sciences (中國科學院) in March 2004. He has been recognized as a Level 3 researcher by the China Internet Network Information Center (CNNIC) (中國互聯網絡信息中心) in June 2016.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Ni Hong (倪虹), aged 53, is an independent non-executive Director. Ms. Ni was appointed as an independent non-executive Director on December 31, 2025 with effect from the [REDACTED]. She is primarily responsible for providing independent judgment on our Group’s strategy, performance and standard of conduct.

Ms. Ni has over 20 years of experience in corporate financing and legal services. Prior to joining our Group, she worked in Skadden, Arps, Slate, Meagher & Flom LLP as an attorney before August 2004. She then served as the chief financial officer in the Comtech Group, Inc. from August 2004 to January 2008. Subsequently, she then served as an executive director in Cogobuy Group (currently known as Ingdan, Inc. (硬蛋創新)), a company listed on the Hong Kong Stock Exchange (stock code: 0400), from March 2015 to June 2020, and then a non-executive director from June 2020 to June 2022.

She has been holding independent directorships in multiple listed companies, including: (i) uCloudlink Group Inc., a company listed on NASDAQ (stock code: UCL) since June 2020; (ii) Zhihu Inc. (知乎), a company dual listed on New York Stock Exchange (stock code: ZH) and the Hong Kong Stock Exchange (stock code: 2390) since March 2021; (iii) VISEN Pharmaceuticals (維昇藥業), a company listed on the Hong Kong Stock Exchange (stock code: 2561) since April 2021; (iv) Acotec Scientific Holdings Limited (先瑞達醫療科技控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 6669) since August 2021. She also served as an independent director in ATA Creativity Global, a company listed on Nasdaq (stock code: AACG) from January 2008 to February 2026.

Ms. Ni obtained her bachelor’s degree in science at Cornell University in the U.S. in May 1994, and her Juris Doctor degree from University of Pennsylvania in the U.S. in May 1998. She has been qualified as an attorney in the state of New York in April 1999 in the U.S..

OTHER INFORMATION IN RELATION TO OUR DIRECTORS

Further Information about Mr. Tong Zhilei

Mr. Tong was a director of the following company, which was incorporated in the PRC and had its business licence revoked during his tenure. The relevant details are as follows:

Company Name	Nature of Business	Date of Revocation	Reason for Revocation	Outcome/ Current Position
Beijing Yide Fangzhou ChineseAll Information Technology Co., Ltd. (北京易得方舟中文在線信息技術有限公司) (“Yide Fangzhou”) . .	Technology development, services, transfer, consulting, and training; network technology services; information source provision services.	September 10, 2002	Yide Fangzhou failed to conduct the required annual inspection.	Yide Fangzhou ceased business prior to revocation of business licence.

Mr. Tong has confirmed that (i) the revocation of the business licence was due to failure to complete annual inspection, (ii) he was not involved in any dishonest or fraudulent act related to the revocation of Yide Fangzhou’s business license, and (iii) as of the Latest Practicable Date, he has not received any (a) claims or legal proceedings made or commenced against him by any creditors of the above company or any third parties, (b) any notice or sanction from relevant government authorities imposing any penalty or order for rectification against him or alleging that he is personally liable for the above non-compliances, or (c) notice of disqualification by relevant authorities requiring him to cease to act as director of any PRC companies.

DIRECTORS AND SENIOR MANAGEMENT

Further Information about Mr. Wang Chunren

During an inspection of Baotou Huazi Industry Co., Ltd. (包頭華資實業股份有限公司) (“**Huazi Industry**”), the Shenzhen Securities Regulatory Commissioner’s Office of CSRC (中國證券監督管理委員會深圳證券監管專員辦事處) (“**CSRC Shenzhen Commissioner’s Office**”) identified certain deficiencies in the audit procedures conducted by ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP (中興華會計師事務所(特殊普通合夥)) (“**Zhongxinghua**”) for the audit of Huazi Industry’s 2023 financial statements. On January 23, 2025, the CSRC Shenzhen Commissioner’s Office issued a warning letter to Zhongxinghua and Mr. Wang, as well as another partner of Zhongxinghua, both of whom served as the certified public accountants for the above-mentioned audit engagements (the “**CSRC Regulatory Findings**”). The warning letter cited regulatory audit findings and the need for improved audit practices through effective measures.

Notwithstanding the above, our Directors consider that Mr. Wang is competent and able to fulfil his duties of care, skill and diligence based on the following reasons:

- as advised by our PRC Legal Advisor (i) the warning letter does not constitute an administrative penalty under PRC laws. The issuance of the warning letter is purely a regulatory measure, serving as cautionary administrative notice, urging the directors to strengthen their knowledge of laws and regulations related to securities and futures, and diligently and faithfully perform their obligations in audit work; and (ii) such regulatory measure did not disqualify Mr. Wang from acting as a director or senior management of any PRC company under the PRC Company Law;
- the CSRC Regulatory Findings did not raise any concern over the integrity or character of Mr. Wang with no evidence of dishonesty, fraud or deliberate wrongdoing by Mr. Wang. The warning was cautionary in nature and related solely to insufficiency of audit evidence or procedure in relation to Huazi Industry;
- Mr. Wang has been a Certified Public Accountant of China (中國註冊會計師) and has not been disciplined or penalized since June 2007 and a certified tax agent of the PRC since June 2010. The CSRC Regulatory Findings did not negate Mr. Wang’s professional qualifications under Rule 3.10(2) of the Listing Rules; and
- there were no civil actions or administrative or criminal punishments taken by any regulatory authority or stock exchange against Mr. Wang in respect of the CSRC Regulatory Findings or otherwise. The CSRC Regulatory Findings pertain to an isolated historical engagement; and
- as confirmed by Mr. Wang, as of the Latest Practicable Date, no relevant professional bodies, including the Chinese Institute of Certified Public Accountants (中國註冊會計師協會), had imposed any professional censure, penalties or disciplinary actions against him after the CSRC Regulatory Findings.

Further Information about Dr. Li Xiaodong

On December 17, 2020 and December 30, 2021, the Shanghai Stock Exchange (the “**SSE**”) issued two disciplinary decisions (the “**SSE Decisions**”) concerning Guangdong Rongtai Industry Co., Ltd. (廣東榕泰實業股份有限公司) (“**Rongtai Industry**”) (currently known as Dawei Technology (Guangdong) Group Co., Ltd. (大位數據科技(廣東)集團股份有限公司)), whose shares are listed on the SSE (stock code: 600589). The SSE Decisions addressed certain non-compliance of Rongtai Industry, including (i) failure to timely publish its 2019 annual results estimate announcement, 2019 annual report and 2020 first quarter report, (ii) failure to disclose related parties and related-party transactions in its 2018 and 2019 annual reports, (iii) financial misstatements in its 2018 and 2019 annual reports and (iv)

DIRECTORS AND SENIOR MANAGEMENT

non-operational fund occupation by controlling shareholder, actual controller and their related parties in 2019 and 2020 (the “**Rongtai Industry Non-Compliance Incidents**”). Dr. Li was an independent director of Rongtai Industry between April 10, 2019 to August 14, 2020.

The SSE Decisions were issued to make public censure and criticism against Rongtai Industry and its then directors, senior management and supervisors in relation to the Rongtai Industry Non-Compliance Incidents. While the SSE Decisions cited Dr. Li for insufficient performance of his supervisory duties as an independent director, he was not identified as the key personnel directly responsible for or contributed to the Rongtai Industry Non-Compliance Incidents. In addition, based on publicly available information and the SSE Decisions, the Rongtai Industry Non-Compliance Incidents included issues in the 2018 and 2019 annual reports, some of which occurred before Dr. Li's appointment as an independent director of Rongtai Industry. As confirmed by Dr. Li, he had no prior knowledge of the issues underlying the Rongtai Industry Non-Compliance Incidents before his appointment. As an independent director, Dr. Li did not participate in the day-to-day operations or management of Rongtai Industry. His responsibilities were primarily advisory and supervisory in nature.

Notwithstanding the public censure and criticism against Dr. Li in the SSE Decisions, the Directors are of the view that Dr. Li possesses the experience, knowledge and skills required of a director of a listed company and is therefore suitable to be a Director, pursuant to Rules 3.08 and 3.09 of the Listing Rules. The view is based the following:

- according to the SSE Decisions and as confirmed by Dr. Li, the Rongtai Industry Non-Compliance Incidents did not involve any dishonesty or fraudulent conduct on his part that would affect his integrity or suitability as a director of a listed company;
- as confirmed by Dr. Li, he attended all board meetings during his tenure at Rongtai Industry and Dr. Li submitted his formal resignation on June 5, 2020, but due to delays by Rongtai Industry in organizing a board meeting, his resignation was not immediately processed, and the vacancy was not filled in a timely manner;
- as advised by our PRC Legal Advisor, (i) the public censure imposed by the SSE against Dr. Li constitutes disciplinary action rather than administrative penalty or breach of PRC laws indicating culpability; (ii) there are no restrictions under the PRC laws and regulations prohibiting Dr. Li from acting as a director or senior management of listed or non-listed companies under PRC laws as a result of the Rongtai Industry Non-Compliance Incidents;
- as confirmed by Dr. Li, there have been no public censure, criticism or other similar incidents involving him apart from the Rongtai Industry Non-Compliance Incidents, and the public censure or criticism itself does not disqualify Dr. Li from serving as a director of public companies in China;
- as further advised by our PRC Legal Advisor, based on publicly available information, Dr. Li has not been subject to any other penalties, sanctions or legal proceedings;
- Dr. Li has over 20 years of experience in computer and Internet technologies industry. Our Company values his experiences and networks, which are believed to support our Group's long-term development; and
- following the Rongtai Industry Non-Compliance Incidents, as confirmed by Dr. Li, he has further enhanced his awareness of the responsibilities of independent director, particularly with respect to corporate disclosures and compliance requirements.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets out information regarding the members of senior management of our Company.

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Tong Zhilei (童之磊)	51	Chairman of the Board, executive Director and general manager	December 19, 2000	December 19, 2000	Responsible for development strategy formulation, business plan execution and overall management of our Group, presiding over Board decisions, overseeing the international business and leading the Group to achieve long-term sustainable development	None
Mr. Xie Guangcai (謝廣才)	49	Executive Director and executive vice general manager	April 15, 2002	March 22, 2011	Responsible for providing operation opinions to our Board, executing the Group’s business plan and management, and overseeing the domestic business	None
Mr. Yang Ruizhi (楊銳志)	51	Chief operating officer	December 16, 2019	January 1, 2020	Responsible for the operation of the Group and overseeing the domestic business	None
Ms. Wang Jingjing (王京京)	45	Board secretary, vice general manager and financial director	September 20, 2010	August 15, 2016	Responsible for corporate governance, capital operations and investor relations, managing our Company’s brand and international business, and overseeing financial and accounting affairs	None

Mr. Tong Zhilei (童之磊), aged 51, is our founder, the chairman of the Board, an executive Director and the general manager of our Company. See “— Board of Directors — Executive Directors” for his biographical details.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xie Guangcai (謝廣才), aged 49, is an executive Director and executive vice general manager of our Company. See “— Board of Directors — Executive Directors” for his biographical details.

Mr. Yang Ruizhi (楊銳志), aged 51, is the chief operating officer (“COO”) of our Company. Mr. Yang joined our Company on December 16, 2019. He subsequently served as a deputy general manager and financial director on January 1, 2020 and was appointed as COO on October 9, 2023. He no longer served as financial director as of January 20, 2025. He also serves as the director of various subsidiaries of our Company. He is primarily responsible for the operation of the Group and overseeing the domestic business.

Mr. Yang has accumulated over 20 years of experience in accounting and corporate finance. Prior to joining our Group, Mr. Yang worked as a project manager in Protiviti (Shanghai) Co., Ltd. Beijing Branch (甫瀚諮詢(上海)有限公司北京分公司) from July 2005 to June 2006. He then worked in eLong, Inc., a company previously listed on NASDAQ, stock code: LONG, from June 2006 to September 2016 starting from the position of internal audit director and his last position was chief financial officer. He also served as a financial director in Guangdong TCL Smart Home Appliance Co., Ltd. (廣東TCL智慧家電股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002668), from November 2017 to September 2018, and a chief financial officer in First MOMA Assets Management (Beijing) Co., Ltd. (第一摩碼資產管理(北京)有限公司) from May 2019 to October 2019.

Mr. Yang obtained his bachelor’s degree from Beijing University of Technology (北京工業大學) in July 1999, with dual majors in industrial and civil construction and enterprise management (international operation). He has been recognized as a non-practicing member by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since September 2010.

Ms. Wang Jingjing (王京京), aged 45, is the board secretary, vice general manager and financial director of our Company. Ms. Wang joined our Company on September 25, 2010. Since then, she had served as a securities affair’s representative and general manager of securities investment department. She was appointed as board secretary on August 23, 2016, vice general manager on August 9, 2017 and financial director on June 10, 2025. She is primarily responsible for our Group’s corporate governance, capital operations and investor relations, managing our Company’s brand and international business, and overseeing financial and accounting affairs.

Ms. Wang has over 10 years of experience in investment, corporate finance and corporate management. Apart from the board secretary, vice general manager and financial director, she also serves as the director of various subsidiaries of our Company.

Ms. Wang obtained her bachelor’s degree in law and management from Huazhong University of Science & Technology (華科技大學) in June 2003, and her master’s degree in economic law from Huazhong University of Science & Technology in June 2005. Ms. Wang obtained the qualification of board secretary granted by the Shenzhen Stock Exchange in April 2012, and she has obtained the PRC legal profession qualification granted by the Ministry of Justice of the PRC in March 2010.

Save as disclosed above, none of our Directors and members of senior management is related to other Directors or members of senior management. Save as disclosed in this section, (i) none of our Directors and members of senior management held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document; (ii) to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Ms. Wang Jingjing (王京京), aged 45, is our Board secretary and joint company secretary. For details of her biography, see “— Senior Management”.

Mr. Yuan Taotao (袁濤濤) of Zhong Lun Law Firm LLP, an external service provider, has been appointed as one of the joint company secretaries of our Company with effect upon [REDACTED]. He is a solicitor qualified to practice in Hong Kong and has obtained the PRC legal profession qualification granted by the Ministry of Justice of the PRC. Mr. Yuan is currently a senior associate of Zhong Lun Law Firm LLP, specializing in corporate finance work including initial public offerings and post-listing compliance matters. Mr. Yuan received his LLB degree from Fujian Normal University (福建師範大學) in the PRC in June 2012 and from Manchester Metropolitan University in the United Kingdom in July 2017. He received his Postgraduate Certificate in Laws from The Chinese University of Hong Kong in July 2018.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has formed four Board committees, namely the Strategy and ESG Committee, the Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee.

Strategy and ESG Committee

We have established a Strategy and ESG Committee with written terms of reference. The Strategy and ESG Committee consists of five Directors, namely Mr. Tong, Mr. Zhang Fan, Mr. Xie Guangcai, Dr. Lei Lin and Dr. Li Xiaodong. Mr. Tong currently serves as the chairperson of the committee. The primary duties of the Strategy and ESG Committee are to study and advise on the mid-to-long term strategy, major investment decisions and environmental, social and governance policies of our Group.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.4 and paragraph D.3 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Wang Chunren, Ms. Lian Lian and Mr. Zhang Fan. Mr. Wang Chunren, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board and monitoring the independence of external auditors and evaluating their performance;
- guiding internal audit work;
- examining the financial information of our Company, reviewing financial reports and statements of our Company and giving comments on relevant matters;
- assessing the effectiveness of internal control;
- coordinating the communication among management, internal audit department, related departments and external audit agency; and
- dealing with other matters that are authorized by the Board or involved in relevant laws and regulations.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration and Evaluation Committee

We have established a Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules, paragraph E.1 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Remuneration and Evaluation Committee consists of three Directors, namely Ms. Lian Lian, Mr. Wang Chunren and Mr. Tong. Ms. Lian Lian serves as the chairperson of the Remuneration and Evaluation Committee. The primary duties of the Remuneration and Evaluation Committee include, but not limited to, the following:

- formulating individual remuneration plans for the Directors and members of the senior management in accordance with the terms of reference of the job responsibilities, the importance of their positions as well as the remuneration benchmarks for the relevant positions in other comparable companies;
- examining the criteria of performance evaluation of the Directors and the senior management of our Company and conducting annual performance evaluation;
- supervising the implementation of the remuneration plan of the Company; and
- dealing with other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules, paragraph B.3 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, namely Dr. Li Xiaodong, Ms. Lian Lian and Mr. Tong. Dr. Li Xiaodong serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- making recommendations to our Board with regards to the size and composition of our Board based on our Company’s business operation, asset scale and equity structure;
- researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management and making recommendations to our Board;
- conducting extensive search and providing to our Board suitable candidates for the Directors, general managers and other members of the senior management;
- examining our Board candidates, general manager and members of the senior management and making recommendations to our Board;
- assessing and reviewing the independence of independent non-executive Directors; and
- dealing with other matters that are authorized by our Board.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors received their remuneration in the form of fees, salaries, allowances, benefits in kind, social insurance and housing provident fund.

In 2023, 2024 and the nine months ended September 30, 2025, the aggregate amount of emoluments paid or payable to our Directors amounted to RMB3.8 million, RMB6.2 million and RMB4.5 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB3.8 million.

DIRECTORS AND SENIOR MANAGEMENT

In 2023, 2024 and the nine months ended September 30, 2025, there were one, one and one Directors among the five highest paid individuals, respectively. The total emoluments for the remaining individuals among the five highest paid individuals for the same periods were RMB6.5 million, RMB9.3 million and RMB7.8 million, respectively.

We confirmed that during the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of any subsidiary of our Company.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiary to our Directors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [REDACTED].

Pursuant to code provision C.2.1 in the Corporate Governance, the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual.

Mr. Tong is serving as the chairman of the Board as well as the general manager of our Company (same nature as chief executive). As Mr. Tong has been managing our Group's business and overall strategic planning since December 2000, our Directors consider that vesting the roles of chairman of the Board and general manager in Mr. Tong is beneficial to the business prospects and management of our Group by ensuring consistent leadership within our Group. Taking into account all the corporate governance measures that we are going to implement upon the [REDACTED], our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Accordingly, our Company had not segregated the roles of its chairman of the Board and general manager. Our Board will continue to review and consider splitting the roles of chairman of our Board and the general manager of our Company at an appropriate time if necessary, taking into account the circumstances of our Group as a whole.

Save as disclosed above, as of the Latest Practicable Date and to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, our Directors were not aware of any deviation from provisions in the Corporate Governance Code.

CONFIRMATION FROM DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on January 24, 2026, and (ii) understands his or her obligation as a director of a [REDACTED] issuer under the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

Rule 8.10 of the Listing Rules

Save as disclosed in this document, each of our Directors, excluding independent non-executive Directors, confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which materially competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

BOARD DIVERSITY POLICY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We have adopted the Board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the copyright, accounting, audit and financial management, economics, finance and law. They obtained degrees in various areas including automotive engineering, computer science, accounting, law and management. Our Board diversity policy is well implemented as evidenced by the fact that there are Directors ranging from 49 years old to 56 years old with experience from different industries, sectors and genders.

We will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. We will encourage our incumbent Board members to recommend female candidate Directors and take other actions to help achieve greater Board diversity, for example inviting some of our outstanding female staff at mid to senior level to attend and observe Board meeting. This will allow our Board to understand more about these potential female candidates before they are nominated to our Board and provide opportunities for potential female candidates to prepare themselves for director duties. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff including but not limited to business operation, management, accounting and finance, legal and compliance. As such, we are of the view that our Board will be offered chances to identify competent female staff at mid to senior level to be nominated as a Director in future with a pipeline of female candidates.

We are committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

DIRECTORS AND SENIOR MANAGEMENT

Upon [REDACTED], our Board comprises six male members and two female members. Our Nomination Committee is responsible for ensuring the diversity of our Board members and compliance with relevant codes governing Board diversity under the Corporate Governance Code contained in Appendix C1 to the Listing Rules. After the [REDACTED], our Nomination Committee will review the Board diversity policy from time to time, develop and review measurable objectives for implementing the policy and monitor the progress on achieving these measurable objectives to ensure its continued effectiveness. We will disclose in our corporate governance report about the implementation of the Board diversity policy on an annual basis.

COMPLIANCE ADVISOR

We have appointed Guolian Securities International Capital Market Co., Limited as our compliance advisor (the “**Compliance Advisor**”) pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and
- (d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the [REDACTED] or [REDACTED] of its [REDACTED] or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED], and assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], the following persons will have interests or short positions (if applicable) in the Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at Shareholders’ general meetings of our Company:

Shareholder	Nature of interest	Description of Shares	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED]		
			Number of Shares ⁽¹⁾	Approximate % of shareholding in the total share capital of our Company ⁽²⁾	Number of Shares ⁽¹⁾	Approximate % of shareholding in our A Shares ⁽³⁾	Approximate % of shareholding in the total share capital of our Company ⁽³⁾
Mr. Tong	Beneficial owner Interest of concert parties ⁽⁴⁾	A Shares	99,712,416	13.69%	[REDACTED]	[REDACTED]%	[REDACTED]%
Dr. Ni	Interest of spouse ⁽⁵⁾	A Shares	99,712,416	13.69%	[REDACTED]	[REDACTED]%	[REDACTED]%
Litong Investment .	Beneficial owner ⁽⁶⁾ Interest in controlled corporation ⁽⁶⁾	A Shares	50,932,803	6.99%	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

- (1) All interests stated are long positions in the Shares.
- (2) The calculation is based on the total number of 728,500,118 A Shares in issue as of the Latest Practicable Date.
- (3) The calculation is based on the total number of [REDACTED] A Shares and [REDACTED] H Shares in issue immediately after completion of the [REDACTED] since [REDACTED] H Shares will be issued pursuant to the [REDACTED], assuming that the [REDACTED] is not exercised.
- (4) Our executive Director, Mr. Tong, directly holds 87,201,416 A Shares. In addition, Mr. Tong, as the sole beneficial owner, controls the Xuanyuan Yuanding No. 6 Fund, which is interested in 12,511,000 A Shares. For further details, see “Relationship with Our Single Largest Group of Shareholders”.
- (5) Dr. Ni is the spouse of Mr. Tong. Dr. Ni is deemed to be interested in the same number of Shares in which Mr. Tong is interested under the SFO.
- (6) As of the Latest Practicable Date, (i) Litong Investment directly held 25,466,390 A Shares; and (ii) Yuewen IT directly held 25,466,413 A Shares. Yuewen IT is wholly-owned by Litong Investment, which is, in turn wholly-owned by Shenzhen Tencent Ruijian Investment Co., Ltd. (深圳市騰訊睿見投資有限公司) (“Tencent Ruijian”), a subsidiary of Tencent Holdings Limited (“Tencent”), a company listed on the Stock Exchange. Accordingly, Tencent Ruijian and Tencent are deemed to be interested in the A Shares held by Litong Investment and Yuewen IT by virtue of the SFO.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above and in “Statutory and General Information — (C) Further Information about our Directors, chief executives and substantial Shareholders of our Company” in Appendix V to this document, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] (assuming the [REDACTED]) is not exercised and no other changes are made to the [REDACTED] capital of our Company between the Latest Practicable Date and the [REDACTED]), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB728,500,118, comprising 728,500,118 A Shares with a nominal value of RMB1.00 each, all of which are listed on the ChiNext Board of the Shenzhen Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of our Company (%)
A Shares in issue	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is fully exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of our Company (%)
A Shares in issue	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

SHARE CAPITAL

OUR SHARES

Upon the completion of the [REDACTED], our Shares will consist of A Shares and H Shares. Our H Shares in [REDACTED] upon completion of the [REDACTED] and our A Shares are ordinary shares in the share capital of our Company and are considered as one class of Shares. However, apart from certain qualified domestic institutional [REDACTED] in Chinese Mainland and persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approval of any competent authority, or (if our H Shares are eligible securities for that purpose) through Shenzhen-Hong Kong Stock Connect pursuant to relevant PRC laws and regulations, our H Shares cannot be [REDACTED] for by or [REDACTED] between legal or natural persons of the PRC.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between the Chinese Mainland and Hong Kong. Our A Shares can be [REDACTED] and [REDACTED] in the Chinese Mainland and, qualified foreign institutional [REDACTED] or qualified foreign strategic [REDACTED] and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be [REDACTED] for and [REDACTED] by Hong Kong and other overseas [REDACTED] pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [REDACTED] and [REDACTED] in the Chinese Mainland in accordance with the rules and limits of Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [REDACTED] of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請「全流通」業務指引》) announced by the CSRC are not applicable to companies dual [REDACTED] on the stock exchanges in the Chinese Mainland and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that holders of our A Shares may convert the A Shares held by them into H Shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

SHARE CAPITAL

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to issue H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the Shareholders’ general meeting of our Company held on December 31, 2025 and is subject to the following major conditions:

(i) Size of the [REDACTED]

The proposed number of H Shares to be [REDACTED] shall not exceed [REDACTED]% of the total issued share capital enlarged by the H Shares to be issued pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be issued pursuant to the full exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially under the [REDACTED].

(ii) Method of [REDACTED]

The method of [REDACTED] shall be by way of a [REDACTED] for subscription in Hong Kong and an [REDACTED].

(iii) Target [REDACTED]

The H Shares shall be issued to overseas institutional [REDACTED], corporations and individual [REDACTED], as well as qualified domestic institutional [REDACTED] and other [REDACTED] who fulfill the requirements of relevant laws and regulations.

(iv) [REDACTED] Basis

The [REDACTED] of the H Shares will be determined in accordance with international practices through the demands for orders and the [REDACTED] process, having due regard to the interests of existing Shareholders, [REDACTED] acceptance, international capital market conditions and issuance risks, and shall be jointly negotiated and determined by the Board and/or persons authorized by the Board together with the [REDACTED] pursuant to the authorization of the shareholders’ meeting, subject to applicable laws and regulations and the approvals or filings of the relevant domestic and overseas regulatory authorities.

(v) Validity Period

The [REDACTED] and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months (or other extended period as agreed by the Shareholders) from the date on which such matters were approved at the Shareholders’ meeting held on December 31, 2025. There are no other approved [REDACTED] plans for our Shares except the [REDACTED].

EMPLOYEE INCENTIVE PLANS

For details of our Employee Incentive Plans, see “Statutory and General Information — (D) Employee Incentive Plans” in Appendix V to this document.

SHAREHOLDERS’ GENERAL MEETINGS

For details of circumstance under which our Shareholders’ general meetings are required, see “— Summary of Articles of Association — Shareholders’ General Meeting” in Appendix IV to this document.

FINANCIAL INFORMATION

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants’ Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed “Risk Factors” and “Business”.

For the purposes of this section, unless the context otherwise requires, references to the years of 2023 and 2024 refer to the years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis. In addition, the following discussion and analysis contains certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them, and all monetary amounts and percentages shown are approximate amounts only.

OVERVIEW

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. 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.

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-months period following launch.

FINANCIAL INFORMATION

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been and will continue to be affected by a number of factors, which primarily include the following:

Improve Quality of Our Digital Content and Micro Dramas

High quality digital content is crucial to our success. Superior content boosts user acquisition and retention, and average revenue per user (“ARPU”), thereby enhancing our monetization.

Our self-developed “Xiaoyao” AI empowers us and global writers to create novels, script and animation generation. By integrating data-driven insights from our AI-empowered platforms with our deep industry expertise, we carry out comprehensive assessments of our digital content library to screen out high commercial potential IPs which are then shortlisted for subsequent IP development plans, spanning from literature to audiobooks, comics, AI motion comics, animations, micro dramas, films, and accessories.

For literature content, we offer high quality digital content both on our self-owned online literature platforms and through third-party distribution channels. We devote our efforts in talent recruitments and AI empowerment. We are going to offer more competitive customized licensing agreements to writers with development potential; expand the editorial team and build AI-empowered content production toolkits to enable writers to create content more efficiently on our platforms; and establish incentive funds and/or organize activities to attract talented writers to submit literary works to us.

For micro dramas, we primarily focus on overseas business, devote our efforts in building capable production and operation teams with AI empowerment to ensure our superior content quality. We have established cross-border collaborations between domestic and local screenwriters with localized team across North America, Japan and China. We are going to expand our capacities by hiring more screenwriting talents as well as pursuing strategic cooperations with screenwriting studios and/or production companies. High-quality micro-dramas, tailored to local tastes and cultural nuances, enhance viewer satisfaction, foster loyal communities, and directly translate to stronger market penetration and higher ARPU.

Improve Operation of Online Literature and Related Business

Online literature business has been our revenue foundation, primarily generated from third party distribution channels. We usually receive from distribution customers (i) a share of the revenue generated from such literary works on distribution customers’ platforms or (ii) a combination of fixed fee based on the number of licensed literary works and the shared revenue.

We have been working on maintaining or, where possible, increasing the amount of fixed fee and securing favorable revenue-sharing ratios in negotiations with our existing major channel partners in terms of copyright cooperation agreements. Also, we are enhancing content quality and cultivating potential hit titles capable of forming valuable IPs, thereby strengthening our bargaining position with our channel partners and pursue the expansion of our partner network by engaging new and diverse large platforms in non-online literature industries.

FINANCIAL INFORMATION

Improve Operation of Micro Dramas and IP Derivatives Business

We primarily focus on expansion of the untapped overseas micro drama market. We are continuously expanding the reach of our micro drama business by both increasing the penetration rate among geographies where we already operated in, as well as expanding into new markets. Typically overseas users in North America and Europe have higher purchasing power, thus we could potentially achieve higher ARPU in those markets with high-quality content. By successfully introducing micro drama series to new overseas audiences, we are driving a step-change in user acquisition.

Further, its growth fundamentally depends on three key operational metrics: increasing the number of active audience on our platform, improving the conversion rate of these active audience into paying users, and enhancing the ARPU. A larger base of active audience directly boosts advertising revenue, from this expanded base, a higher conversion rate leads to a greater number of paying users, who contribute through monthly subscriptions and in-app purchases. Finally, by improving user retention and increasing ARPU, we are driving sustainable revenue growth.

Our Ability to Increase Our Production Efficiency

We utilize our AI technology, Xiaoyao AI and suite of AI toolkits, to empower core content production processes, enhance operation efficiency and reduce costs across business lines. We primarily leverage AI capabilities to lower production costs and operating expenses through content generation and process automation.

As of the Latest Practicable Date, we have applied AI technology to cover 60% of our literary content production processes. This has driven a more than 40% increase in our production efficiency in terms of average daily word count generated and reduced our average translation costs by over 90% as compared with traditional non-AI processes, significantly enhancing our competitiveness in the global literary content market.

Implementation of effective advertising and marketing models and strategies is essential to achieving a competitive advantage in this industry. As of the Latest Practicable Date, 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 more than 20 times in terms of average daily number of advertisement managed per person as compared with traditional non-AI processes.

Strategic Focus on Higher-margin Businesses and Improve Cashflow

We constantly optimize our allocation of capitals among our business lines. This entails shifting towards third-party distribution customers of online literature and premium micro dramas that typically incur no distribution costs, thereby improving overall profit margin. Also, we are working on improving the profit margin of our FlareFlow business. First, improving content quality means that while keeping production costs under cost of sales unchanged, we can generate higher revenue, attract more viewership, expand our audience base, and increase subscriptions. This, in turn, will enhance our gross profit margin. Second, improving the efficiency of our selling and marketing efforts will enable us to generate increased revenue, while production costs remain unchanged. This will ultimately lead to an enhancement in our gross profit margin.

As the business scales and establishes greater brand awareness, reputation, and customer loyalty, FlareFlow’s prepaid recharge model ensures upfront cash collection from customers, and the rising efficiency of our selling and marketing expenses will further amplify the business’s cash flow performance.

FINANCIAL INFORMATION

Strategic Change in Business Models

Due to the rapidly evolving industry landscape in both online literature and micro dramas spaces, our business models have undergone a few changes during the Track Record Period. We believe these strategic changes are critical to the survival of our overall business and are common to our peers in the digital entertainment industry.

In April 2023, we deconsolidated Crazy Maple Studio, which operated overseas online literature and micro dramas businesses back then, for reasons as set out in “History, Development and Corporate Structure — Deconsolidation of Crazy Maple Studio”.

From 2023 to 2024, for domestic micro dramas business, we started shifting our focus from to-C model to to-B model and prioritized partnering with leading third party platforms backed by internet giants, given that the gross profit margin for to-C model (through mini programs) is declining due to increasing level of distribution costs, with more intense competition in China. From 2025 onwards, we made similar strategic shift of focus from to-C (through mini programs) to to-B for our domestic online literature business.

On the other hand, we started exploring the overseas micro dramas market through launching the Sereal platform in 2023, where the overall penetration rate of micro dramas was much lower. In 2025, we launched our flagship overseas micro dramas business, FlareFlow, and concurrently are phasing out the Sereal business from mid year of 2025. The launch of Sereal and FlareFlow led to increase in revenue in our micro drama business, but also incurred relatively higher production costs, content costs, and selling and marketing expenses to achieve rapid user base expansion.

We have also gradually ramped up our overseas online literature business in 2025 through our self-owned platform, Rocnovel, with most of its content generated through AI leveraging our domestic digital content and IPs.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards. For the purpose of preparing the historical financial information, we have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new and revised or amended standards that are not yet effective for the accounting period beginning on January 1, 2025. New and revised accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2025 are set out in Note 32 to the Accountants’ Report in Appendix I to this document.

MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The financial information is presented in RMB, which is the same as our Company’s functional currency and all values are rounded to the nearest thousand unless otherwise indicated. The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the historical financial information. For details on the description of our material accounting policy information, as well as critical accounting estimates and judgments, see Notes 2 and 3 to the Accountants’ Report in Appendix I to this document.

FINANCIAL INFORMATION

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, details of which are set out in the Accountants’ Report in Appendix I to this document.

	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)

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED ITEMS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Revenue by Business Line

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	
	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (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.

Online Literature and Related Business

We primarily distribute our online literature content to readers through our diverse third-party distribution channels as well as our proprietary online literature platforms. In addition, we also generate revenue from licensing of our online literary content to IP adaptation partners.

To enhance the commercial value of the online literature content in our digital content library, we may also license them to IP adaptation partners for adaptation into various products, such as translated works, audiobooks, animations, as well as television and films. We typically receive from such IP adaptation partners fixed licensing fee and/or a combination of a fixed licensing fee and revenue or profit sharing from the adapted products in return.

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.

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Micro Dramas and IP Derivatives Business

For overseas micro drama, we mainly offer both our in-house and third-party produced micro dramas through our flagship micro drama platform, FlareFlow. Initial episodes of our micro drama series are offered for free to drive audience engagement, after which audiences may either pay certain fees to unlock subsequent episodes or subscribe to a membership for unlimited access to our full micro drama series. Our revenue is primarily attributable to customers’ subscription fees and top up fees. For non-paying audiences, they may choose to access a limited number of episodes daily in exchange for viewing advertisements.

For domestic micro dramas, we produce our own micro dramas and distribute them on leading domestic micro drama platforms and other video platforms such as Hongguo. We will receive from the customers fixed fees based on the number of micro dramas and shared revenue from the broadcasting of micro dramas.

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.

Revenue by Geographical Location^(Note 1)

The following table sets forth the breakdown of our revenue by geographical location for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Chinese Mainland and Hong Kong	1,281,542	91.0	859,112	74.1	598,517	74.1	606,990	60.0
Other countries or regions other than Chinese Mainland and Hong Kong ^(Note 2)	127,315	9.0	300,007	25.9	209,532	25.9	404,049	40.0
Total	1,408,857	100.0	1,159,119	100.0	808,049	100.0	1,011,039	100.0

Notes:

- (1) The geographical location of customers is based on the location where our Group’s platform being registered.
- (2) Other countries or regions other than Chinese Mainland and Hong Kong primarily including United States and Singapore.

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While domestic contributions have generally trended downward, overseas revenue is experiencing robust growth, demonstrating the efficacy of our strategic expansion into overseas markets. Our successful strategic pivot is exemplified by the launch of our flagship overseas micro drama platform, FlareFlow, in April 2025, leading to an impressive 92.8% year-on-year increase in overseas revenue for the nine months ended September 30, 2025. We anticipate that our focused discovery and cultivation of the overseas market will continue to be a primary driver of our future financial performance.

Cost of Sales

The following table sets forth the breakdown of our cost of sales by nature for the years/periods indicated:

	For the year ended December 31,				For the 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)	%
Distribution costs	563,557	72.3	471,672	60.6	343,155	60.9	308,222	46.4
Production costs	1,698	0.2	60,010	7.7	44,870	8.0	137,263	20.7
Content costs	132,847	17.1	185,645	23.8	130,328	23.1	153,237	23.1
Personnel salary, share-based payments and welfare	35,171	4.5	26,356	3.4	18,942	3.4	27,083	4.1
Others	46,018	5.9	34,085	4.5	26,407	4.6	37,931	5.7
Total	779,291	100.0	777,768	100.0	563,702	100.0	663,736	100.0

During the Track Record Period, our cost of sales comprised (i) distribution costs for user and traffic acquisition, (ii) production costs for production of dramas, (iii) content costs including amortization of intangible assets arising from copyright and payment of a certain percentage of the revenues earned from content posted on self-owned and distribution channel partners’ platforms, (iv) personnel salary, share-based payments and welfare and (v) others including copyright protection costs and costs of merchandise. It decreased slightly from 2023 to 2024, primarily due to a decrease in distribution costs as a result of our strategic shift to domestic to-B micro dramas business and discontinuation of domestic to-C micro dramas business, which was partially offset by (i) an increase in distribution costs as a result of Company’s increase in domestic to-C online literature business through online reading mini programs, (ii) an increase in production costs largely due to increased business scale of Sereal and (iii) an increase in content costs due to increased Sereal business, and increased domestic online literature business (both to-C and to-B). However, for the nine months ended September 30, 2025, cost of sales increased from September 30, 2024, significantly, primarily attributable to increased production costs following the expanded production of our overseas micro drama series.

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

	For the year ended December 31,				For the nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Online literature and related business . . .	397,820	51.0	518,284	66.6	386,270	68.5	328,759	49.5
Micro dramas and IP derivatives business	344,796	44.2	209,605	26.9	154,606	27.4	311,062	46.9
Others ^(Note 1)	36,675	4.8	49,879	6.5	22,826	4.1	23,915	3.6
Total	779,291	100.0	777,768	100.0	563,702	100.0	663,736	100.0

Note:

- (1) Primarily including costs of sales from provision of educational products and services, rentals, content reviewing services and other technical operation services.

From 2023 to 2024, decrease in cost of sales is due to decreased cost of sales from domestic to-C micro dramas business, which is offset by increase in cost of sales from increased domestic to-C online literature business.

The increase in cost of sales of online literature and related business by RMB120.5 million is due to (i) increased scale of domestic to-C online literature business (mainly through mini programs), (ii) increased business scale of our domestic to-B businesses for both online literature and micro dramas businesses, and partially offset by the impact of deconsolidation of CMS.

The increase in cost of sales for the nine months ended September 30, 2025 is primarily due to the initial investment of our overseas micro drama business, FlareFlow.

Gross Profit and Gross Profit Margin

Gross Profit and Gross Profit Margin by Business Line

The following table sets forth a breakdown of gross profit and gross profit margin by business line for the years/periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Online literature and related business . . .	271,814	40.6	167,714	24.4	100,845	20.7	151,331	31.5
Micro dramas and IP derivatives business	277,223	44.6	188,590	47.4	136,399	46.9	163,067	34.4
Others ^(Note 1)	80,529	68.7	25,047	33.4	7,103	23.7	32,905	57.9
Total	629,566	44.7	381,351	32.9	244,347	30.2	347,303	34.4

Note:

- (1) Primarily including gross profit and gross profit margin from provision of educational products and services, rentals, content reviewing services and other technical operation services.

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Our overall gross profit and gross profit margin decreased in 2024, primarily due to increased domestic to-C online literature business (online reading through mini programs) that had a relatively lower gross profit margin, due to relatively higher level of distribution costs as a result of intense competition from other domestic platforms backed by internet giants. However, both metrics rebounded in the nine months ended September 30, 2025, with gross profit increasing significantly by 42.1% and the margin expanding from 30.2% to 34.4%. This recovery was driven by improved profitability from our overseas online literature business benefiting from improvement on efficiency of literature creation through AI technology.

Other Net Income/(Loss)

Our other net income/(loss) mainly consists of (i) government grants, (ii) net (losses)/gains on disposal of property and equipment and intangible assets, (iii) value added tax and other tax refund, (iv) interest income, (v) litigation compensation income representing the one-off litigation compensation income from a successful lawsuit in 2023 and (vi) others. The following table sets forth the breakdown of our other net income/(loss) for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Government grants ^(Note 1) . .	4,455	7.8	4,462	68.7	811	14.7	10,951	(140.3)
Net (losses)/gains on disposal of property and equipment and intangible assets	(147)	(0.3)	(839)	(12.9)	163	2.9	(17,553)	225.0
Value added tax and other tax refund	3,776	6.6	—	—	—	—	—	—
Interest income.	5,392	9.4	2,313	35.6	1,854	33.5	1,329	(17.0)
Litigation compensation income	39,048	68.0	—	—	—	—	—	—
Others ^(Note 2)	4,906	8.5	557	8.6	2,702	48.9	(2,530)	32.3
Total	57,430	100.0	6,493	100.0	5,530	100.0	(7,803)	100.0

Notes:

- (1) Government grants received primarily relating to certain subsidies for research and development projects and subsidies for other government-sponsored projects. As of December 31, 2023 and 2024 and September 30, 2025, there were no unfulfilled conditions or contingencies associated with these grants.
- (2) Primarily including exchange gains/(losses) and donation expenses.

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Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) personnel salary, share-based payments and welfare for sales personnel, (ii) advertising and marketing expense for brand promotion and user base expansion, (iii) outsourcing and other labor cost and (iv) others mainly representing travel expenses, business entertainment expenses, professional service fees, depreciation and amortization expenses, rental and management fees and office expenses.

It increased in the nine months ended September 30, 2025, primarily due to the launch of the FlareFlow business. This investment was directed toward brand promotion and user base expansion, and increased personnel salary, share-based payments and welfare for sales personnel to support the new platform’s growth.

The following table sets forth a breakdown of our selling and marketing expenses for the years/periods indicated:

	For the year ended December 31,				For the 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)	%
Personnel salary, share-based payments and welfare.	81,873	17.0	96,668	20.8	61,588	18.1	85,822	13.0
Advertising and marketing expense. .	344,593	71.6	297,282	63.9	229,019	67.1	517,216	78.3
Outsourcing and other labor cost	27,123	5.6	40,451	8.7	31,289	9.2	25,743	3.9
Others	27,577	5.8	30,524	6.6	19,065	5.6	31,490	4.8
Total	481,166	100.0	464,925	100.0	340,961	100.0	660,271	100.0

Administrative Expenses

Our administrative expenses consist primarily of (i) personnel salary, share-based payments and welfare for back office and administrative personnel, (ii) depreciation and amortization charges, (iii) office expenses covering logistics expenses, courier fees, ongoing expenses linked to licenses, certifications and qualifications for operations, (iv) professional service fee, (v) business entertainment expense, (vi) outsourcing and other labor cost, (vii) rental and management fee for rental of office premises, and (viii) others.

Our administrative expenses remain relatively stable between 2023 and 2024 as they are largely fixed by nature but rose in the nine months ended September 30, 2025, attributable to the launch of the FlareFlow business.

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The following table sets forth a breakdown of our administrative expenses for the years/periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Personnel salary, share-based payments and welfare	63,391	59.2	55,503	50.6	42,634	57.4	48,808	54.5
Depreciation and amortization charges	14,214	13.3	13,933	12.7	13,509	18.2	9,660	10.8
Office expenses	3,138	2.9	3,600	3.3	2,367	3.2	5,701	6.4
Professional service fee	8,339	7.8	13,021	11.9	6,239	8.4	5,344	6.0
Business entertainment expense	5,350	5.0	10,758	9.8	4,885	6.6	4,855	5.4
Outsourcing and other labor cost	1,598	1.5	3,275	3.0	1,691	2.3	3,522	3.9
Rental and management fee . . .	1,439	1.3	1,170	1.1	781	1.1	3,404	3.8
Others ^(Note 1)	9,634	9.0	8,416	7.6	2,134	2.8	8,221	9.2
Total	107,103	100.0	109,676	100.0	74,240	100.0	89,515	100.0

Note:

(1) Primarily including business travel expenses, tax and surcharges.

Research and Development Expenses

Our research and development expenses consist primarily of (i) personnel salary, share-based payments and welfare for research and development personnel, (ii) outsourcing and other labor costs representing fee for certain small-scale R&D projects provided by outsource technology development vendors, and (iii) others representing depreciation and amortization expenses, and professional services fees.

Our research and development expenses decreased by 28.6% from 2023 to 2024, primarily due to the deconsolidation of Crazy Maple Studio. This trend reversed in the nine months ended September 30, 2025, driven by our strategic investment in AI technology and our FlareFlow platform.

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The following table sets forth a breakdown of our research and development expenses for the years/periods indicated:

	For the year ended December 31,				For the 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)	%
Personnel salary, share-based payments and welfare.	62,127	72.0	37,324	60.6	25,531	67.9	34,793	65.2
Outsourcing and other labor costs	19,994	23.2	21,745	35.3	10,193	27.1	17,204	32.2
Others	4,130	4.8	2,506	4.1	1,898	5.0	1,373	2.6
Total	86,251	100.0	61,575	100.0	37,622	100.0	53,370	100.0

Finance Costs

Our finance costs mainly represented interest expenses on bank loans and lease liabilities. The following table sets forth a breakdown of our finance costs 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)	%
Interest on bank loans	8,972	96.1	11,162	89.9	8,119	89.3	7,383	92.4
Interest on lease liabilities	362	3.9	1,249	10.1	973	10.7	611	7.6
Total	9,334	100.0	12,411	100.0	9,092	100.0	7,994	100.0

Fair Value Changes of Financial Assets Measured at FVTPL

Our fair value changes of financial assets measured at FVTPL mainly represented fair value changes in investments in certain wealth management products managed by the banks or securities companies. We recorded loss from fair value changes of financial assets measured at FVTPL of RMB11.5 million for the year ended December 31, 2023 and profit from fair value changes of financial assets measured at FVTPL of RMB22.7 million, RMB16.8 million and RMB3.1 million for the year ended December 31, 2024 and nine months ended September 30, 2024 and 2025, respectively.

Reversal of Impairment Loss/ (Impairment Loss) on Trade Receivables, Prepayment and Other Receivables

Our impairment losses recognized on trade receivables, prepayment and other receivables were mainly the loss in the estimated amounts owing from trade receivables, prepayment and other receivables that might be uncollectible. We recorded reversal of impairment losses recognized on trade receivables, prepayment and other receivables of RMB29.2 million, impairment losses recognized on trade receivables, prepayment and other receivables of RMB10.3 million, reversal of impairment losses recognized on trade

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receivables, prepayment and other receivables of RMB8.7 million and reversal of impairment losses recognized on trade receivables, prepayment and other receivables of RMB1.1 million for the years ended December 31, 2023 and 2024 and nine months ended September 30, 2024 and 2025, respectively.

Gain on Remeasurement of Remaining Equity Interest at Fair Value After Loss of Control

Our gain on remeasurement of remaining equity interest at fair value after loss of control represents the valuation gain from deconsolidation of Crazy Maple Studio. We recorded gain on remeasurement of remaining equity interest at fair value after loss of control of RMB55.1 million, nil, nil and nil for the years ended December 31, 2023 and 2024 and nine months ended September 30, 2024 and 2025, respectively.

Share of Profits Less Loss of Associates

An associate is an entity in which our Group has significant influence, but not control or joint control, over the financial and operating policies. During the Track Record Period, our share of profits less loss of associates primarily represented profits less loss from our investments in ATA Online (Beijing) Education Technology Co., Ltd. (全美在線(北京)教育科技有限公司), Beijing Chinese Miracle Culture Technology Co., Ltd (北京中文奇蹟文化科技有限公司), Crazy Maple Studio and Hubei Chinese Online Digital Publishing Co., Ltd. (湖北中文在線數字出版有限公司). For details of our interest in associates, see Note 16 to the Accountants’ Report in Appendix I to this document.

We recorded share of profits of associates of RMB12.5 million, RMB9.9 million and RMB1.7 million for the years ended December 31, 2023 and 2024 and nine months ended September 30, 2024, and share of loss of associates of RMB45.0 million for nine months ended September 30, 2025, respectively. The movement of share of profits less loss of associates during the Track Record Period was primarily attributed to the business performance and financial results of ATA Online (Beijing) Education Technology Co., Ltd. (全美在線(北京)教育科技有限公司) and Crazy Maple Studio.

Income Tax

(i) Hong Kong Profits Tax

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% for taxable income exceeding HK\$2 million on any estimated assessable profits arising in Hong Kong, except for four subsidiaries of our Group which are under the two-tiered profits tax rate regime, i.e. the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

(ii) PRC Corporate Income Tax

During the Track Record Period, we were subject to a statutory rate of 25% determined in accordance with the PRC Corporate Income Tax Law except for the preferential tax rates mentioned below.

Under the PRC Corporate Income Tax Laws, an enterprise which qualifies as a High and New Technology Enterprise (“HNTE”) is entitled to a preferential tax rate of 15% provided that it continues to meet HNTE qualification standards on an annual basis.

(iii) Cayman Islands, the U.S., Singapore Corporate Income Tax

Under the current laws of the Cayman Islands, one subsidiary of the Company incorporated in Cayman Island is not subject to tax on income or capital gain.

Under the United States Internal Revenue Code, the subsidiary of the Group established in the U.S. is subject to a unified Federal CIT rate of 21% and state income and franchise tax of 8.84%.

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Under the current Income Tax Act 1947 of Singapore, the subsidiaries of the Group established in Singapore are subject to Singapore income tax at 17% of the chargeable income.

We recorded income tax credit of RMB1.6 million, income tax expense of RMB4.1 million, RMB2.0 million and RMB4.4 million for the years ended December 31, 2023 and 2024 and nine months ended September 30, 2024 and 2025, respectively.

As of the Latest Practicable Date, we did not have any dispute with any tax authority. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any tax investigation, enquiries, penalties or surcharges.

For details, see Note 8 to the Accountants’ Report in Appendix I to this document.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024

Revenue

Our total revenue increased by 25.1% from RMB808.0 million for the nine months ended September 30, 2024 to RMB1,011.0 million for the nine months ended September 30, 2025, mainly due to the following changes:

- Our revenue from online literature and related business decreased by 1.4% from RMB487.1 million for the nine months ended September 30, 2024 to RMB480.1 million for the nine months ended September 30, 2025, primarily attributable to a decrease in revenue generated from domestic to-C business mainly through mini programs by RMB76.3 million, and partially offset by (i) increase in revenue generated from our Rocnovel, our overseas online literature business, by RMB43.6 million, and (ii) an increase in revenue generated from domestic to-B business by RMB34.1 million.
- Our revenue from micro dramas and IP derivatives business increased by 62.9% from RMB291.0 million for the nine months ended September 30, 2024 to RMB474.1 million for the nine months ended September 30, 2025, primarily attributable to (i) an increase in revenue from FlareFlow by RMB214.0 million, (ii) increase in revenue from IP derivatives related to Hei by RMB36.0 million, (iii) increase in revenue from domestic to-B micro dramas by RMB20.0 million, and (iv) increase in revenue from motion comics business by RMB27.4 million, and partially offset by (v) a decrease in revenue from the Sereal platform by RMB76.4 million, and (vi) a decrease in revenue from domestic to-C micro dramas business revenue by RMB53.1 million.
- Our other revenue increased by 89.8% from RMB29.9 million for the nine months ended September 30, 2024 to RMB56.8 million for the nine months ended September 30, 2025, primarily due to increased revenue from non-core IP derivatives store operation.

Cost of Sales

Our cost of sales increased by 17.7% from RMB563.7 million for the nine months ended September 30, 2024 to RMB663.7 million for the nine months ended September 30, 2025, primarily attributable to (i) an increase in content costs including the amortization of intangible assets arising from copyright incurred from launching overseas micro drama business and (ii) an increase in production costs following the increased production of overseas micro drama series.

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Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by 42.2% from RMB244.3 million for the nine months ended September 30, 2024 to RMB347.3 million for the nine months ended September 30, 2025. Our overall gross profit margin increased from 30.2% for the nine months ended September 30, 2024 to 34.4% for the nine months ended September 30, 2025.

- Our gross profit from online literature and related business increased by RMB50.5 million, primarily due to (i) the expansion of overseas to-C online literature business (Rocnovel), and (ii) increased scale of domestic to-B online literature business, and partially negatively impacted by the scaling down of our domestic to-C online literature business. Our gross profit margin from online literature and related business increased from 20.7% to 31.5% primarily attributable to (i) phase out of domestic to-C online literature business through online reading mini programs having lower gross profit margin, and (ii) expansion of overseas to-C online literature business that had relatively higher gross profit margin following that the business has higher ARPU and lower content costs given use of AI technology for content generation.
- Our gross profit from micro dramas and IP derivatives business increased by RMB26.7 million, primarily due to (i) expansion of our FlareFlow business, and (ii) increased business scale of IP derivatives related to our IP of Hei, and partially offset by the downsizing of Sereal’s business. Our gross profit margin from micro dramas and IP derivatives business decreased from 46.9% to 34.4% primarily due to lower gross profit margin from FlareFlow business given its relatively high production and content costs at an early stage of business.
- Our gross profit margin from others increased from 23.7% to 57.9% primarily attributable to an increase in gross profit margin generated from non-core IP derivative store operation.

Other Net Income(Loss)

We recorded other net income of RMB5.5 million for the nine months ended September 30, 2024 as compared to other net loss of RMB7.8 million for the nine months ended September 30, 2025, primarily due to an increase in net losses on disposal of property and equipment following disposal of our Hangzhou properties in 2025.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 93.6% from RMB341.0 million for the nine months ended September 30, 2024 to RMB660.3 million for the nine months ended September 30, 2025, primarily attributable to an increase in FlareFlow's selling and marketing expenses by RMB375.3 million, specifically reflected in an increase in advertising and marketing expense for brand promotion and user base expansion and an increase in personnel salary, share-based payments and welfare for sales personnel and partially offset by a decrease in selling and marketing expenses from phasing out of Sereal’s platform.

Administrative Expenses

Our administrative expenses increased by 20.6% from RMB74.2 million for the nine months ended September 30, 2024 to RMB89.5 million for the nine months ended September 30, 2025, primarily attributable to the launch of our FlareFlow business in 2025, specifically reflected in an increase in personnel salary, share-based payments and welfare for back office and administrative personnel and an increase in rental and management fee for rental of office premises.

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Research and Development Expenses

Our research and development expenses increased by 42.0% from RMB37.6 million for the nine months ended September 30, 2024 to RMB53.4 million for the nine months ended September 30, 2025, primarily attributable to increased investment in AI technology and research and development for overseas micro drama business which resulted in increased personnel salary, share-based payments and welfare for research and development personnel.

Finance Costs

Our finance costs decreased by 12.1% from RMB9.1 million for the nine months ended September 30, 2024 to RMB8.0 million for the nine months ended September 30, 2025, primarily due to a decrease in interest on bank loans following a decrease in bank and other borrowings.

Fair Value Changes of Financial Assets Measured at FVTPL

Our fair value gain on financial assets measured at FVTPL decreased by 81.5% from RMB16.8 million for the nine months ended September 30, 2024 to RMB3.1 million for the nine months ended September 30, 2025, primarily due to the redemption of our investment in wealth management products.

Reversal of Impairment Loss/(Impairment Loss) on Trade Receivables, Prepayment and Other Receivables

We recorded reversal of impairment loss on trade receivables, prepayment and other receivables recorded for the nine months ended September 30, 2024 and 2025, primarily due to collection of receivables with impairment loss.

Income Tax

Despite our loss for the periods for the nine months ended September 30, 2024 and 2025, we incurred income tax expenses primarily attributable to the profit of our subsidiary, Hanmu Chunhua.

Loss for the Period

As a result of the foregoing, our loss for the period increased by 176.7% from RMB186.8 million for the nine months ended September 30, 2024 to RMB516.9 million for the nine months ended September 30, 2025. Our net loss margin increased from 23.1% for the nine months ended September 30, 2024 to 51.1% for the nine months ended September 30, 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our total revenue decreased by 17.7% from RMB1,408.9 million in 2023 to RMB1,159.1 million in 2024, mainly due to the following changes:

- Our revenue from online literature and related business increased slightly by 2.4% from RMB669.6 million in 2023 to RMB686.0 million in 2024, primarily attributable to (i) increased revenue from domestic to-B online literature business by RMB46.0 million, and (ii) increased revenue from domestic to-C online literature business mainly through online reading mini programs by RMB72.6 million, offset by the deconsolidation of Crazy Maple Studio in April 2023 following the loss of revenue from its overseas online literature business by RMB119.3 million.

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- Our revenue from micro dramas and IP derivatives business decreased by 36.0% from RMB622.0 million in 2023 to RMB398.2 million in 2024, primarily attributable to (i) a decrease in revenue from domestic to-C micro dramas business by RMB494.1 million, and (ii) a decrease in revenue from domestic to-B micro dramas by RMB 15.1 million and (iii) deconsolidation of CMS business by RMB8.2 million, offset by an increase in revenue from Sereal business by RMB272.7 million.
- Our other revenue decreased by 36.1% from RMB117.2 million in 2023 to RMB74.9 million in 2024, primarily attributable to reduced revenue from provision of technical operation service which mainly include mini program operation services to small business customers.

Cost of Sales

Our cost of sales remained stable as RMB779.3 million in 2023 and RMB777.8 million in 2024, respectively. From 2023 to 2024, the slight decrease is due to the significant downsizing of our domestic to-C micro dramas business as we shift to overseas micro dramas market, which is partially offset by an increased business scale of domestic to-C online literature business. The increase in cost of sales of online literature and related business by RMB120.5 million is due to increased scale of domestic to-C online literature business (mainly through mini programs) and to-B online literature business, and partially offset by the impact of deconsolidation of CMS.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit decreased by 39.4% from RMB629.6 million in 2023 to RMB381.4 million in 2024. Our overall gross profit margin decreased from 44.7% in 2023 to 32.9% in 2024.

- Our gross profit from online literature and related business decreased by RMB104.1 million, primarily due to a negative impact from the deconsolidation of CMS, which is partially offset by increased scale of domestic online literature business. Our gross profit margin from online literature and related business decreased from 40.6% to 24.4% primarily attributable to (i) loss of gross profit margin after deconsolidation of Crazy Maple Studio which had overseas online literature business with a higher profit margin, and (ii) increased domestic to-C online literature business (mainly through mini programs) which had relatively lower gross profit margin.
- Our gross profit from micro dramas and IP derivatives business decreased by RMB88.6 million, primarily due to downsized domestic to-C micro dramas business, and partially offset by increased Sereal’s business scale. Our gross profit margin from micro dramas and IP derivatives business increased slightly from 44.6% to 47.4% primarily attributable to (i) phasing out of domestic to-C micro dramas business that had relatively lower gross profit margin, and (ii) an increased scale of Sereal business that had a relatively higher gross profit margin.
- Our gross profit margin from others decreased from 68.7% to 33.4% primarily attributable to a decrease in gross profit margin generated from provision of technical operation service.

Other Net Income(Loss)

Our other net income decreased by 88.7% from RMB57.4 million in 2023 to RMB6.5 million in 2024, primarily due to the one-off litigation compensation income from a successful lawsuit against the developer and supplier in 2023.

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Selling and Marketing Expenses

Our selling and marketing expenses decreased by 3.4% from RMB481.2 million in 2023 to RMB464.9 million in 2024, primarily attributable to (i) decreased selling and marketing expenses of domestic businesses which mainly due to a decrease in selling and marketing expenses of domestic to-C micro dramas business, offset by an increase in selling and marketing expenses of domestic to-C online literature, and (ii) an absence of selling and marketing expenses following the deconsolidation of financial results of Crazy Maple Studio by RMB71.6 million, and partially offset by an increase in Sereal’s selling and marketing expenses.

Administrative Expenses

Our administrative expenses remain relatively stable at RMB107.1 million in 2023 and RMB109.7 million in 2024 respectively, as they are largely fixed by nature.

Research and Development Expenses

Our research and development expenses decreased by 28.6% from RMB86.3 million in 2023 to RMB61.6 million in 2024, primarily attributable to a reduction in research and development for app, promotion systems and data management systems following the deconsolidation of financial results of Crazy Maple Studio since April 2023.

Finance Costs

Our finance costs increased by 33.0% from RMB9.3 million in 2023 to RMB12.4 million in 2024, primarily due to an increase in interest on bank loans following an increase in bank and other borrowings.

Fair Value Changes of Financial Assets Measured at FVTPL

Our fair value loss on financial assets measured at FVTPL of RMB11.5 million in 2023 as compared to fair value gain on financial assets measured at FVTPL of RMB22.7 million in 2024, primarily due to increased fair value of our investment in wealth management products.

Reversal of Impairment Loss/(Impairment Loss) on Trade Receivables, Prepayment and Other Receivables

Our reversal of impairment loss on trade receivables, prepayment and other receivables decreased by 135.3% from RMB29.2 million in 2023 to impairment loss on trade receivables, prepayment and other receivables of RMB10.3 million in 2024, primarily due to recovery of large amount of bad debts from Shanghai Microphone Culture Media Co., Ltd. (上海麥克風文化傳媒有限公司) in 2023. The impairment was initially recognized because the customer encountered cash flow difficulties and failed to make timely payments.

Income Tax

We recorded income tax expense of RMB4.1 million in 2024, as compared to income tax credit of RMB1.6 million in 2023, primarily attributable to the reversal of a deferred tax asset (DTA).

Profit/(Loss) for the Year

As a result of the foregoing, we recorded profit of RMB90.0 million in 2023 as compared to loss of RMB242.6 million in 2024. We also recorded net profit margin of 6.4% in 2023 as compared to net loss margin of 20.9% in 2024.

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DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the components of 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			
Property and equipment	50,652	44,840	25,589
Investment properties	87,901	85,168	23,368
Intangible assets	337,099	340,152	325,899
Goodwill	116,860	116,638	116,638
Deferred tax assets	4,534	2,975	3,949
Interests in associates	264,751	274,071	229,466
Equity investments designated at fair value through other comprehensive income (“FVOCI”)	7,034	3,824	4,574
Financial assets measured at FVTPL (non-current portion)	218,446	83,595	84,976
Other non-current assets	25	14,264	23,540
Total non-current assets	1,087,302	965,527	837,999
Current assets			
Inventories	6,245	21,403	66,571
Film rights	30,880	49,821	65,539
Trade and bills receivables	152,730	161,932	207,277
Financial assets measured at FVTPL	—	145,616	—
Prepayments and other receivables	217,987	150,569	160,100
Restricted cash	11,049	48	—
Cash and cash equivalents	329,728	139,477	294,403
Total current assets	748,619	668,866	793,890
Current liabilities			
Trade payables	95,890	120,894	444,070
Other payables	165,898	123,575	123,996
Income tax payable	1,119	1,765	3,190
Contract liabilities	23,375	36,579	57,566
Lease liabilities	8,674	6,393	9,048
Bank and other borrowings	235,000	229,900	321,350
Total current liabilities	529,956	519,106	959,220

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	As of December 31,		As of
	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Net current assets/(liabilities)	218,663	149,760	(165,330)
Non-current liabilities			
Lease liabilities	22,355	13,188	6,572
Bank and other borrowings (non-current portion)	—	78,050	111,000
Deferred income	11,803	11,432	3,195
Deferred tax liabilities	5,919	6,678	6,199
Total non-current liabilities	40,077	109,348	126,966
Net assets	1,265,888	1,005,939	545,703
Capital and reserves			
Share capital	729,940	729,940	728,500
Reserves	515,134	255,523	(255,734)
Total equity attributable to equity shareholders of the Company	1,245,074	985,463	472,766
Non-controlling interests	20,814	20,476	72,937
TOTAL EQUITY	1,265,888	1,005,939	545,703

Property and Equipment

As of December 31, 2023 and 2024 and September 30, 2025, our property and equipment were RMB50.7 million, RMB44.8 million and RMB25.6 million, respectively, primarily representing (i) houses and buildings, (ii) transportation equipment, (iii) office and other equipment, (iv) right-of-use assets, and (v) lease hold improvement, which were procured to support our daily operation. The decrease in our property and equipment from RMB50.7 million as of December 31, 2023 to RMB44.8 million as of December 31, 2024 was due to normal amortization of right-of-use assets and completion of certain leases, and our property and equipment further decreased to RMB25.6 million as of September 30, 2025 following the disposal of our Hangzhou properties in 2025.

Intangible Assets

Our intangible assets mainly consist of copyright, software, development costs and others. Our intangible assets increased from RMB337.1 million as of December 31, 2023 to RMB340.2 million as of December 31, 2024, primarily due to purchase of copyright for online literature business and purchase of software for business operations. Our intangible assets decreased from RMB340.2 million as of December 31, 2024 to RMB325.9 million as of September 30, 2025, primarily due to amortization of existing intangible assets.

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Investment Properties

Our investment properties represented houses and buildings that are held for capital appreciation. Our investment properties decreased from RMB87.9 million as of December 31, 2023 to RMB85.2 million as of December 31, 2024, primarily due to depreciation of the existing investment properties. Our investment properties further decreased to RMB23.4 million as of September 30, 2025, primarily due to the disposal of our Hangzhou properties in 2025.

Goodwill

Our goodwill remained relatively stable through the Track Record Period. Our goodwill primarily arose from acquisition of Hanmu Chunhua. For details of goodwill, see Note 15 to the Accountants’ Report in Appendix I to this document.

Financial Assets Measured at FVTPL

Our financial assets measured at FVTPL represented (i) investment in wealth management products, (ii) unlisted equity investment and (iii) investment in films. As of December 31, 2023 and 2024 and September 30, 2025, our financial assets measured at FVTPL were RMB218.4 million, RMB229.2 million and RMB85.0 million, respectively.

For details of financial assets measured at FVTPL, see Note 17 to the Accountants’ Report in Appendix I to this document.

We have adopted investment and treasury policies and internal control measures to review and monitor our investment risks. Our investment decisions are made after due and careful consideration of a number of factors, including market and investment conditions, economic developments, investment cost, duration of investment and risks expected to be involved and the expected returns. Our finance department is responsible for proposing, analyzing and evaluating potential short-term and long-term investments. Prior to making any material investments, we shall consult with respective technical, financial and legal advisors and the other designated members of our management. We believe that our relevant internal control and risk management measures are sufficient in terms of comprehensiveness. Practicability and effectiveness.

Our investments in financial assets measured at FVTPL will be subject to the compliance with Chapter 14 of the Listing Rules after the [REDACTED].

Interests in Associates

Our interests in associates consists of our investments in ATA Online (Beijing) Education Technology Co., Ltd. (全美在線(北京)教育科技有限公司), Beijing Chinese Miracle Culture Technology Co., Ltd (北京中文奇蹟文化科技有限公司), Crazy Maple Studio and Hubei Chinese Online Digital Publishing Co., Ltd. (湖北中文在線數字出版有限公司).

Our interests in associates increased from RMB264.8 million as of December 31, 2023 to RMB274.1 million as of December 31, 2024, primarily due to an increase in the profit of our associated companies. Our interests in associates then decreased to RMB229.5 million as of September 30, 2025, primarily due to the reduced share of loss of Crazy Maple Studio, resulting from its losses recorded due to business expansion.

For details of our interests in these associates, see Note 16 to the Accountants’ Report in Appendix I to this document.

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Equity Investments Designated at FVOCI

Our equity investments designated at FVOCI consists of shares in unlisted companies and funds in which we do not have significant influence.

As of December 31, 2023 and 2024 and September 30, 2025, our equity investments designated at FVOCI were RMB7.0 million, RMB3.8 million and RMB4.6 million, respectively.

Inventories

Our inventories primarily consist of IP accessories. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	2025
			<i>RMB'000</i> (unaudited)
IP accessories	7,956	24,079	71,905
Less: write-down of inventories . .	(1,711)	(2,676)	(5,334)
	6,245	21,403	66,571

Our inventories increased from RMB6.2 million as of December 31, 2023 to RMB21.4 million as of December 31, 2024, and further increased to RMB66.6 million as of September 30, 2025, primarily due to an increase in IP accessories from non-core IP derivatives.

FINANCIAL INFORMATION

The following table sets forth an aging analysis of our inventories:

	As of December 31,		As of September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year	5,715	19,865	64,040
Over 1 year but within 2 years . . .	44	1,973	4,615
Over 2 years but within 3 years . . .	—	44	1,009
More than 3 years	2,197	2,197	2,241
Write-down of inventories	(1,711)	(2,676)	(5,334)
Total	6,245	21,403	66,571

The following table sets forth the number of our inventory turnover days for the periods indicated:

	For the year ended December 31,		For the nine months ended September 30,
	2023	2024	2025
Inventory turnover days	2.2 days	6.5 days	18.1 days

Note:

- (1) Inventories turnover days for a year/period equals the average of the opening and closing balance of inventories divided by cost of sales for the same year/period and multiplied by the number of days in the relevant year/period.

Our inventory turnover days increased from 2.2 days in 2023 to 6.5 days in 2024 and further to 18.1 days for the nine months ended September 30, 2025, primarily due to an increase in IP accessories from non-core IP derivatives.

As of January 31, 2026, RMB58.9 million, or 81.9% of our inventories as of September 30, 2025, had been used, consumed or sold.

Film Rights

Our film rights include all direct costs associated with the production of films. As of December 31, 2023 and 2024 and September 30, 2025, our film rights were RMB30.9 million, RMB49.8 million and RMB65.5 million, respectively.

Our film rights increased from RMB30.9 million as of December 31, 2023 to RMB49.8 million as of December 31, 2024, and further increased to RMB65.5 million as of 30 September, 2025, primarily due to an increase in films production in progress for the production of the movie ‘The Legend of Hei 2’ from 2023 to September 2025.

FINANCIAL INFORMATION

Trade and Bills Receivables

Our trade and bills receivables comprised primarily trade receivables from contracts with customers.

The following table sets forth the breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000
			(unaudited)
Gross carrying amount of			
trade receivables	169,815	181,636	228,996
Less: Loss allowance.	(19,480)	(19,704)	(22,109)
Trade receivables, net	150,335	161,932	206,887
Bill receivables	2,395	—	390
Total trade and bills receivables,			
net of loss allowance	152,730	161,932	207,277

Our trade and bills receivables increased from RMB152.7 million as of December 31, 2023 to RMB161.9 million as of December 31, 2024, and further increased to RMB207.3 million as of September 30, 2025, primarily due to an increase in trade receivables from third-party online payment platform for overseas micro drama business.

The payment terms are stipulated in relevant contracts. Our Group’s trading terms with our customers are mainly on credit, with credit periods generally within 30 days. Our Group seeks to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly by the Directors. Our Group does not hold any collateral or other credit enhancements over our trade and bills receivables balances. Trade and bills receivables are non-interest-bearing.

The following table sets forth the ageing analysis of our trade and bills receivables based on the invoice date as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000
			(unaudited)
Within 1 year	148,796	161,764	209,676
Over 1 year but within 2 years . . .	7,968	3,343	1,824
Over 2 years but within 3 years. . .	2,239	2,323	2,963
More than 3 years.	13,207	14,206	14,923
	172,210	181,636	229,386

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The following table sets forth a summary of trade and bills receivables turnover days for the periods indicated:

	For the year ended December 31,		For the nine months ended September 30,
	2023	2024	2025
Trade and bills receivables turnover days	23.3	49.5	49.8

Note:

- (1) Trade and bills receivables turnover days is calculated as the arithmetic mean of the opening and closing balances of trade and bills receivables (after impairment) by our total revenue in the respective year/period and multiplying by the number of days in the relevant year/period.

Our trade and bills receivables turnover days were 23.3 days, 49.5 days, and 49.8 days for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, respectively. The increase from 2023 to 2024 is primarily due to a strategic shift in our business model from to-C to to-B across our online literature and micro drama businesses, which inherently lengthens the collection cycle as payments from corporate partners involve extended credit terms compared to consumer transactions. Subsequently, the turnover days remained stable between 2024 and the nine months ended September 30, 2025.

As of January 31, 2026, RMB184.1 million or 80.4% of our trade and bills receivables outstanding as of September 30, 2025 were settled.

Prepayments and Other Receivables

The following table sets forth the breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Amounts due from related parties	465	789	40
Prepayments for content costs . . .	76,198	86,655	69,364
Prepayments for service fees	98,577	43,717	60,423
Prepayments for inventories	609	3,082	12,366
Deposits	7,847	7,396	6,722
Deductible value-added tax	4,383	5,057	5,692
Consideration receivables from disposal of an equity investment	33,478	26,591	14,153
Others	29,198	11,620	10,763
Less: loss allowance	(32,768)	(34,338)	(19,432)
Total prepayments and other receivables, net of loss allowance	217,987	150,569	160,100

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Our prepayments and other receivables decreased from RMB218.0 million as of December 31, 2023 to RMB150.6 million as of December 31, 2024. This decline was primarily due to a decrease in prepayments for service fees following the reduced prepayment for advertisement expense related to in-house advertising in 2024. Our prepayments and other receivables then increased to RMB160.1 million as of September 30, 2025, primarily due to (i) an increase in prepayments for service fees following higher production costs for producing premium micro dramas and (ii) an increase in prepayments for inventories following an increase in prepayments for IP derivatives.

Restricted Cash

Our restricted cash decreased from RMB11.0 million as of December 31, 2023 to RMB48.0 thousand as of December 31, 2024 and then decreased to nil as of September 30, 2025. Our restricted cash primarily represents bank deposits pledged as guarantee for bank loans. For details, see Note 21 to the Accountants’ Report in Appendix I to this document.

Cash and Cash Equivalents

Our cash and cash equivalents decreased from RMB329.7 million as of December 31, 2023 to RMB139.5 million as of December 31, 2024, primarily due to cash used in operations during the year. Our cash and cash equivalents increased from RMB139.5 million as of December 31, 2024 to RMB294.4 million as of September 30, 2025, primarily due to an increase in bank borrowings.

Trade Payables

During the Track Record Period, our trade payables continuously increased from RMB95.9 million as of December 31, 2023 to RMB120.9 million as of December 31, 2024, and further to RMB444.1 million as of September 30, 2025, mainly attributable to an increase in trade payables following the launch of FlareFlow in 2025.

The following table sets forth our trade payables as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000
			(unaudited)
Trade payables due to related parties	6,603	1,702	1,954
Trade payables due to third parties	89,287	119,192	442,116
Total.	95,890	120,894	444,070

FINANCIAL INFORMATION

The following table sets forth the ageing analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000 (unaudited)
Within 1 year	84,617	114,164	432,759
Over 1 year but within 2 years . . .	8,441	3,532	5,941
Over 2 years but within 3 years . . .	1,189	1,283	2,456
Over 3 years	1,643	1,915	2,914
	<u>95,890</u>	<u>120,894</u>	<u>444,070</u>

The following table sets forth a summary of trade payables turnover days for the periods indicated:

	For the year ended		For the
	December 31,		nine months
	2023	2024	ended
			September 30,
			2025
Trade payables turnover days ^(Note 1)	32.8	36.9	65.3

Note:

- (1) Trade payables turnover days is calculated as the arithmetic mean of the opening and closing balances of trade payables by our total cost of sales and advertising and marketing expenses in the respective year/period and multiplying by the number of days in the relevant year/period.

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Trade payables are non-interest bearing and are normally settled within 60 days to 90 days.

Our trade payables turnover days were 32.8 days, 36.9 days and 65.3 days for the years ended December 31, 2023 and 2024 and nine months ended September 30, 2025, respectively. The payables turnover days for the year ended December 31, 2023 and 2024 were relatively stable. The increase for the nine months ended September 30, 2025 was due to our expanded FlareFlow business resulting in our increasing business need to prolong the credit terms to suppliers.

As of January 31, 2026, RMB379.8 million or 85.5% of our trade payables outstanding as of September 30, 2025 were settled.

Other Payables

Our other payables primarily comprise of (i) other payables due to related party, (ii) payroll and welfare payable, (iii) value added tax and other tax payables, (iv) payables for acquisition of a subsidiary and (v) others. The following table sets forth our other payables as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000
			(unaudited)
Other payables due to related party	3	96	111
Payroll and welfare payable	62,159	70,918	65,211
Value added tax and other tax payables	16,961	18,136	21,486
Payable for acquisition of a subsidiary	63,906	—	—
Others	22,869	34,425	37,188
Total	165,898	123,575	123,996

Our other payables decreased from RMB165.9 million as of December 31, 2023 to RMB123.6 million as of December 31, 2024, primarily due to a decrease in payables for acquisition of a subsidiary following payment for the acquisition of Hanmu Chunhua in 2024. Our other payables then increased to RMB124.0 million as of September 30, 2025, primarily due to an increase in other prepayments relating to prepayments for production of domestic premium micro dramas.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we have funded our operations primarily through capital injection from shareholders and cash generated from financing activities. The following table summarizes for the years/periods indicated, our consolidated statements of cash flows:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (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>

Net Cash Generated from/(Used in) Operating Activities

During the Track Record Period, our cash inflow from operating activities was principally from the receipt of revenue from the sales of our products. Our cash outflow used in operating activities was primarily attributable to costs and expenses in relation to business operation.

For the nine months ended September 30, 2025, our Group had net cash used in operating activities of RMB164.4 million. During the period, our operating cash outflows before movements in working capital were RMB367.9 million. Our cash flow was positively affected by working capital adjustments primarily including (i) an increase in trade payables of RMB323.2 million, (ii) an increase of contract liabilities of RMB21.0 million, which was partially offset by (iii) an increase in trade and bills receivables of RMB47.8 million, (iv) an increase in inventories of RMB47.8 million, and (v) a decrease in deferred income of RMB8.2 million.

For the year ended December 31, 2024, our Group had net cash used in operating activities of RMB55.3 million. During the year, our operating cash outflows before movements in working capital were RMB137.1 million. Our cash flow was positively affected by working capital adjustments primarily including (i) an increase in trade payables of RMB25.0 million, and (ii) an increase in contract liabilities of RMB13.2 million, (iii) a decrease in prepayments and other receivables of RMB50.4 million, which was partially offset by (iv) an increase in inventories of RMB16.1 million and (v) an increase in trade and bills receivables of RMB9.4 million.

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For the year ended December 31, 2023, our Group had net cash generated from operating activities of RMB8.0 million. During the year, our operating cash inflows before movements in working capital were RMB101.8 million. Our cash flow was negatively affected by working capital adjustments primarily including (i) a decrease in contract liabilities of RMB62.8 million, (ii) an increase in film rights of RMB9.3 million, and (iii) an increase in trade and bills receivables of RMB81.0 million, which was partially offset by (iv) an increase in trade payables of RMB38.6 million and (v) a decrease in restricted cash of RMB6.6 million.

Net Cash Flows (Used in)/Generated from Investing Activities

During the Track Record Period, our cash inflow from investing activities was principally from proceeds from disposal of financial assets measured at fair value through profit or loss and proceeds from disposals of property and equipment, intangible assets and other long-lived assets. Our cash outflow used in investing activities was principally for payments for purchase of financial assets measured at FVTPL and payment for purchases of property and equipment, intangible assets and other long-lived assets.

For the nine months ended September 30, 2025, our Group had net cash generated from investing activities of RMB147.2 million, primarily attributable to (i) proceeds from disposal of financial assets measured at FVTPL of RMB460.0 million and (ii) proceeds from disposals of property and equipment, intangible assets and other long-lived assets of RMB64.7 million, which was partially offset by (iii) payments for purchase of financial assets measured at FVTPL of RMB312.6 million and (iv) payment for the purchase of property and equipment, intangible assets and other long-lived assets of RMB64.1 million.

For the year ended December 31, 2024, our Group had net cash used in investing activities of RMB146.8 million, primarily attributable to (i) payments for purchase of financial assets measured at FVTPL of RMB336.8 million, (ii) payment for purchase of property and equipment, intangible assets and other long-lived assets of RMB113.6 million and (iii) payments for acquisition of a subsidiary of RMB63.9 million, which was partially offset by (iv) proceeds from disposals of financial assets measured at FVTPL of RMB346.2 million and (v) proceeds from disposals of property and equipment, intangible assets and other long-lived assets of RMB1.4 million.

For the year ended December 31, 2023, our Group had net cash used in investing activities of RMB119.8 million, primarily attributable to (i) payments for purchase of financial assets measured at FVTPL of RMB260.2 million, (ii) payment for the purchase of property and equipment, intangible assets and other long-lived assets of RMB139.2 million, (iii) payments for acquisition of a subsidiary of RMB54.9 million, and (iv) proceeds from loss of control of a subsidiary of RMB28.1 million, which was partially offset by (v) proceeds from disposals of financial assets measured at FVTPL of RMB260.7 million, (vi) dividends received from an associate of RMB18.4 million, and (vii) proceeds from disposals of property and equipment, intangible assets and other long-lived assets of RMB3.3 million.

Net Cash (Used in)/Generated from Financing Activities

During the Track Record Period, our cash inflow from financing activities was principally from proceeds from bank and other borrowings and capital injection from non-controlling shareholders of subsidiaries. Our cash outflow used in financing activities was principally for repayment of bank and other borrowings and capital and interest element of lease rentals paid.

For the nine months ended September 30, 2025, our Group had net cash flows generated from financing activities of RMB161.0 million, primarily attributable to (i) proceeds from bank and other borrowings of RMB280.2 million and (ii) capital injection from non-controlling shareholders of subsidiaries of RMB49.0 million, which was partially offset by (iii) repayment of bank other borrowings of RMB155.8 million, (iv) interest paid of RMB7.4 million and (v) capital element of lease rentals paid of RMB4.4 million.

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For the year ended December 31, 2024, our Group had net cash flows generated from financing activities of RMB23.7 million, primarily attributable to (i) proceeds from bank and other borrowings of RMB467.9 million and (ii) capital injection from non-controlling shareholders of subsidiaries of RMB0.3 million, which was partially offset by (iii) repayment of bank and other borrowings of RMB395.0 million, (iv) payment for purchase of own shares of RMB27.0 million, and (v) interest paid of RMB11.2 million.

For the year ended December 31, 2023, our Group had net cash flows used in financing activities of RMB49.8 million, primarily attributable to (i) repayment of bank and other borrowings of RMB305.0 million, (ii) interest paid of RMB9.0 million and (iii) capital element of lease rentals paid RMB7.7 million, which was partially offset by (iv) proceeds from bank and other borrowings of RMB272.0 million and (v) capital injection from non-controlling shareholders of subsidiaries of RMB0.2 million.

NET CURRENT ASSETS/(LIABILITIES)

The following table sets forth our current assets and current liabilities as of the dates indicated, respectively:

	As of December 31,		As of September 30,	As of January 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Current assets				
Inventories	6,245	21,403	66,571	43,467
Film rights	30,880	49,821	65,539	–
Trade and bills receivables . . .	152,730	161,932	207,277	292,045
Financial assets measured at FVTPL	–	145,616	–	–
Prepayments and other receivables	217,987	150,569	160,100	119,322
Restricted cash	11,049	48	–	–
Cash and cash equivalents . . .	329,728	139,477	294,403	238,649
Total current assets	748,619	668,866	793,890	693,483
Current liabilities				
Trade payables	95,890	120,894	444,070	419,248
Other payables	165,898	123,575	123,996	119,705
Income tax payable	1,119	1,765	3,190	14,256
Contract liabilities	23,375	36,579	57,566	56,057
Lease liabilities	8,674	6,393	9,048	8,223
Bank and other borrowings . .	235,000	229,900	321,350	403,381
Total current liabilities	529,956	519,106	959,220	1,020,870
Net current assets/ (liabilities)	218,663	149,760	(165,330)	(327,387)

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We had net current liabilities positions as of September 30, 2025 and January 31, 2026 and net current assets positions as of December 31, 2023 and 2024.

We recorded net current liabilities of RMB165.3 million as of September 30, 2025 as compared to net current liabilities of RMB327.4 million as of January 31, 2026, primarily due to (i) increase in bank and other borrowings (current portion) and (ii) a decrease in cash and cash equivalents following the increase in bank borrowing and use of company’s funds for settlement of FlareFlow’s selling and marketing expenses incurred in September 2025 which is a relatively large amount of trade payables due to FlareFlow’s early business development and expansion.

We recorded net current assets of RMB149.8 million as of December 31, 2024 as compared to net current liabilities of RMB165.3 million as of September 30, 2025, primarily due to (i) a decrease in financial assets measured at FVTPL, (ii) an increase in trade payables and (iii) an increase in bank and other borrowings (current portion), which was partially offset by (iv) an increase in trade and bills receivables and (v) an increase in cash and cash equivalents.

Our net current assets decreased from RMB218.7 million as of December 31, 2023 to RMB149.8 million as of December 31, 2024, primarily due to (i) a decrease in prepayments and other receivables, (ii) a decrease in cash and cash equivalents and (iii) an increase in trade payables, which was partially offset by (iv) a decrease in other payables.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view that, taking into account of the following 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. These financial resources include (i) our future operating cash flows in respective periods; (ii) cash and cash equivalents; and (iii) the estimated [REDACTED] from the [REDACTED].

As of January 31, 2026, our cash and cash equivalents amounted to RMB238.6 million. We estimate that the [REDACTED] from the [REDACTED] will be approximately HK\$[REDACTED], after deducting [REDACTED] and other related expenses payable by us in the [REDACTED], assuming the [REDACTED] are not exercised and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] in this document.

We expect improvement in our working capital sufficiency by way of (i) improvement of our business efficiency, especially on enhancing management of working capitals to generate positive operating cash flow and (ii) gain of capital through [REDACTED] [REDACTED], which will further solidify our working capital and cash positions. For details, see “Business — Business Sustainability — Pathway to Achieve Working Capital Sufficiency”.

Save as disclosed in this document, our Directors are not aware of any other factors that could materially impact our Group’s liquidity. For details regarding the funds required to support our existing operations and future plans, see “Future Plans and Use of [REDACTED]”.

CAPITAL EXPENDITURES

During the Track Record Period, our Group incurred capital expenditures of RMB139.2 million, RMB113.6 million and RMB64.1 million for the years ended December 31, 2023 and 2024 and nine months ended September 30, 2025, respectively, majority of which are related to the purchase of property and equipment and intangible assets.

CONTRACTUAL AND CAPITAL COMMITMENTS

As of December 31, 2023 and 2024 and September 30, 2025, our Group did not have any significant contractual and capital commitments. During the Track Record Period, there was no material change to our indebtedness and capital commitments.

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INDEBTEDNESS

Statement of Indebtedness

Our indebtedness during the Track Record Period consisted primarily of lease liabilities and bank and other borrowings. The following table sets out a breakdown of our indebtedness as of December 31, 2023 and 2024, September 30, 2025 and January 31, 2026, being the most recent practicable date for the purpose of this statement of indebtedness in this document.

	As of December 31,		As of September 30,	As of January 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Current liabilities				
Lease liabilities	8,674	6,393	9,048	8,223
Bank and other borrowings . .	235,000	229,900	321,350	403,381
	<u>243,674</u>	<u>236,293</u>	<u>330,398</u>	<u>411,604</u>
Non-current liabilities				
Lease liabilities	22,355	13,188	6,572	6,555
Bank and other borrowings . .	–	78,050	111,000	110,000
Total	<u>266,029</u>	<u>327,531</u>	<u>447,970</u>	<u>528,159</u>

Bank and Other Borrowings

Our bank and other borrowings amounted to RMB235.0 million, RMB308.0 million, RMB432.4 million and RMB513.4 million as of December 31, 2023 and 2024, September 30, 2025 and January 31, 2026, respectively. Our interest-bearing bank and other borrowings represent bank loans secured by assets, guaranteed by equity shareholders and third parties and other borrowings for financing the operation of our Group.

Our Group had unutilized bank facility of RMB272.6 million as of January 31, 2026. Our bank facility agreements contain standard terms, conditions and covenants that are customary for commercial bank facilities.

As of September 30, 2025, our Group had bank and other borrowings amounting to RMB432.4 million, and all of the bank borrowings were guaranteed by Mr. Tong, our executive Director and a member of our Single Largest Group of Shareholders, either individually or together with Dr. Ni. For further details regarding our borrowings, see “Relationship With our Single Largest Group of Shareholders — Financial Independence” and Note 26 to the Accountants’ Report in Appendix I to this document. In addition to these guarantees, Mr. Tong has also provided share pledge over certain of his shares in our Company to secure our borrowings. Our Directors confirm that the guarantees and share pledges provided by Mr. Tong, either individually or together with Dr. Ni, are expected to be released and replaced by new independent loans prior to [REDACTED].

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

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Lease Liabilities

Our lease liabilities mainly represent the lease payment obligations during the lease terms in relation to our leased properties that are mainly used as our office premises. We recorded lease liabilities of RMB31.0 million, RMB19.6 million, RMB15.6 million and RMB14.8 million as of December 31, 2023 and 2024, September 30, 2025 and January 31, 2026, respectively.

Our lease liabilities decreased from RMB31.0 million as of December 31, 2023 to RMB19.6 million as of December 31, 2024, primarily due to expiration and termination of certain leases in 2024. Our lease liabilities then decreased to RMB15.6 million as of September 30, 2025, resulting from payment of lease payables in 2025. Our lease liabilities then decreased slightly to RMB14.8 million as of January 31, 2026, resulting from payment of lease payables in 2026.

Contingent Liabilities

As of January 31, 2026, being the most recent practicable date for the purpose of the indebtedness statement, we did not have any material contingent liabilities.

Save as disclosed above, we did not have any bank and other loan, or any loan capital issued and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptance (other than normal trade notes) or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities as of the most recent practicable date for our indebtedness statement.

Our Directors confirm that there has not been any material change in our indebtedness since January 31, 2026 up to the Latest Practicable Date.

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%

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The risks associated with these financial instruments include credit, liquidity, interest rate and currency risks.

FINANCIAL INFORMATION

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables. The Group's exposure to credit risk arising from financial assets measured at FVTPL, cash, cash equivalents and restricted cash is limited the counterparties are banks or financial institution with high-credit-quality, for which the Group considers to have low credit risk.

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Further quantitative data in respect of our exposure to credit risk arising from trade receivables are disclosed in Note 30 to the Accountants' Report in Appendix I to this document.

Liquidity Risk

The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash and cash equivalents and retains adequate financing arrangements with investors to meet its liquidity requirements in the short and longer term.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans. The bank loans were all fixed-rate borrowings.

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Foreign Currency Risk

Currency risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The Group manages its currency risk by minimizing non-functional currency transactions, wherever possible.

Management considers that the business is not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in currencies other than the respective functional currencies of the Group's subsidiaries and these entities.

[REDACTED] EXPENSES

[REDACTED] expenses 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] expenses in connection with the [REDACTED] (including [REDACTED]) are estimated to be HK\$[REDACTED] (representing approximately [REDACTED]% of the estimated gross [REDACTED] from the [REDACTED]). The [REDACTED] expenses include (i) [REDACTED] of approximately HK\$[REDACTED], and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED], which consist

FINANCIAL INFORMATION

of fees and expenses of the legal advisors and reporting accountants of our Company of approximately HK\$[REDACTED] and other fees and expenses of approximately HK\$[REDACTED]. We did not incur any [REDACTED] expenses during the Track Record Period.

PROPERTY INTEREST AND PROPERTY VALUATION

Masterpiece, an independent property valuer, has valued our selective property interests as of November 30, 2025. Particulars of these property interests are set out in Appendix III to this document.

The table below sets out the reconciliation between the net book value of our selective property as of September 30, 2025 in the Accountants’ Report in Appendix I to this document and the market value of our selective property as of November 30, 2025 in the Property Valuation Report in Appendix III to this document.

(RMB’000)

Net book value of our selective property as of	
September 30, 2025	23,368
Depreciation for the two months ended November 30, 2025	103
Net book value as of November 30, 2025	23,265
Valuation surplus as of November 30, 2025	3,505
Valuation as of November 30, 2025 as set out in	
Appendix III to this document	26,770

DIVIDENDS

According to our Articles of Association, when the Company is profitable for the relevant year, has positive accumulated undistributed profits, and met the funding needs for normal production and operation, subject to significant investment or capital expenditure plans and other cash dividend conditions stipulated in our Company’s Articles of Association, the Company shall prioritize the distribution of dividends in cash, and the annual cash-distributed profits shall not be less than 20% of the distributable profits realized in the same year. 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.

According to relevant PRC laws, any future after-tax profits that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our after-tax profits to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. After extracting the statutory common reserve fund from the after-tax profits, we may also extract optional accumulation fund from the after-tax profits through a resolution of the shareholders’ meeting. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient after-tax profits to our fund as described above.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

As of September 30, 2025, our Company did not have any distributable reserves.

OFF-BALANCE SHEET ARRANGEMENT

During the Track Record Period, we did not have any material off-balance sheet arrangements or any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support for us. As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors confirm that the related party transactions set out in Note 31 to the Accountants’ Report in Appendix I to this document were conducted in the ordinary course of business on arm’s length basis and with reference to the normal commercial terms of each party. Our Directors also consider that our related party transactions during the Track Record Period would not affect our results during such year, and would not make our historical results not reflective of our future performance.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

For details, see “Unaudited [REDACTED] Financial information” in Appendix II to this document.

NO MATERIAL AND 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 in Appendix I to this document.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business – Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

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

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated to develop and improve our AI technologies empowering content creation and distribution, including:
 - (i) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be allocated to develop toolchains for AI-generated novels, scripts and animations, build proprietary training datasets by cleansing and labeling our proprietary data as well as data procured from third parties, recruit algorithm teams, and procure computing power resources; and
 - (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be used for general R&D expenses, covering development of domestic and overseas content platforms, as well as development and maintenance of internal information management platforms.
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used to build an overseas micro drama ecosystem, including:
 - (i) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be allocated to develop multi-language micro drama apps tailored to the local user preferences, deploy a global CDN and build operation infrastructure, establish a compliance review platform, and secure overseas legal support; and
 - (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be used to build local operation teams in regions such as North America and Southeast Asia, conduct localized adaptation of micro dramas for overseas users, collaborate with overseas influencers, KOLs and traffic platforms to promote our micro dramas and micro drama platforms, and acquire IPs suitable for adaptation into micro dramas.
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated to solidify our content ecosystem, including:
 - (i) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be used to expand the production of premium online literature and the reserve of high-quality IPs. We intend to identify, nurture, promote and recruit top-tier content creators with outstanding track records, establish dedicated funds to incentivize and reward content creators who produce high-quality literary works resonating with our

FUTURE PLANS AND USE OF [REDACTED]

target audience, and build content production toolkits to better support content creators. We also plan to acquire high commercial potential IPs that align with our IP portfolio; and

- (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be deployed to develop and produce more premium micro dramas, incubate new IPs, develop/co-develop and adapt our proprietary IPs into games, develop IP derivative products, expand IP licensing teams, and explore offline IP-themed collaborations.
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be used to repay part of our bank and other borrowings in the next one year, all of which are denominated in Renminbi and for our working capital purpose.
- remaining approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be used for working capital and general corporate purposes.

If the [REDACTED] is not exercised, the [REDACTED] that we will receive will be approximately HK\$[REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the indicative [REDACTED]). If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the low end of the indicative [REDACTED], the [REDACTED] from the [REDACTED] will decrease to approximately HK\$[REDACTED]. The above allocation of the [REDACTED] from the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the midpoint of the indicative [REDACTED] stated in this document.

If the [REDACTED] is exercised in full, the [REDACTED] that we will receive will be approximately HK\$[REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the indicative [REDACTED]). If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the high end of the indicative [REDACTED], the [REDACTED] from the [REDACTED] will increase to approximately HK\$[REDACTED]. If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the low end of the indicative [REDACTED], the [REDACTED] from the [REDACTED] will decrease to approximately HK\$[REDACTED]. In the event that the [REDACTED] is exercised in full, we intend to apply the additional [REDACTED] to the above purpose in the proportions stated above.

To the extent that our [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings. To the extent that the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by the relevant laws and regulations, the unused [REDACTED] will only be held in short-term deposits with licensed banks and/or authorized financial institutions (as defined under the SFO for Hong Kong based deposits or the applicable laws in the relevant jurisdiction for non-Hong Kong based deposits). We will make an appropriate announcement if there is any change to the above proposed [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-[●] to I-[●], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF COL GLOBAL CO., LTD. AND CITIGROUP GLOBAL MARKETS ASIA LIMITED

Introduction

We report on the historical financial information of COL Global Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023 and 2024 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023 and 2024 (the “Track Record Period”), and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the “Document”) in connection with the initial [REDACTED] of the H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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ACCOUNTANTS’ REPORT

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Group’s and the Company’s financial position as at December 31, 2023 and 2024 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of financial position of the Group and the statement of the financial position of the Company as at September 30, 2025, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the nine months ended September 30, 2024 and 2025 and other explanatory information (the “Interim Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 27(e) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

[Date]

APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi (“RMB”))

	<i>Note</i>	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	5	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).	6	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 . .	16(ii)	55,105	–	–	–
Share of profits less loss of associates		12,498	9,925	1,735	(45,000)
Finance costs	7(a)	(9,334)	(12,411)	(9,092)	(7,994)
Profit/(Loss) before taxation		88,370	(238,479)	(184,755)	(512,463)
Income tax	8	1,612	(4,139)	(2,038)	(4,431)
Profit/(Loss) for the year/period		89,982	(242,618)	(186,793)	(516,894)

APPENDIX I

ACCOUNTANTS’ REPORT

		Year ended December 31,		Nine months ended September 30,	
	Note	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Other comprehensive income for the year/period (after tax):					
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of investments accounted for using the equity method.		566	(612)	204	453
Exchange differences on translation of financial statements of overseas subsidiaries		2,841	1,320	(3,726)	85
		<u>2,841</u>	<u>1,320</u>	<u>(3,726)</u>	<u>85</u>
Total comprehensive income for the year/period		93,389	(241,910)	(190,315)	(516,356)
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
		<u>89,982</u>	<u>(242,618)</u>	<u>(186,793)</u>	<u>(516,894)</u>
Total comprehensive income for the year/period attributable to:					
Equity shareholders of the Company		93,027	(242,182)	(191,638)	(519,867)
Non-controlling interests.		362	272	1,323	3,511
		<u>93,389</u>	<u>(241,910)</u>	<u>(190,315)</u>	<u>(516,356)</u>
Earnings/(Loss) per share					
Basic (RMB)	11	0.12	(0.33)	(0.26)	(0.71)
Diluted (RMB).	11	0.12	(0.33)	(0.26)	(0.71)

The accompanying notes form part of the Historical Financial Information.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

		As at December 31,		As at
		2023	2024	September 30,
	Note	RMB'000	RMB'000	2025
				RMB'000
				(unaudited)
Non-current assets				
Property and equipment	12	50,652	44,840	25,589
Investment properties	13	87,901	85,168	23,368
Intangible assets	14	337,099	340,152	325,899
Goodwill	15	116,860	116,638	116,638
Deferred tax assets	8	4,534	2,975	3,949
Interests in associates	16	264,751	274,071	229,466
Equity investments				
designated at fair value				
through other				
comprehensive income				
(“FVOCI”)		7,034	3,824	4,574
Financial assets measured at				
FVTPL (non-current				
portion)	17	218,446	83,595	84,976
Other non-current assets . . .		25	14,264	23,540
Total non-current assets		1,087,302	965,527	837,999
Current assets				
Inventories	18	6,245	21,403	66,571
Film rights		30,880	49,821	65,539
Trade and bills receivables . .	19	152,730	161,932	207,277
Financial assets measured at				
FVTPL	17	—	145,616	—
Prepayments and other				
receivables	20	217,987	150,569	160,100
Restricted cash	21	11,049	48	—
Cash and cash equivalents . .	22	329,728	139,477	294,403
Total current assets		748,619	668,866	793,890

APPENDIX I

ACCOUNTANTS’ REPORT

		As at December 31,		As at September 30,
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000 (unaudited)
Current liabilities				
Trade payables	24	95,890	120,894	444,070
Other payables	25	165,898	123,575	123,996
Income tax payable		1,119	1,765	3,190
Contract liabilities	5	23,375	36,579	57,566
Lease liabilities	23	8,674	6,393	9,048
Bank and other borrowings . . .	26	235,000	229,900	321,350
Total current liabilities		529,956	519,106	959,220
Net current assets/ (liabilities)		218,663	149,760	(165,330)
Total assets less current liabilities		1,305,965	1,115,287	672,669
Non-current liabilities				
Lease liabilities	23	22,355	13,188	6,572
Bank and other borrowings (non-current portion)	26	–	78,050	111,000
Deferred income		11,803	11,432	3,195
Deferred tax liabilities	8	5,919	6,678	6,199
Total non-current liabilities . .		40,077	109,348	126,966
Net assets		1,265,888	1,005,939	545,703
Capital and reserves				
Share capital	27(b)	729,940	729,940	728,500
Reserves	27(c)	515,134	255,523	(255,734)
Total equity attributable to equity shareholders of the Company		1,245,074	985,463	472,766
Non-controlling interests		20,814	20,476	72,937
Total equity		1,265,888	1,005,939	545,703

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		As at December 31,		As at
	Note	2023	2024	September 30,
		RMB'000	RMB'000	2025
				RMB'000
				(unaudited)
Non-current assets				
Property and equipment		36,176	30,625	8,575
Investment property		63,452	61,337	—
Intangible assets	14	217,686	219,115	200,638
Investment in subsidiaries . .	16	1,503,401	1,501,352	1,551,352
Interest in associates	16	157,533	168,748	165,647
Equity investments				
designated at FVOCI		3,035	3,035	3,035
Financial assets measured at				
FVTPL (non-current				
portion)	17	211,228	82,133	83,752
Other non-current assets . . .		19	19	19
Total non-current assets		2,192,530	2,066,364	2,013,018
Current assets				
Inventories		89	119	119
Trade and bills receivables . .	19	224,002	239,802	288,714
Financial assets measured at				
FVTPL	17	—	145,616	—
Prepayments and other				
receivables	20	717,560	1,025,383	1,223,498
Cash and cash equivalents . .	22	241,381	55,214	56,736
Total current assets		1,183,032	1,466,134	1,569,067

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		As at December 31,		As at September 30,
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000 (unaudited)
Current liabilities				
Trade payables	24	59,270	46,421	52,283
Other payables	25	1,565,388	1,772,999	1,858,231
Contract liabilities		14,445	11,665	4,478
Lease liabilities		4,858	4,336	2,889
Bank and other borrowings .	26	160,000	181,380	248,000
Total current liabilities		1,803,961	2,016,801	2,165,881
Net current liabilities		(620,929)	(550,667)	(596,814)
Total assets less current liabilities		1,571,601	1,515,697	1,416,204
Non-current liabilities				
Lease liabilities		13,900	8,010	3,488
Bank and other borrowings (non-current portion)	26	—	78,050	60,000
Deferred income		8,451	8,169	—
Deferred tax liabilities		57	2,428	2,286
Total non-current liabilities . .		22,408	96,657	65,774
Net assets		1,549,193	1,419,040	1,350,430
Capital and reserves				
Share capital	27(b)	729,940	729,940	728,500
Reserves	27(c)	819,253	689,100	621,930
Total equity		1,549,193	1,419,040	1,350,430

The accompanying notes form part of the Historical Financial Information.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in RMB)

Attributable to equity shareholders of the Company												
Note	Share capital	Capital reserve	Share-based compensation reserve	Statutory reserve	Exchange reserve	Treasury shares	Other reserve	Accumulated losses	Subtotal	Non-controlling interests	Total equity	
	RMB'000 Note 27(b)	RMB'000 Note 27(c)	RMB'000 Note 27(c)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at January 1, 2023	735,747	2,403,057	111,871	30,930	(7)	(58,940)	(38,840)	(2,030,457)	1,153,361	58,679	1,212,040	
Changes in equity for 2023:												
Profit for the year	-	-	-	-	-	-	-	89,437	89,437	545	89,982	
Other comprehensive income	-	-	-	-	3,024	-	566	-	3,590	(183)	3,407	
Total comprehensive income	-	-	-	-	3,024	-	566	89,437	93,027	362	93,389	
Capital contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	200	200	
Business combinations	-	-	-	-	-	-	-	-	-	20,309	20,309	
Loss of control of a subsidiary	-	-	-	-	-	-	-	-	-	(58,736)	(58,736)	
Cancellation of repurchased shares	(5,807)	(53,133)	-	-	-	58,940	-	-	-	-	-	
Other equity changes	-	-	-	-	-	-	297	-	297	-	297	
Equity-settled share-based transactions	-	-	(1,611)	-	-	-	-	-	(1,611)	-	(1,611)	
Balance at December 31, 2023	729,940	2,349,924	110,260	30,930	3,017	-	(37,977)	(1,941,020)	1,245,074	20,814	1,265,888	

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	Attributable to equity shareholders of the Company										Total equity
	Share capital	Capital reserve	Share-based compensation reserve	Statutory reserve	Exchange reserve	Treasury shares	Other reserve	Accumulated losses	Subtotal	Non-controlling interests	
Note	RMB'000 Note 27(b)	RMB'000 Note 27(c)	RMB'000 Note 27(c)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2024	729,940	2,349,924	110,260	30,930	3,017	-	(37,977)	(1,941,020)	1,245,074	20,814	1,265,888
Changes in equity for 2024:											
(Loss)/Profit for the year	-	-	-	-	-	-	-	(242,890)	(242,890)	272	(242,618)
Other comprehensive income	-	-	-	-	1,320	-	(612)	-	708	-	708
Total comprehensive income	-	-	-	-	1,320	-	(612)	(242,890)	(242,182)	272	(241,910)
Capital contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	320	320
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	(930)	(930)
Repurchase of ordinary shares	-	-	-	-	-	(27,000)	-	-	(27,000)	-	(27,000)
Other equity changes	-	-	-	-	-	-	7	-	7	-	7
Equity-settled share-based transaction	-	-	9,564	-	-	-	-	-	9,564	-	9,564
Balance at December 31, 2024	729,940	2,349,924	119,824	30,930	4,337	(27,000)	(38,582)	(2,183,910)	985,463	20,476	1,005,939

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Attributable to equity shareholders of the Company												
Note	Share capital	Capital reserve	Share-based compensation reserve	Statutory reserve	Exchange reserve	Treasury shares	Other reserve	Accumulated losses	Subtotal	Non-controlling interests	Total equity	
	RMB'000 Note 27(b)	RMB'000 Note 27(c)	RMB'000 Note 27(c)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Unaudited) Balance at January 1, 2025	729,940	2,349,924	119,824	30,930	4,337	(27,000)	(38,582)	(2,183,910)	985,463	20,476	1,005,939	
Changes in equity for the nine months ended September 30, 2025												
(Loss)/Profit for the year	-	-	-	-	-	-	-	(520,405)	(520,405)	3,511	(516,894)	
Other comprehensive income	-	-	-	-	85	-	453	-	538	-	538	
Total comprehensive income	-	-	-	-	85	-	453	(520,405)	(519,867)	3,511	(516,356)	
Capital contribution from non-controlling shareholders of a subsidiary	-	50	-	-	-	-	-	-	50	48,950	49,000	
Repurchase of ordinary shares	-	-	-	-	-	(3)	-	-	(3)	-	(3)	
Cancellation of repurchased shares	(1,440)	(25,563)	-	-	-	27,003	-	-	-	-	-	
Other equity changes	-	-	-	-	-	-	(58)	-	(58)	-	(58)	
Equity-settled share-based transactions	-	-	7,181	-	-	-	-	-	7,181	-	7,181	
Balance at September 30, 2025	728,500	2,324,411	127,005	30,930	4,422	-	(38,187)	(2,704,315)	472,766	72,937	545,703	

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Note	Attributable to equity shareholders of the Company										
	Share capital	Capital reserve	Share-based compensation reserve	Statutory reserve	Exchange reserve	Treasury shares	Other reserve	Accumulated losses	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 27(b)	Note 27(c)	Note 27(c)								
(Unaudited)											
Balance at January 1, 2024	729,940	2,349,924	110,260	30,930	3,017	-	(37,977)	(1,941,020)	1,245,074	20,814	1,265,888
Changes in equity for the nine months ended September 30, 2024											
(Loss)/Profit for the year	-	-	-	-	-	-	-	(188,116)	(188,116)	1,323	(186,793)
Other comprehensive income	-	-	-	-	(3,726)	-	204	-	(3,522)	-	(3,522)
Total comprehensive income	-	-	-	-	(3,726)	-	204	(188,116)	(191,638)	1,323	(190,315)
Capital contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	320	320
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	(930)	(930)
Repurchase of ordinary shares	-	-	-	-	-	(20,048)	-	-	(20,048)	-	(20,048)
Other equity changes	-	-	-	-	-	-	2	-	2	-	2
Equity-settled share-based transactions	-	-	7,214	-	-	-	-	-	7,214	-	7,214
Balance at September 30, 2024	729,940	2,349,924	117,474	30,930	(709)	(20,048)	(37,771)	(2,129,136)	1,040,604	21,527	1,062,131

The accompanying notes are an integral part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

		Year ended December 31,		Nine months ended September 30,	
	Note	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Operating activities					
Cash generated from/(used in) operations . . .	22(b)	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)
Investing activities					
Payment for the purchase of property and equipment, intangible assets and other long-lived assets		(139,167)	(113,612)	(93,145)	(64,076)
Proceeds from disposals of property and equipment, intangible assets and other long-lived assets		3,289	1,424	–	64,658
Payments for purchase of financial assets measured at FVTPL		(260,191)	(336,796)	(335,526)	(312,620)
Proceeds from disposals of financial assets measured at FVTPL		260,666	346,207	250,565	460,025
Payments for acquisition of a subsidiary, net of cash		(54,933)	(63,906)	–	–
Proceeds from disposals of a subsidiary		–	(163)	(163)	–
Proceeds from loss of control of a subsidiary		(28,050)	–	–	–
Proceeds from disposal of an equity investment.		80,000	20,000	20,000	–
Payment for purchase of equity investments designated at FVOCI		–	–	–	(750)
Proceeds from disposals of equity investments designated at FVOCI		210	–	–	–
Dividends received from an associate		18,405	–	–	–
Net cash (used in)/generated from investing activities		(119,771)	(146,846)	(158,269)	147,237

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		Year ended December 31,		Nine months ended September 30,	
	<i>Note</i>	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Financing activities					
Proceeds from bank and other borrowings . . .	22(c)	272,000	467,900	309,000	280,220
Repayment of bank and other borrowings . . .	22(c)	(305,000)	(394,950)	(220,000)	(155,820)
Capital element of lease rentals paid	22(c)	(7,699)	(10,208)	(8,073)	(4,386)
Interest element of lease rentals paid	22(c)	(362)	(1,249)	(973)	(611)
Interest paid	22(c)	(8,972)	(11,162)	(8,119)	(7,383)
Payment for purchase of own shares	27	–	(27,000)	(20,048)	(3)
Capital injection from non-controlling shareholders of subsidiaries		200	320	320	49,000
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		329,728	139,477	125,330	294,403
	22(a)				

The accompanying notes form part of the Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB, unless otherwise indicated)

1 General information and basis of preparation and presentation

(a) General information

COL Global Co., Ltd. (formerly known as ChineseAll Digital Publishing Group Co., Ltd., hereinafter referred to as the “Company”) was incorporated in the People’s Republic of China (the “PRC”) in 2000.

The Company has been listed on Shenzhen Stock Exchange (Stock Code: 300364) since January 21, 2015.

The Company, and its subsidiaries (collectively referred to as the “Group”), is principally engaged in the provision of online literature and related business, micro dramas and IP derivatives and others services. The Group’s principal operations and geographic markets are mainly in the PRC, United States and Singapore.

(b) Basis of preparation and presentation

The Historical Financial Information have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). Material accounting policies adopted by the Group are disclosed in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period. The new and revised accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2025 are set out in Note 32.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The statutory financial statements of the Company for the years ended December 31, 2023 and 2024 were prepared in accordance with the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the “CASBE”) and were audited by China Audit Asia Pacific Certified Public Accountants LLP (中審亞太會計師事務所(特殊普通合伙)).

The Group has incurred net loss for the nine months ended September 30, 2025 of RMB516.9 million. As at September 30, 2025, the Group had net current liabilities of RMB165.3 million, which is primarily due to the net loss and cash expenditure for operations. The Company will take various measures to improve business performance, including continuously expanding its main business and vigorously controlling operating costs. The directors have reviewed the Group’s cash flow projections, which cover a period of at least twelve months from the date of this report. Taken the above into consideration, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months from the date of this report. Therefore, the directors of the Company are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

The accounting policies set out below have been applied consistently to all years/periods presented in the Historical Financial Information.

The Interim Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

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(c) Subsidiaries

As of the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Effective interest held by the Group				Principal activities and place of operation	Name of auditor
			As at December 31,		As at September 30,			
			2023	2024	2024	2025		
Directly held by the Company								
Beijing ChineseAll Culture Media Co., Ltd. (北京中文在線文化傳媒有限公司) (i)(ii)	Chinese Mainland/ July 31, 2009	Registered capital of RMB 60,000,000 and paid-up capital of RMB 51,000,000	100%	100%	100%	100%	Cultural activities	2023-2024: China Audit Asia Pacific Certified Public Accountants LLP
ChineseAll (Tianjin) Culture Development Co., Ltd. (中文在線(天津)文化發展有限公司) (i)(ii)	Chinese Mainland/ July 06, 2016	RMB683,000,000	100%	100%	100%	100%	Cultural and technical services	2023-2024: China Audit Asia Pacific Certified Public Accountants LLP
Hangzhou 4yt Information Technology Co., Ltd. (杭州四月天網絡科技有限公司) (i)(ii)	Chinese Mainland/ July 05, 2016	RMB10,000,000	100%	100%	100%	100%	Information and technology services	2023-2024: China Audit Asia Pacific Certified Public Accountants LLP
Guangzhou Maibu Information Technology Co., Ltd. (廣州市邁步信息科技有限公司) (i)(ii)	Chinese Mainland/ November 23, 2006	RMB1,820,000	100%	100%	100%	100%	Information and technology services	2023-2024: China Audit Asia Pacific Certified Public Accountants LLP
Beijing ChineseAll Education Technology Development Co., Ltd. (北京中文在線教育科技發展有限公司) (i)(ii)	Chinese Mainland/ December 05, 2003	RMB48,500,000	100%	100%	100%	100%	Cultural and technical services	2023-2024: China Audit Asia Pacific Certified Public Accountants LLP
COL Investment Group Limited	Hong Kong/ May 30, 2014	10,000 share	100%	100%	100%	100%	Overseas operations; investment	N/A
Guangdong Hengqin ChineseAll Culture Technology Co., Ltd. (廣東橫琴中文在線文化科技有限公司) (i)	Chinese Mainland/ December 23, 2024	Registered capital of RMB 50,000,000 and paid-up capital of nil	100%	100%	100%	100%	Cultural and technical services	N/A
Indirectly held by the Company								
Beijing Hongda Yitai Technology Co., Ltd. (北京鴻達以太科技有限公司) (i)(ii)	Chinese Mainland/ May 02, 1996	RMB10,000,000	100%	100%	100%	100%	Cultural and technical services; audio services	2023-2024: China Audit Asia Pacific Certified Public Accountants LLP
Tianjin Xiangwu Technology Co., Ltd. (天津象舞科技有限公司) (i)(ii)	Chinese Mainland/ June 08, 2022	Registered capital of RMB1,000,000 and paid-up capital of nil	100%	100%	100%	100%	Information and technology services; new media	2023-2024: China Audit Asia Pacific Certified Public Accountants LLP

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Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Effective interest held by the Group				Principal activities and place of operation	Name of auditor
			As at December 31,		As at September 30,			
			2023	2024	2024	2025		
Handan ChineseAll Cultural Development Co., Ltd. (邯鄲中文在線文化發展有限公司) (i)(ii)	Chinese Mainland/ October 20, 2017	RMB200,000,000	100%	100%	100%	100%	Cultural activities	2023-2024: China Audit Asia Pacific Certified Public Accountants LLP
Tianjin Chinese Guangzhiying Cultural Media Co., Ltd. (天津中文光之影文化傳媒有限公司) (i)(ii)	Chinese Mainland/ September 25, 2018	RMB10,000,000	100%	100%	100%	100%	Film and television operations	2023-2024: China Audit Asia Pacific Certified Public Accountants LLP
Chinese Online Anti-Piracy Union Limited (中文在線反盜版聯盟有限公司) .	Hong Kong/ November 12, 2019	1 share	100%	100%	100%	100%	Overseas operations; cultural operations; financial use	N/A
FlareFlow Pte. Ltd . .	Singapore/ March 07, 2025	50,000 shares	N/A	N/A	N/A	100%	Cultural, film and television	N/A

Notes:

- (i) The official name of this entity is in Chinese. The English name is for identification purpose only.
- (ii) This entity prepared the financial statements in accordance with the Accounting Standards for Business Enterprise applicable to the enterprise in the PRC issued by Ministry of Finance of the PRC.

All entities comprising the Group has adopted December 31 as its financial year end date.

2 Material accounting policies

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- Other investments in securities and investment in films (see Note 2(k)).

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

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(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(l)(ii)).

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale. They are initially recognised at cost, which includes transaction costs. Subsequently, the Historical Financial Information includes the Group’s share of the profit or loss and other comprehensive income (“OCI”) of those investees, until the date on which significant influence ceases.

When the Group’s share of losses exceeds its interest in the associate, the Group’s interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group’s interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group’s net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(l)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company’s statement of financial position, an investment in an associate is accounted for using the equity method, unless it is classified as held for sale.

(e) Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see Note 2(f)). Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(l)(ii)).

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ACCOUNTANTS' REPORT

(g) *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(1)(ii)).

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write-off the cost of items of property and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Leasehold improvement	Over the shorter of the useful lives of the assets or lease terms of the associated properties
– Houses and buildings	10 - 50 years
– Transportation equipment	5 years
– Office and other equipment	5 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) *Leased assets*

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) *As a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(1)(ii)). Depreciation is calculated to write-off the cost using the straight-line method over their estimated useful lives using shorter of the useful lives of the underlying assets or lease terms.

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortized cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a

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corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the years/period presented. The Group presents right-of-use assets and lease liabilities separately in the consolidated statements of financial position.

(ii) *As a lessor*

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

(i) ***Intangible assets (other than goodwill)***

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses (see Note 2(1)(ii)). Expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

–	Copyright	1 - 10 years
–	Software	5 - 10 years
–	Others	5 - 10 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(j) ***Investment properties***

Investment properties are interests in land and buildings that are held to earn rental income and/ or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, which is the fair value of the consideration given to acquire them, including transaction costs. Subsequently, all investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis, after taking into account the estimated residual value, over the estimated useful lives. The estimated useful lives of investment properties vary from 10 to 50 years.

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The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the individual investment properties.

Transfers to, or from, investment properties are made when, and only when, there is evidence of a change in use or the investment property is sold.

(k) Other investments in securities and investment in films

(a) Other investments in securities

The Group’s policies for investments in securities, other than investments in subsidiaries, are set out below.

The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVTPL for which transaction costs are recognized directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification:

(i) Non-equity investments

Non-equity investments held by the Group are investments in certain wealth management products managed by the banks or securities company that do not meet the criteria for being measured at amortized cost or FVOCI (recycling) and are classified into FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Changes in the fair value of the investments are recognized in profit or loss as “fair value changes of financial assets at FVTPL”.

(ii) Equity investments

An investment in equity securities is classified as financial assets at FVTPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognized in profit or loss.

(b) Investment in films

The Group has certain investments in film production projects which entitles the Group to receive a fixed and/or variable income based on the Group’s investment amount and expected rate of return as specified in the respective film investment agreements. The investments are carried at amortized cost if their cash flows represent solely payments of principal and interest. All other investments that are not solely payments of principal and interest are carried at fair value.

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognizes a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortized cost (including cash, cash equivalents, restricted cash, trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes past due or when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (“CGU”s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method and comprises the purchase cost of goods after deducting discounts from suppliers. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as cost of revenue in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognized as cost of revenue in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as cost of revenue in the period in which the reversal occurs.

(n) Film rights

Film rights are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. An impairment loss is recognized as cost of sales and services in the consolidated statement of profit or loss and other comprehensive income for the amount by which cost exceeds its net realizable value.

(o) Restricted cash

Bank balances that are restricted as to withdrawal or for use or pledged as security is reported separately on the face of the consolidated statements of financial position.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(l)(i).

(q) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

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Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost (see Note 2(l)(i)).

(r) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequently to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(s) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group’s accounting policy for borrowing costs (see Note 2(bb)).

(t) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see Note 2(z)) before being unconditionally entitled to the consideration under the terms set out in the contract. Contract assets are assessed for ECLs (see Note 2(l)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(q)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(z)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also recognized (see Note 2(q)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(z)(c)).

(u) Ordinary shares

Ordinary shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group’s equity instruments.

(v) Treasury shares

When ordinary shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within capital reserve.

(w) Employee benefits

(i) Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to defined contribution plans

Pursuant to the relevant laws and regulations of the PRC, the Group’s subsidiaries in Chinese Mainland participate in a defined contribution basic pension insurance in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognized as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

(iii) Share-based payments

The Company operates a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based awards, whereby employees render services as consideration for equity instruments (“share-based compensation”).

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The fair value of the services received in exchange for the grant of the equity instruments is recognised as an expense on the consolidated statement of profit or loss and other comprehensive income with a corresponding increase in equity. The fair value is measured at grant date using the Black Scholes options pricing model, taking into account the terms and conditions upon which the share-based awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share-based awards, the total estimated fair value of the share-based awards is spread over the vesting period, taking into account the probability that the share-based awards will vest.

During the vesting period, the number of share-based awards that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of share-based awards that vest (with a corresponding adjustment to the share-based compensation reserve). The amount is recognized in the share-based compensation reserve until the share-based award is exercised or expires. When the option is exercised, the equity amount in such reserve becomes part of the amount recognized in share capital for the shares issued. When the share-based award expires, the equity amount in such reserve is released directly to retained profits.

(iv) *Termination benefits*

Termination benefits are recognized when the Group can no longer withdraw the offer of those benefits.

(x) **Income tax**

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year/period and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

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(y) *Provisions and contingent liabilities*

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events; it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized of any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(z) *Revenue and other income*

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services from contracts with customers.

Revenue is recognized when control over a good or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax (“VAT”) or other sales taxes and is after deduction of any trade discounts.

Control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group’s performance:

- provides the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the performance by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods or services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates the transaction price to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the observable prices charged to customers when the Group sells that good or service separately. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of information. Assumptions and estimations have been made in estimating the standalone selling price, and changes in those assumptions and estimates may impact the revenue recognition.

A contract asset is the Group’s right to consideration in exchange for goods and services that the Group has transferred to a customer and that right is conditional on something other than the passage of time. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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Details of the Group’s accounting policies for principal revenue and other income sources are as follows:

The Group generates revenue from online literature and related business, micro dramas and IP derivatives business, and other revenue.

(a) Online literature and related business, micro dramas and IP derivatives business

Online literature and related business mainly include (i) provision of online paid reading of literature content to users through its platforms and (ii) sub-licensing copyrights of literary works obtained from writers to other online reading companies, online game companies, television producers and movie studios.

Micro dramas and IP derivatives business mainly include (i) provision of online paid viewing of micro drama to users through its platforms and (ii) sub-licensing copyrights of micro drama to other micro drama platforms.

(i) Online paid reading and viewing

With respect to the online paid reading and viewing revenue that derived from the Group’s platforms, the Group is determined to be the primary obligor and accordingly, the Group records revenue on a gross basis. Users can top up their accounts to acquire in-app coins on the Group’s platforms, which are then used to continue reading contents or viewing the micro dramas. Users can also earn in-app coins by daily check-ins and completing tasks.

The Group also offers membership services to subscribing members, which primarily include access to exclusive and ad-free streaming of online contents and micro dramas during the membership period. It is optional for users to subscribe for weekly, monthly or annual membership through its platforms.

Full membership and top-up charges are prepaid before provision of membership and top-up streaming services. The collection of membership and top-up charges are initially recorded as “contract liabilities” on the consolidated balance sheets. The revenue of membership and top-up charges is recognised ratably over the membership period and consumption of in-app coins as services are rendered, or is recognised when the Group does not have further obligation and all other criteria for revenue recognition is met.

(ii) Copyrights licensing

The Group generates revenues from sub-licensing copyrights of literary works and micro drama. The revenue from sub-licensing agreements is recognised when all the following criteria are met: (i) persuasive evidence of an arrangement exists; (ii) the content or micro drama has been delivered or is available for immediate and unconditional delivery and the Group has no further obligations; (iii) the price to the customer is fixed or determinable; and (iv) collectability is probable. Depending on the terms of the respective agreements, revenue is recognised either upfront upon the beginning of the sub-licensing agreement to the extent of the fixed and non-refundable amount received upfront with no future obligations or over the period of the sub-licensing agreement under which the Group need to provide continuous services. Any amount of revenue which is contingent upon future events (for example future revenue generated by using the copyright) is recognised when the contingency is resolved.

(b) Other revenues

The Group’s other revenues are primarily derived from provision of education products, and services, content reviewing services, and other technical operation services. The Group recognises revenue when the respective services are rendered to the customers, or when the effective control of the physical products are transferred. The Group recognises the related revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in the transaction.

(c) Interest income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

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Grants that compensate the Group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset is recognised as deferred income in the statement of financial position and amortised over the useful life of the related asset, and is recognised as other income.

(aa) Foreign currency translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the years/periods presented. Exchange gains and losses are recognized in profit or loss and presented outside the operating results in the consolidated statements of profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the average exchange rates for the period. Statement of financial position items are translated into RMB at the foreign exchange rates at the end of the years/periods presented. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the translation reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(bb) Borrowing costs

Borrowing costs are expensed in which they are incurred.

(cc) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(dd) Related parties

- (a) A person, or a close member of that person’s family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group’s parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The assumptions applied in determining the value in use of cash-generating units would require significant management estimates, including cash flow forecast and discount rate. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss/further impairment loss may arise. Details of impairment testing of goodwill are given in Note 15 to the financial statements.

(b) Impairment of intangible assets

The Group regularly reviews whether there are any indications of impairment and recognizes an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group tests for impairment for intangible assets whenever there is an indication that the asset may be impaired. The recoverable amounts have been determined based on the higher of the fair value less costs of disposal and value in use. The use of estimates are required in these calculations. Changing the assumptions and estimates, including the cash flow projections, could materially affect the recoverable amounts. Further disclosures are detailed in notes to the consolidated financial statements.

(c) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognized and hence the profit or loss in future periods.

4 Segment reporting

The Group's chief operating decision maker is the chief executive officer of the Group, who reviews the Group's consolidated results of operations when making decisions about allocating resources and assessing performance of the Group as a whole.

For the purpose of internal reporting and management's operation review, the chief operating decision-makers and management personnel do not segregate the Group's business by product or service lines. Hence, the Group has only one operating segment.

Accordingly, no reportable segment information is presented.

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Geographic information

The following table sets out information about the geographical location of the Group’s revenue from external customers. The geographical location of customers is based on the location where the Group’s platform registered.

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000 (unaudited)
PRC	1,281,542	859,112	598,517	606,990
Singapore	240	181,230	120,094	303,250
United States	127,075	118,280	89,303	96,050
Other countries or regions	–	497	135	4,749
	<u>1,408,857</u>	<u>1,159,119</u>	<u>808,049</u>	<u>1,011,039</u>

As at December 31, 2023 and 2024 and September 30, 2025, substantially all of the non-current assets of the Group were located in the PRC.

5 Revenue

The Group’s revenue are derived primarily from online literature and related business, micro dramas and IP derivatives business, and others.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and timing of revenue recognition are as follows:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000 (unaudited)
Disaggregated by major products or service lines:				
Online literature and related business	669,634	685,998	487,115	480,090
Micro dramas and IP derivatives business	622,019	398,195	291,005	474,129
Others	117,204	74,926	29,929	56,820
	<u>1,408,857</u>	<u>1,159,119</u>	<u>808,049</u>	<u>1,011,039</u>
Timing of revenue recognition				
Point in time	1,083,042	783,639	544,648	569,969
Over time	325,815	375,480	263,401	441,070
	<u>1,408,857</u>	<u>1,159,119</u>	<u>808,049</u>	<u>1,011,039</u>

During the Track Record Period, no single external customer accounted for 10% or more of the Group’s total revenue.

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- (b) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date*

The Group takes advantage of the practical expedient in paragraph 121 of IFRS 15 and does not disclose the remaining performance obligation as all of the Group’s sale contracts have an original expected duration of less than 1 year.

- (c) *Details of contract liabilities*

The amount of RMB86.7 million and RMB23.4 million included in contract liabilities as at December 31, 2022 and 2023 were recognized as revenue in the years ended December 31, 2023 and 2024, respectively, and RMB36.6 million included in contract liabilities as at December 31, 2024 was recognized as revenue in the nine months ended September 30, 2025.

6 Other net income/(loss)

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Government grants	4,455	4,462	811	10,951
Net (losses)/gains on disposal of property and equipment and intangible assets	(147)	(839)	163	(17,553)
Value added tax and other tax refund	3,776	—	—	—
Interest income	5,392	2,313	1,854	1,329
Litigation compensation income (i)	39,048	—	—	—
Others	4,906	557	2,702	(2,530)
	<u>57,430</u>	<u>6,493</u>	<u>5,530</u>	<u>(7,803)</u>

- (i) In 2023, the Group recognised litigation compensation income of RMB39.0 million, which arose from a contract dispute. The dispute related to a multiplayer online role-playing game in which the Group was the plaintiff. The compensation was fully settled during the year.

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7 Profit/(Loss) before taxation

Profit/(Loss) before taxation is arrived at after charging:

(a) Finance costs

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Interest on bank loans	8,972	11,162	8,119	7,383
Interest on lease liabilities	362	1,249	973	611
	<u>9,334</u>	<u>12,411</u>	<u>9,092</u>	<u>7,994</u>

(b) Staff costs

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Salaries, wages and other benefits . . .	220,520	199,336	136,810	181,397
Contributions to defined contribution retirement plan	22,042	16,515	11,885	15,109
Share-based payments expenses (Note 28)	(1,611)	9,564	7,214	7,181
	<u>240,951</u>	<u>225,415</u>	<u>155,909</u>	<u>203,687</u>

(c) Other items

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Depreciation and amortization charges:				
– Amortization cost of intangible assets	74,691	87,846	73,221	59,213
– Depreciation of right-of-use assets . .	9,361	8,375	6,358	5,493
– Depreciation of property and equipment (excluding right-of-use assets)	4,117	2,407	2,021	2,619
– Depreciation of investment properties	2,687	2,733	2,050	992

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8 Income tax

(a) *Taxation in the consolidated statements of profit or loss and other comprehensive income represent:*

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Current tax	3,228	1,821	1,798	5,884
Deferred tax	(4,840)	2,318	240	(1,453)
	(1,612)	4,139	2,038	4,431

Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Profit/(Loss) before taxation	88,370	(238,479)	(184,755)	(512,463)
National tax on profit/(loss) before taxation at PRC statutory tax rate .	22,093	(59,620)	(46,189)	(128,116)
Effect of differential tax rate in other jurisdictions and preferential tax rates applicable to certain subsidiaries of the Group	(24,652)	25,229	19,896	83,564
Tax effect of additional deduction on research and development expenses	(6,405)	(5,805)	(3,802)	(5,001)
Tax effect of non-deductible expenses	986	4,078	2,299	3,067
(Over)/under-provision in respect of prior years	(1,052)	14	14	–
Tax effect of non-taxable income . . .	(454)	(188)	(157)	(48)
Tax effect of unused tax losses and deductible temporary differences not recognized	7,872	40,431	29,977	50,965
Actual tax (credit)/expense	(1,612)	4,139	2,038	4,431

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Notes:

(i) The PRC

Under the PRC Corporate Income Tax (“CIT”) Law, subsidiaries of the Group established in the PRC are subject to a unified statutory CIT rate of 25%, unless otherwise specified.

The Company and certain subsidiaries of the Group obtained the certificates of High and New Technology Enterprise (“HNTE”) from the tax authorities and were subject to a preferential tax rate of 15% during the Track Record Period. The Company and these subsidiaries were also entitled to an additional tax deductible allowance amounting to 100% of the qualified research and development costs incurred for each of the years during the Track Record Period.

(ii) The Cayman Islands

Under the current laws of the Cayman Islands, one subsidiary of the Company incorporated in Cayman Island is not subject to tax on income or capital gain.

(iii) Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the Group’s subsidiary in Hong Kong is subject to Hong Kong Profits Tax at the rate of 16.5% of the estimated assessable profit generated from the operations in Hong Kong. A two-tiered profits tax rates regime was introduced in 2018 where the first Hong Kong Dollar (“HKD”) 2.0 million of assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) whilst the remaining profits will continue to be taxed at 16.5%. No provision for Hong Kong Profits Tax has been made, as the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax during the Track Record Period and for the nine months ended September 30, 2024 and 2025.

(iv) The United States

Under the United States Internal Revenue Code, the subsidiary of the Group established in the United States is subject to a unified Federal CIT rate of 21% and state income and franchise tax of 8.84%.

(v) Singapore

Under the current Income Tax Act 1947 of Singapore, the subsidiaries of the Group established in Singapore are subject to Singapore income tax at 17% of the chargeable income.

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(b) *Deferred tax assets and liabilities recognized*

(i) *Movements of each component of deferred tax assets and liabilities*

The components of deferred tax assets/(liabilities) recognized in the consolidated statements of financial position and the movements during the Track Record Period are as follows:

	Right-of-use assets under IFRS 16	Lease liabilities under IFRS 16	Credit loss allowance	Tax losses	Intangible assets acquired in the business combination	Fair value changes of financial assets measured at fair value through profit or loss	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax arising from:								
At January 1, 2023	(3,199)	3,080	250	1,408	(137)	–	(4,857)	(3,455)
Intangible assets acquired in acquisitions of subsidiaries	–	–	–	–	(1,362)	–	–	(1,362)
Loss of control of a subsidiary	–	–	–	(1,408)	–	–	–	(1,408)
(Charged)/credit to profit or loss	(1,264)	1,449	(245)	–	95	–	4,805	4,840
At December 31, 2023 and January 1, 2024	(4,463)	4,529	5	–	(1,404)	–	(52)	(1,385)
(Charged)/credit to profit or loss	1,302	(1,633)	74	–	141	(2,254)	52	(2,318)
At December 31, 2024 and January 1, 2025	(3,161)	2,896	79	–	(1,263)	(2,254)	–	(3,703)
(Charged)/credit to profit or loss	984	(849)	1,823	–	302	(807)	–	1,453
At September 30, 2025 (unaudited)	(2,177)	2,047	1,902	–	(961)	(3,061)	–	(2,250)

(c) *Deferred tax assets not recognized*

The Group has not recognized deferred tax assets in respect of cumulative tax losses, including deductible temporary differences, whose expiry dates are:

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year	1,854	11,446	6,927
More than 1 year but within 5 years	152,436	333,732	1,165,876
More than 5 years	1,325,944	1,370,270	892,424

Management is of opinion that it is not probable that future taxable profits against which the losses above can be utilised will be available in the relevant tax jurisdiction and entity.

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9 Directors’ and Supervisors’ Emoluments

Details of emoluments of directors and supervisors are as follows:

Year ended December 31, 2023						
	Director's fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment expenses (Note viii)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Tong Zhilei	—	1,531	120	63	—	1,714
Mr. Xie Guangcai	—	1,535	—	63	(577)	1,021
Non-executive directors						
Mr. Zhang Fan	—	450	—	62	(577)	(65)
Mr. Yang Chen (Note vi)	—	—	—	—	—	—
Independent non-executive directors						
Ms. Lian Lian (Note i)	35	—	—	—	—	35
Mr. Zhou Shuhua (Note vii) . . .	134	—	—	—	—	134
Mr. Tan Xiaojun (Note ii)	35	—	—	—	—	35
Mr. Wang Zhixiong (Note iii) . .	153	—	—	—	—	153
Ms. Xue Jian (Note iii)	—	—	—	—	—	—
Supervisors						
Mr. Yuan Senmin (Note viii) . . .	—	450	—	62	—	512
Mr. Ren Jiawei (Note viii)	—	—	—	—	—	—
Mr. Zhao Chen (Note iv)	—	—	—	—	—	—
Ms. Chen Fang (Note v)	—	234	—	32	—	266
	357	4,200	120	282	(1,154)	3,805
Year ended December 31, 2024						
	Director's fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment expenses (Note viii)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Tong Zhilei	—	1,534	—	66	—	1,600
Mr. Xie Guangcai	—	1,538	—	66	831	2,435
Non-executive directors						
Mr. Zhang Fan	—	450	—	62	831	1,343
Mr. Yang Chen (Note vi)	—	—	—	—	—	—
Independent non-executive directors						
Ms. Lian Lian (Note i)	150	—	—	—	—	150
Mr. Zhou Shuhua (Note vii) . . .	150	—	—	—	—	150
Mr. Tan Xiaojun (Note ii)	—	—	—	—	—	—
Supervisors						
Mr. Yuan Senmin (Note viii) . . .	—	435	—	47	—	482
Mr. Ren Jiawei (Note viii)	—	—	—	—	—	—
Mr. Zhao Chen (Note iv)	—	—	—	—	—	—
	300	3,957	—	241	1,662	6,160

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Nine months ended September 30, 2025 (unaudited)

	Director's fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment expenses (Note viii)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Tong Zhilei	—	1,152	—	51	—	1,203
Mr. Xie Guangcai	—	1,139	—	41	634	1,814
Non-executive directors						
Mr. Zhang Fan	—	338	—	47	634	1,019
Mr. Lei Lin (Note ix)	—	—	—	—	—	—
Mr. Yang Chen (Note vi)	—	—	—	—	—	—
Independent non-executive directors						
Mr. Li Xiaodong (Note ix)	—	—	—	—	—	—
Mr. Wang Chunren (Note ix)	—	—	—	—	—	—
Ms. Lian Lian (Note i)	75	—	—	—	—	75
Mr. Zhou Shuhua (Note vii)	66	—	—	—	—	66
Mr. Tan Xiaojun (Note ii)	—	—	—	—	—	—
Supervisors						
Mr. Yuan Senmin (Note viii)	—	292	—	—	—	292
Mr. Ren Jiawei (Note viii)	—	—	—	—	—	—
Mr. Zhao Chen (Note iv)	—	—	—	—	—	—
	141	2,921	—	139	1,268	4,469

Nine months ended September 30, 2024 (unaudited)

	Director's fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment expenses (Note viii)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Tong Zhilei	—	1,030	—	49	—	1,079
Mr. Xie Guangcai	—	1,153	—	49	631	1,833
Non-executive directors						
Mr. Zhang Fan	—	338	—	47	631	1,016
Mr. Yang Chen (Note vi)	—	—	—	—	—	—
Independent non-executive directors						
Ms. Lian Lian (Note i)	113	—	—	—	—	113
Mr. Zhou Shuhua (Note vii)	113	—	—	—	—	113
Mr. Tan Xiaojun (Note ii)	—	—	—	—	—	—
Supervisors						
Mr. Yuan Senmin (Note viii)	—	338	—	47	—	385
Mr. Ren Jiawei (Note viii)	—	—	—	—	—	—
Mr. Zhao Chen (Note iv)	—	—	—	—	—	—
	226	2,859	—	192	1,262	4,539

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Notes:

- (i) Ms. Lian Lian were appointed as independent non-executive directors of the Company on October 9, 2023.
- (ii) Mr. Tan Xiaojun, were appointed as independent non-executive directors of the Company on October 9, 2023 and resigned on June 10, 2025.
- (iii) Mr. Wang Zhixiong and Ms. Xue Jian resigned as independent non-executive directors of the Company on October 9, 2023.
- (iv) Mr. Zhao Chen was appointed as a supervisor of the Company on October 9, 2023, and resigned as supervisors of the Company on June 10, 2025.
- (v) Ms. Chen Fang resigned as a supervisor of the Company on October 9, 2023.
- (vi) Mr. Yang Chen resigned as a non-executive director of the Company on June 10, 2025.
- (vii) Mr. Zhou Shuhua resigned as independent non-executive directors of the Company on June 10, 2025.
- (viii) Mr. Yuan Senmin, Mr. Ren Jiawei resigned as supervisors of the Company on June 10, 2025.
- (ix) Mr. Lei Lin was appointed as a non-executive director, Mr. Li Xiaodong and Mr. Wang Chunren were appointed as an independent non-executive director of the Company on June 10, 2025.
- (x) These represent the estimated value of share options granted to the directors under the Company’s share incentive plan. The value of these share options is measured according to the Group’s accounting policies for share-based payment transactions and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in Note 28.

10 Individuals with highest emoluments

The number of directors, supervisors and other employees included in the five highest paid individuals for the years ended December 31, 2023 and 2024 and nine months ended September 30, 2024 and 2025 are set forth below:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals (unaudited)</i>	<i>Number of individuals (unaudited)</i>
Directors	1	1	1	1
Other employees	4	4	4	4

The emoluments of the directors and supervisors are disclosed in Note 9. The aggregate of the emoluments in respect of the remaining highest paid individuals, are as follows:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000 (unaudited)</i>	<i>RMB’000 (unaudited)</i>
Salaries and other emoluments	5,701	5,311	5,537	4,134
Discretionary bonuses	119	94	284	624
Share-based payments	445	3,628	2,249	2,813
Retirement scheme contributions	253	266	198	189
	6,518	9,299	8,268	7,760

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The emoluments of the individuals who are not directors or supervisors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	Number of individuals	Number of individuals	Number of individuals (unaudited)	Number of individuals (unaudited)
HK\$Nil – HK\$1,000,000	–	–	–	–
HK\$1,000,001 – HK\$1,500,000	1	–	–	1
HK\$1,500,001 – HK\$2,000,000	2	1	3	1
HK\$2,000,001 – HK\$2,500,000	1	2	–	1
HK\$3,000,001 – HK\$3,500,000	–	–	–	1
HK\$3,500,001 – HK\$4,000,000	–	1	1	–

11 Earnings/(Loss) per share

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share for the years ended December 31, 2023 and 2024 and nine months ended September 30, 2024 and 2025 are calculated by dividing the profit/(loss) attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue for the respective years/periods.

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
			(unaudited)	(unaudited)
Profit/(Loss) attributable to equity shareholders of the Company (in RMB'000)	89,437	(242,890)	(188,116)	(520,405)
Weighted average number of ordinary shares at the end of the year/period (in '000)	729,940	729,515	729,787	728,500
Basic profit/(loss) per share	0.12	(0.33)	(0.26)	(0.71)

Weighted average number of ordinary shares

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	No. of shares '000	No. of shares '000	No. of shares '000 (unaudited)	No. of shares '000 (unaudited)
Issued ordinary shares at the beginning of the year/period.	735,747	729,940	729,940	729,940
Less: treasury shares at the beginning of the year/period.	(5,807)	–	–	(1,439)
Ordinary shares outstanding at the beginning of the year/period	729,940	729,940	729,940	728,501
Effect of ordinary shares repurchased	–	(425)	(153)	(1)
Weighted average number of ordinary shares at the end of the year/period	729,940	729,515	729,787	728,500

(b) Diluted earnings/(loss) per share

There was no difference between basic and diluted earnings/(loss) per share for the years ended December 31, 2023 and 2024 and nine months ended September 30, 2024 and 2025 as the effects of the share options and restricted shares (Note 28) would have been anti-dilutive.

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12 Property and equipment

	<i>Note</i>	Houses and buildings	Transportation equipment	Office and other equipment	Right-of-use assets (i)	Leasehold improvement	Total
Cost:							
At January 1, 2023		23,427	3,632	11,675	39,719	2,256	80,709
Business combination	29	–	–	75	1,493	–	1,568
Additions		–	–	1,271	29,155	59	30,485
Disposals		–	(788)	(4,541)	–	–	(5,329)
Transfer to investment properties	13	(4,903)	–	–	–	–	(4,903)
Lease termination		–	–	–	(7,201)	–	(7,201)
Loss control of a subsidiary		–	–	(3,449)	(12,610)	(546)	(16,605)
At December 31, 2023 and at January 1, 2024		18,524	2,844	5,031	50,556	1,769	78,724
Additions		–	–	786	–	5,432	6,218
Lease modification		–	–	–	(2,578)	–	(2,578)
Disposals		–	–	(14)	–	–	(14)
At December 31, 2024 and at January 1, 2025		18,524	2,844	5,803	47,978	7,201	82,350
(Unaudited)		–	452	896	19,330	1,179	21,857
Additions		–	–	–	(46,989)	–	(46,989)
Lease modification		–	–	–	–	–	–
Disposals		(18,524)	–	(106)	–	–	(18,630)
At September 30, 2025 (unaudited)		–	3,296	6,593	20,319	8,380	38,588
Accumulated depreciation:							
At January 1, 2023		(2,872)	(1,530)	(8,085)	(22,955)	–	(35,442)
Charge for the year		(553)	(462)	(1,122)	(9,361)	(1,980)	(13,478)
Written back on disposals		–	749	4,249	–	–	4,998
Transfer to investment properties	13	699	–	–	–	–	699
Lease termination		–	–	–	7,114	–	7,114
Loss control of subsidiary		–	–	2,170	5,566	301	8,037
At December 31, 2023 and at January 1, 2024		(2,726)	(1,243)	(2,788)	(19,636)	(1,679)	(28,072)
Charge for the year		(496)	(417)	(497)	(8,375)	(997)	(10,782)
Lease modification		–	–	–	1,331	–	1,331
Written back on disposals		–	–	13	–	–	13
At December 31, 2024 and at January 1, 2025		(3,222)	(1,660)	(3,272)	(26,680)	(2,676)	(37,510)
(Unaudited)		–	–	–	–	–	–
Charge for the period		(124)	(356)	(637)	(5,493)	(1,502)	(8,112)
Lease modification		–	–	–	29,176	–	29,176
Written back on disposals		3,346	–	101	–	–	3,447
At September 30, 2025 (unaudited)		–	(2,016)	(3,808)	(2,997)	(4,178)	(12,999)
Net book value:							
At December 31, 2023		15,798	1,601	2,243	30,920	90	50,652
At December 31, 2024		15,302	1,184	2,531	21,298	4,525	44,840
At September 30, 2025 (unaudited)		–	1,280	2,785	17,322	4,202	25,589

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The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Depreciation charge of right-of-use assets (Note 7)	9,361	8,375	6,358	5,493
Interest on lease liabilities (Note 7)	362	1,249	973	611
Expense relating to short-term leases	1,240	613	391	1,900
	<u>10,963</u>	<u>10,237</u>	<u>7,722</u>	<u>8,004</u>

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 22(d) and Note 23, respectively.

Note:

(i) Right-of-use assets

The Group leases properties for its offices. The leases of offices typically run for a period of two to four years.

13 Investment properties

	Houses and buildings
	RMB'000
Cost	
At January 1, 2023	98,604
Transfer from property and equipment (Note 12)	<u>4,903</u>
At December 31, 2023 and 2024	103,507
(Unaudited)	
Disposals	<u>(75,040)</u>
At September 30, 2025 (unaudited)	<u>28,467</u>
Accumulated amortization:	
At January 1, 2023	(12,220)
Transfer from property and equipment (Note 12)	(699)
Charge for the year	<u>(2,687)</u>
At December 31, 2023	(15,606)
Charge for the year	<u>(2,733)</u>
At December 31, 2024	(18,339)
(Unaudited)	
Charge for the period	(992)
Written back on disposals	<u>14,232</u>
At September 30, 2025 (unaudited)	<u>(5,099)</u>

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	Houses and buildings
	<i>RMB’000</i>
Carrying amounts:	
At December 31, 2023	87,901
At December 31, 2024	85,168
At September 30, 2025 (unaudited)	23,368

The above investment properties are depreciated on a straight-line basis over the estimated useful lives of 10 to 50 years. The investment properties shown above represent buildings in PRC.

As at December 31, 2024, the aggregate fair value of the investment properties was approximately RMB125.0 million (2023: RMB124.6 million), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis.

14 Intangible assets

The Group

	<i>Note</i>	Copyright	Software	Development costs	Others	Total
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost:						
At January 1, 2023		738,572	16,417	–	31,368	786,357
Addition		127,627	12,004	–	487	140,118
Internally developed		–	–	3,091	–	3,091
Business combination	29	–	–	–	5,372	5,372
Disposal/write-off		(60,664)	(2,162)	–	(1,887)	(64,713)
At December 31, 2023 and January 1, 2024		805,535	26,259	3,091	35,340	870,225
Addition		70,696	–	–	7,941	78,637
Internally developed		–	–	14,517	–	14,517
Disposals/write-off		(53,696)	–	–	–	(53,696)
At December 31, 2024 and January 1, 2025		822,535	26,259	17,608	43,281	909,683
(Unaudited)		42,599	–	–	–	42,599
Addition		–	–	9,674	–	9,674
Disposals		(40,528)	–	–	–	(40,528)
At September 30, 2025 (unaudited)		824,606	26,259	27,282	43,281	921,428
Accumulated amortization:						
At January 1, 2023		(458,591)	(11,998)	–	(29,738)	(500,327)
Charge for the year		(72,329)	(859)	–	(1,503)	(74,691)
Written back on disposals/write-off		39,613	392	–	1,887	41,892
At December 31, 2023 and January 1, 2024		(491,307)	(12,465)	–	(29,354)	(533,126)
Charge for the year		(84,147)	(1,669)	–	(2,030)	(87,846)
Written back on disposals/write-off		51,441	–	–	–	51,441
At December 31, 2024 and January 1, 2025		(524,013)	(14,134)	–	(31,384)	(569,531)
(Unaudited)		(55,577)	(1,269)	–	(2,167)	(59,213)
Charge for the period		33,215	–	–	–	33,215
Written back on disposals/write-off		–	–	–	–	–
At September 30, 2025 (unaudited)		(546,575)	(15,403)	–	(33,551)	(595,529)

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	<i>Note</i>	Copyright	Software	Development costs	Others	Total
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amounts:						
At December 31, 2023		314,228	13,794	3,091	5,986	337,099
At December 31, 2024		298,522	12,125	17,608	11,897	340,152
At September 30, 2025 (unaudited)		278,031	10,856	27,282	9,730	325,899

According to the usage of intangible assets, the amortization charge for the year/period is recorded in “cost of sales”, “selling and marketing expenses”, “research and development expenses”, and “administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

The Company

	Copyright	Software	Development costs	Others	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost:					
At January 1, 2023	430,749	10,841	–	17,878	459,468
Addition	84,742	47	–	–	84,789
Internally developed	–	–	3,091	–	3,091
Disposals	(14,706)	–	–	–	(14,706)
At December 31, 2023 and January 1, 2024	500,785	10,888	3,091	17,878	532,642
Addition	48,017	–	–	–	48,017
Internally developed	–	–	14,517	–	14,517
Disposals	(15,091)	–	–	–	(15,091)
At December 31, 2024 and January 1, 2025	533,711	10,888	17,608	17,878	580,085
(Unaudited)	11,273	–	–	–	11,273
Addition	–	–	7,146	–	7,146
Disposals	(29,984)	–	–	–	(29,984)
At September 30, 2025 (unaudited)	515,000	10,888	24,754	17,878	568,520
Accumulated amortization:					
At January 1, 2023	(252,796)	(10,478)	–	(16,519)	(279,793)
Charge for the year	(48,750)	(179)	–	(940)	(49,869)
Written back on disposals/write-off	14,706	–	–	–	14,706
At December 31, 2023 and January 1, 2024	(286,840)	(10,657)	–	(17,459)	(314,956)
Charge for the year	(60,948)	(80)	–	(77)	(61,105)
Written back on disposals/write-off	15,091	–	–	–	15,091
At December 31, 2024 and January 1, 2025	(332,697)	(10,737)	–	(17,536)	(360,970)
(Unaudited)	(36,784)	(54)	–	(58)	(36,896)
Charge for the period	29,984	–	–	–	29,984
At September 30, 2025 (unaudited)	(339,497)	(10,791)	–	(17,594)	(367,882)

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	Copyright	Software	Development costs	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amounts:					
At December 31, 2023	213,945	231	3,091	419	217,686
At December 31, 2024	201,014	151	17,608	342	219,115
At September 30, 2025 (unaudited) . . .	175,503	97	24,754	284	200,638

15 Goodwill

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
At the beginning of the year/period	222	116,860	116,638
Additions through business combination	116,638	—	—
Disposal of subsidiary	—	(222)	—
At the end of the year/period	116,860	116,638	116,638

The Group’s goodwill mainly arises from its business acquisition of Beijing Hanmu Chunhua Animation Technology Co.,Ltd. (“Hanmu Chunhua”) in 2023. As the acquisition gave an extra boost to the Group’s intellectual property operation capabilities of animation and IP derivation. The Group has determined that the business of Hanmu Chunhua constitutes one single CGU, named Hanmu Chunhua. All the goodwill of the acquisition has been allocated to the CGU.

Impairment test of goodwill

During the year ended December 31, 2023, the recoverable amount of the CGU is determined based on the value in use calculations from a business valuation report on the CGU prepared by an independent qualified professional valuer. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period with a pre-tax discount rate of 13.52% and, long-term growth rate of 0%. Since the recoverable amount of the CGU was larger than its carrying amount, the management considered that no impairment of goodwill allocated to the CGU was recognized.

During the year ended December 31, 2024, the recoverable amounts of the Hanmu Chunhua CGU are determined based on the higher of value-in-use. These calculations use cash flow projections based on financial budgets approved by the management covering a period of five years. Cash flows beyond the budget period are extrapolated using an estimated long-term growth rate of revenue of 0%, which is consistent with long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a pre-tax discount rate of 15.9%. The discount rate used reflects specific risks relating to the CGU.

The headroom calculated based on the recoverable amounts deducting the carrying amount allocated for the CGU as at December 31, 2024 is RMB3.27 million.

Management have undertaken sensitivity analysis on the impairment test of goodwill. The hypothetical changes to discount rate that would have removed the remaining headroom as at December 31, 2024 was 1.6%.

During the nine months ended September 30, 2025, goodwill were not tested for impairment because the management determined there were no triggering events that indicated that its goodwill was impaired.

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16 Interest in associates and investments in subsidiaries

(a) Interest in associates

The Group

	As at December 31,		As at
	2023	2024	September 30,
	RMB’000	RMB’000	2025
			RMB’000 (unaudited)
Interest in associates	264,751	274,071	229,466

The following list contains the particulars of the Group’s associates, all of which are unlisted corporate entities:

Company name	Place of establishment	Issued capital	Effective interest held by the Group			Principal activities and place of operation
			As at December 31,		As at September 30,	
			2023	2024	2025	
Held by the Company						
ATA Online (Beijing) Education Technology Co., Ltd. (全美在線 (北京) 教育科技有限公司) (i)	Chinese Mainland	RMB110 million	8.00%	8.00%	8.00%	Culture, technical services
Beijing Chinese Miracle Culture Technology Co., Ltd. (北京中文奇蹟文化科技有限公司) (“Chinese Miracle”) (i)	Chinese Mainland	RMB30 million	30.00%	30.00%	30.00%	Culture, Film and Television
Xiong Xiao Mi (Beijing) Culture Communication Co., Ltd. (熊小米 (北京) 文化傳播有限公司) (i)	Chinese Mainland	RMB11 million	11.00%	11.00%	11.00%	Culture
Held by a subsidiary						
Crazy Maple Studio, Inc (ii)	California	USD0.6 million	49.20%	49.24%	49.24%	Culture, technical services
Hubei Chinese Online Digital Publishing Co., Ltd. (湖北中文在線數字出版有限公司) (“Chinese Online”) (i)	Chinese Mainland	RMB20 million	44.55%	44.55%	44.55%	Culture, technical services
Beijing Chinese Wanwei Technology Co., Ltd. (北京中文萬維科技有限公司) (i) (iii)	Chinese Mainland	RMB9 million	34.41%	34.41%	34.41%	Technology promotion and application services

Notes:

- (i) These entities’ official names are in Chinese. The English translations of these entities’ names are for identification only.
- (ii) CRAZY MAPLE STUDIO, INC. (“CMS”) was incorporated in California in July 2016. The Group’s equity shareholding of CMS was 49.16%, 49.20% and 49.24% from January to July 2023, August 2023 to August 24, and September 2024 to September 2025, respectively. CMS’s ordinary shares are divided into Class A ordinary shares, Class B ordinary shares and Class C ordinary shares. Holders of each class ordinary shares have different voting rights. Prior to April 2023, the Group held 47.81% voting right, and one shareholder of CMS delegated 3.09% voting rights to the Group, so the Group held 50.90% of the voting rights of CMS in total. In addition, the Group could nominate 2 directors among the 3 directors of board of directors. Considering the voting rights of shareholders and board of directors of CMS, the Group could exercise control over CMS and therefore consolidated CMS’s financial statements. In April 2023, to encourage the independent operation and development of CMS and to facilitate its market-oriented financing, the shareholders’ meeting of CMS resolved to reorganize its board of directors. After the reorganization, among the 7 directors of CMS, the Group has the right to nominate 3 directors. At the same time, the above-mentioned

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shareholder of CMS terminated the delegation of its voting rights, thus the voting rights held by the Group of CMS’s shareholders was adjusted from 50.90% to 47.81%. Accordingly, the Group could not control but has significant influence over CMS after its reorganization. Any interest retained in CMS is measured at fair value when control is lost. An gain on remeasurement of the equity interest at fair value after the loss of control of RMB55.1 million was recognized in 2023.

- (iii) The Group assessed at the end of each reporting periods whether there is any indication that interests in the associates may be impaired. If any such indication exists, the Group estimated the recoverable amount of the investment. In view of the significant doubt on some associates’ ability to continue as a going concern, the interests in Beijing Zhongwen Wanwei Technology Co., Ltd. of RMB96.7 million was fully impaired before January 1, 2023.

The Company

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (unaudited)
Investment in associates	157,533	168,748	165,647

- (b) *Aggregate information of associates that are not individually material are listed below:*

	At December 31,		As at September 30,
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (unaudited)
Aggregate carrying amount of individually immaterial associates in the consolidated statements of financial position	264,751	274,071	229,466
Aggregate amounts of the Group’s share of those associates:			
Profits less losses	12,498	9,925	(45,000)
Other comprehensive income	863	(605)	395
	13,361	9,320	(44,605)

- (c) *Investment in subsidiaries*

The Company

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (unaudited)
Investment in subsidiaries, ...	1,503,401	1,501,352	1,551,352

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17 Financial assets measured at fair value through profit or loss

The Group

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets			
– Investment in wealth management products . . .	–	145,616	–
Non-current assets			
– Unlisted equity investment	65,533	78,070	78,110
– Investment in films	12,363	5,525	6,866
– Investment in wealth management products . . .	140,550	–	–
	<u>218,446</u>	<u>229,211</u>	<u>84,976</u>

The Company

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets			
– Investment in wealth management products . . .	–	145,616	–
Non-current assets			
– Unlisted equity investment	61,856	76,886	76,886
– Investment in films	8,822	5,247	6,866
– Investment in wealth management products . . .	140,550	–	–
	<u>211,228</u>	<u>227,749</u>	<u>83,752</u>

Further information on the fair value measurement is disclosed in Note 30(e).

18 Inventories

(a) Inventories comprise:

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
IP accessories	7,956	24,079	71,905
Less: write-down of inventories	(1,711)	(2,676)	(5,334)
	<u>6,245</u>	<u>21,403</u>	<u>66,571</u>

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(b) *The analysis of the amount of inventories recognized as cost of revenue and included in profit or loss is as follows:*

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Carrying amount of inventories sold	6,622	12,156	7,639	26,474
Write-down of inventories	—	965	—	2,658
	<u>6,622</u>	<u>13,121</u>	<u>7,639</u>	<u>29,132</u>

19 Trade and bills receivables

The Group

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Amounts due from related parties (<i>Note 31(d)</i>)	11,449	18,329	12,108
Amounts due from others	158,366	163,307	216,888
Gross carrying amount of trade receivables	169,815	181,636	228,996
Less: Loss allowance	(19,480)	(19,704)	(22,109)
Trade receivables, net	150,335	161,932	206,887
Bills receivable	2,395	—	390
Total trade and bills receivables, net of loss allowance	<u>152,730</u>	<u>161,932</u>	<u>207,277</u>

Aging analysis

As at the end of each reporting period, the aging analysis of trade and bills receivables based on the invoice date, is as follows:

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year	148,796	161,764	209,676
Over 1 year but within 2 years	7,968	3,343	1,824
Over 2 years but within 3 years	2,239	2,323	2,963
More than 3 years	13,207	14,206	14,923
	<u>172,210</u>	<u>181,636</u>	<u>229,386</u>

Trade receivables are normally due within 30 days from the invoice date. Further details on the Group’s credit policy are set out in Note 30(a).

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Impairment of trade receivables

Movement in the loss allowance account in respect of trade receivables during each reporting period is as follows:

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Balance at 1 January	27,523	19,480	19,704
(Reversal of impairment loss)/ Impairment loss recognized	(6,443)	224	2,405
Write-off	(1,600)	—	—
At the end of the year/period	19,480	19,704	22,109

The Company

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Amounts due from related parties	10,022	6,627	6,696
Amounts due from subsidiaries	102,709	181,890	249,079
Amounts due from others	120,373	61,840	44,044
Gross carrying amount of trade receivables	233,104	250,357	299,819
Less: Loss allowance	(11,497)	(10,555)	(11,495)
Trade receivables, net	221,607	239,802	288,324
Bills receivable	2,395	—	390
Total trade and bills receivables, net of loss allowance	224,002	239,802	288,714

Impairment of trade receivables

Movement in the loss allowance account in respect of trade receivables during each reporting period is as follows:

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Balance at 1 January	9,722	11,497	10,555
Impairment loss/(reversal of impairment loss) recognized	1,875	(942)	940
Write-off	(100)	—	—
At the end of the year/period	11,497	10,555	11,495

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20 Prepayments and other receivables

The Group

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Amounts due from related parties (<i>Note 31(d)</i>)	465	789	40
Prepayments for content costs	76,198	86,655	69,364
Prepayments for service fees	98,577	43,717	60,423
Prepayments for inventories	609	3,082	12,366
Deposits	7,847	7,396	6,722
Deductible value-added tax	4,383	5,057	5,692
Consideration receivables from disposal of an equity investment	33,478	26,591	14,153
Others	29,198	11,620	10,763
Less: loss allowance	(32,768)	(34,338)	(19,423)
Total prepayments and other receivables, net of loss allowance	217,987	150,569	160,100

The Company

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Amounts due from subsidiaries	588,390	901,076	1,117,831
Amounts due from related parties	434	28	28
Prepayments for content costs	60,405	74,402	57,678
Prepayments for service fees	50,169	37,210	35,399
Deposits	5,315	5,753	3,904
Others	27,444	12,723	12,128
Less: loss allowance	(14,597)	(5,809)	(3,470)
Total prepayments and other receivables, net of loss allowance	717,560	1,025,383	1,223,498

Note:

All of the prepayments and other receivables are expected to be recovered or recognized as expenses within one year.

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21 Restricted cash

	As at December 31,		As at
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000
			(unaudited)
Restricted cash	11,049	48	—

The restricted cash mainly represents bank deposits pledged as guarantee for bank loans.

22 Cash and cash equivalents and other cash flow Information

(a) Cash and cash equivalents comprise

The Group

	As at December 31,		As at
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000
			(unaudited)
Cash at bank and in hand	340,777	139,525	294,403
Less: Restricted cash	(11,049)	(48)	—
Cash and cash equivalents	329,728	139,477	294,403

The Company

	As at December 31,		As at
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000
			(unaudited)
Cash at bank and in hand	241,381	55,214	56,736

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(b) Reconciliation of profit/(loss) before taxation to cash used in operations

	Note	Year ended December 31,		Nine months ended September 30,	
		2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Profit/(Loss) before taxation for the year/period		88,370	(238,479)	(184,755)	(512,463)
Adjustments for:					
– Impairment loss on receivables and other receivables		(29,154)	10,330	(8,718)	(1,056)
– Write down of inventories	18(b)	–	965	–	2,658
– Loss/(Gain) on disposal of property and equipment and intangible assets		147	839	(163)	17,553
– Depreciation and amortization	7(c)	90,856	101,361	83,650	68,317
– Finance costs		9,334	12,411	9,092	7,994
– Share-based payment expenses		(1,611)	9,564	7,214	7,181
– Share of profit less loss of associates		(12,498)	(9,925)	(1,735)	45,000
– Fair value changes on financial assets measured at FVPL		11,529	(22,669)	(16,830)	(3,131)
– Gain on remeasurement of remaining equity interest at fair value after loss of control		(55,105)	–	–	–
– Loss on disposal of subsidiaries		–	(1,517)	(1,517)	–
Changes in:					
– (Increase)/decrease in trade and bills receivables		(80,970)	(9,426)	27,362	(47,750)
– Decrease in restricted cash		6,575	11,001	11,049	48
– Decrease/(increase) in prepayment, deposits and other receivables		7,055	50,425	(1,252)	(18,508)
– Increase in inventories		(1,713)	(16,123)	(10,715)	(47,826)
– Increase in film rights		(9,314)	(18,941)	(12,546)	(15,718)
– Increase in trade and bill payables		38,566	25,004	39,824	323,176
– (Decrease)/increase in contract liabilities		(62,836)	13,204	14,534	20,987
– (Decrease)/increase in deferred income		(372)	(371)	2,721	(8,237)
– Increase/(decrease) in other payables and accruals		9,309	28,266	(52,646)	421
Cash generated from/ (used in) operations		8,168	(54,081)	(95,431)	(161,354)

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(c) *Reconciliation of movement of liabilities to cash flows arising from financing activities*

The table below details changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified into the Group’s consolidated statements of cash flows as cash flows from financing activities.

	Bank and other borrowings	Lease liabilities	Total
	<i>RMB’000</i> <i>(Note 26)</i>	<i>RMB’000</i> <i>(Note 23)</i>	<i>RMB’000</i>
At January 1, 2023	268,000	15,208	283,208
Changes from financing cash flows:			
Proceeds from bank and other borrowings	272,000	–	272,000
Repayment of bank and other borrowings	(305,000)	–	(305,000)
Interest paid	(8,972)	–	(8,972)
Capital element of lease rentals paid	–	(7,699)	(7,699)
Interest element of lease rentals paid	–	(362)	(362)
Total changes from financing cash flows	(41,972)	(8,061)	(50,033)
Other changes:			
Increase in lease liabilities, net	–	23,520	23,520
Finance costs	8,972	362	9,334
Total other changes	8,972	23,882	32,854
At December 31, 2023	235,000	31,029	266,029
	Bank and other borrowings	Lease liabilities	Total
	<i>RMB’000</i> <i>(Note 26)</i>	<i>RMB’000</i> <i>(Note 23)</i>	<i>RMB’000</i>
At January 1, 2024	235,000	31,029	266,029
Changes from financing cash flows:			
Proceeds from bank and other borrowings	467,900	–	467,900
Repayment of bank and other borrowings	(394,950)	–	(394,950)
Interest paid	(11,162)	–	(11,162)
Capital element of lease rentals paid	–	(10,208)	(10,208)
Interest element of lease rentals paid	–	(1,249)	(1,249)
Total changes from financing cash flows	61,788	(11,457)	50,331
Other changes:			
Decrease in lease liabilities, net	–	(1,240)	(1,240)
Finance costs	11,162	1,249	12,411
Total other changes	11,162	9	11,171
At December 31, 2024	307,950	19,581	327,531

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(unaudited)	Bank and other borrowings	Lease liabilities	Total
	<i>RMB’000</i> <i>(Note 26)</i>	<i>RMB’000</i> <i>(Note 23)</i>	<i>RMB’000</i>
At January 1, 2025	307,950	19,581	327,531
Changes from financing cash flows:			
Proceeds from bank and other borrowings . . .	280,220	–	280,220
Repayment of bank and other borrowings . . .	(155,820)	–	(155,820)
Interest paid	(7,383)	–	(7,383)
Capital element of lease rentals paid	–	(4,386)	(4,386)
Interest element of lease rentals paid	–	(611)	(611)
Total changes from financing cash flows	117,017	(4,997)	112,020
Other changes:			
Increase in lease liabilities, net	–	425	425
Finance costs	7,383	611	7,994
Total other changes	7,383	1,036	8,419
At September 30, 2025	432,350	15,620	447,970
(unaudited)	Bank and other borrowings	Lease liabilities	Total
	<i>RMB’000</i> <i>(Note 26)</i>	<i>RMB’000</i> <i>(Note 23)</i>	<i>RMB’000</i>
At January 1, 2024	235,000	31,029	266,029
Changes from financing cash flows:			
Proceeds from bank and other borrowings . . .	309,000	–	309,000
Repayment of bank and other borrowings . . .	(220,000)	–	(220,000)
Interest paid	(8,119)	–	(8,119)
Capital element of lease rentals paid	–	(8,073)	(8,073)
Interest element of lease rentals paid	–	(973)	(973)
Total changes from financing cash flows	80,881	(9,046)	71,835
Other changes:			
Decrease in lease liabilities, net	–	(1,185)	(1,185)
Finance costs	8,119	973	9,092
Total other changes	8,119	(212)	7,907
At September 30, 2024	324,000	21,771	345,771

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(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Within operating cash flows	1,240	613	391	1,900
Within financing cash flows	8,061	11,457	9,046	4,997
	<u>9,301</u>	<u>12,070</u>	<u>9,437</u>	<u>6,897</u>

23 Lease liabilities

The following table shows the remaining contractual maturities of the Group’s lease liabilities at the end of the years/period presented:

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year	8,674	6,393	9,048
After 1 year but within 2 years	7,837	7,764	6,512
After 2 years but within 5 years	14,518	5,424	60
	<u>31,029</u>	<u>19,581</u>	<u>15,620</u>

24 Trade payables

The Group

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Trade payables due to related parties (Note 31(d))	6,603	1,702	1,954
Trade payables due to third parties	89,287	119,192	442,116
	<u>95,890</u>	<u>120,894</u>	<u>444,070</u>

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As at the end of each reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year	84,617	114,164	432,759
Over 1 year but within 2 years	8,441	3,532	5,941
Over 2 years but within 3 years	1,189	1,283	2,456
Over 3 years	1,643	1,915	2,914
	<u>95,890</u>	<u>120,894</u>	<u>444,070</u>

The credit period granted by the suppliers is generally between 60 to 90 days.

Information about the Group’s exposure to currency and liquidity risks is included in Note 30(d).

The Company

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Trade payables due to related parties	292	293	357
Trade payables due to subsidiaries	1,202	15,183	19,627
Trade payables due to third parties	57,776	30,945	32,299
	<u>59,270</u>	<u>46,421</u>	<u>52,283</u>

25 Other payables

The Group

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Other payables due to related party (Note 31(d))	3	96	111
Payroll and welfare payable	62,159	70,918	65,211
Value added tax and other tax payables	16,961	18,136	21,486
Payable for acquisition of a subsidiary (note 29)	63,906	—	—
Others	22,869	34,425	37,188
	<u>165,898</u>	<u>123,575</u>	<u>123,996</u>

Note:

All the other payables are expected to be settled within one year or are repayable on demand.

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The Company

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Amounts due to subsidiaries	1,513,285	1,722,785	1,811,071
Payroll and welfare payable	33,403	33,855	31,488
Value added tax and other tax payables	14,031	9,197	8,131
Others	4,669	7,162	7,541
	<u>1,565,388</u>	<u>1,772,999</u>	<u>1,858,231</u>

26 Bank and other borrowings

The Group

(a) As at the end of each reporting period, borrowings were secured as follows:

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Current liabilities			
Bank loan			
– Guaranteed by equity shareholders (i)	180,000	229,900	321,350
– Guaranteed by third parties	55,000	–	–
Non-current liabilities			
Bank loan			
– Guaranteed by equity shareholders (i)	–	78,050	60,000
– Other borrowing	–	–	51,000
	<u>235,000</u>	<u>307,950</u>	<u>432,350</u>

(b) As at the end of each reporting period, borrowings were repayable as follows:

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year	235,000	229,900	321,350
Between 1 to 2 years	–	19,050	35,000
Between 2 to 3 years	–	20,000	20,000
Over 3 years	–	39,000	56,000
	<u>235,000</u>	<u>307,950</u>	<u>432,350</u>

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Notes:

- (i) As at December 31, 2023 and 2024 and September 30, 2025, the bank loans were guaranteed by Mr. Tong Zhilei, founder and shareholder of the Company, either individually or together with his spouse, of which RMB70.0 million, RMB160.0 million and RMB129.0 million were also secured over restricted cash, property and equipment, investment properties with a total carrying amount of RMB114.7 million, RMB100.5 million and RMB23.4 million, respectively.
- (ii) As at December 31, 2023 and 2024 and September 30, 2025, all bank and other borrowings were denominated in RMB and bear interest ranging from 3.45% to 4.35%, 2.70% to 4.10%, and 1.60% to 3.50% per annum, respectively.

The Company

- (a) As at the end of each reporting period, borrowings were secured as follows:

	As at December 31,		As at
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000
			(unaudited)
Current liabilities			
Bank loan			
– Guaranteed by equity shareholders . . .	160,000	181,380	248,000
Non-current liabilities			
Bank loan			
– Guaranteed by equity shareholders . . .	–	78,050	60,000
	160,000	259,430	308,000

- (b) As at the end of each reporting period, borrowings were repayable as follows:

	As at December 31,		As at
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000
			(unaudited)
Within 1 year	160,000	181,380	248,000
Between 1 to 2 years	–	19,050	20,000
Between 2 to 3 years	–	20,000	20,000
Over 3 years	–	39,000	20,000
	160,000	259,430	308,000

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27 Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company’s individual components of equity between the beginning and the end of each reporting period are set out below:

The Company

	Share capital	Capital reserve	Share-based compensation reserve	Statutory reserve	Treasury share reserve	Other reserve	Accumulated losses	Total equity
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Balance at January 1, 2023 . . .	735,747	2,380,241	109,929	30,930	(58,940)	(53,196)	(1,624,502)	1,520,209
Changes in equity for 2023:								
Profit for the year	–	–	–	–	–	–	30,639	30,639
Total comprehensive income . . .	–	–	–	–	–	–	30,639	30,639
Cancellation of repurchased shares	(5,807)	(53,133)	–	–	58,940	–	–	–
Equity-settled share-based transactions	–	–	(1,658)	–	–	–	–	(1,658)
Other equity changes	–	–	–	–	–	3	–	3
Balance at December 31, 2023	729,940	2,327,108	108,271	30,930	–	(53,193)	(1,593,863)	1,549,193
Balance at January 1, 2024 . . .	729,940	2,327,108	108,271	30,930	–	(53,193)	(1,593,863)	1,549,193
Changes in equity for 2024:								
Loss for the year	–	–	–	–	–	–	(112,724)	(112,724)
Total comprehensive income . . .	–	–	–	–	–	–	(112,724)	(112,724)
Repurchase of ordinary shares . .	–	–	–	–	(27,000)	–	–	(27,000)
Equity-settled share-based transactions	–	–	9,564	–	–	–	–	9,564
Other equity changes	–	–	–	–	–	7	–	7
Balance at December 31, 2024 . . .	729,940	2,327,108	117,835	30,930	(27,000)	(53,186)	(1,706,587)	1,419,040

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	Share capital	Capital reserve	Share-based compensation reserve	Statutory reserve	Treasury share reserve	Other reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)								
Balance at January 1, 2025 . . .	729,940	2,327,108	117,835	30,930	(27,000)	(53,186)	(1,706,587)	1,419,040
Changes in equity for the nine months ended September 30, 2025								
Loss for the year	—	—	—	—	—	—	(75,788)	(75,788)
Total comprehensive income . . .	—	—	—	—	—	—	(75,788)	(75,788)
Repurchase of ordinary shares . .	—	—	—	—	(3)	—	—	(3)
Cancellation of repurchased shares	(1,440)	(25,563)	—	—	27,003	—	—	—
Equity-settled share-based transactions	—	—	7,181	—	—	—	—	7,181
Balance at September 30, 2025 (unaudited)	728,500	2,301,545	125,016	30,930	—	(53,186)	(1,782,375)	1,350,430
(Unaudited)								
Balance at January 1, 2024 . . .	729,940	2,327,108	108,271	30,930	—	(53,193)	(1,593,863)	1,549,193
Changes in equity for the nine months ended September 30, 2024								
Loss for the year	—	—	—	—	—	—	(102,919)	(102,919)
Total comprehensive income . . .	—	—	—	—	—	—	(102,919)	(102,919)
Repurchase of ordinary shares . .	—	—	—	—	(20,048)	—	—	(20,048)
Equity-settled share-based transactions	—	—	7,214	—	—	—	—	7,214
Other equity changes	—	—	—	—	—	2	—	2
Balance at September 30, 2024 (unaudited)	729,940	2,327,108	115,485	30,930	(20,048)	(53,191)	(1,696,782)	1,433,442

(b) Share capital

	No. of shares	Share capital
	'000	RMB'000
Issued and fully paid		
At January 1, 2023	735,747	735,747
Cancellation of repurchased shares	(5,807)	(5,807)
At December 31, 2023 and 2024	729,940	729,940
Cancellation of repurchased shares	(1,440)	(1,440)
At September 30, 2025 (unaudited)	728,500	728,500

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(c) *Nature and purpose of reserves*

(i) *Capital reserve*

The capital reserve primarily represents the excess of the total proceeds received over the par value of ordinary shares issued by the Company.

(ii) *Share-based compensation reserve*

The share-based payments reserve represents the portion of the grant date fair value of share options and RSUs granted to the directors, employees and consultants of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(w)(iii).

(iii) *Statutory reserve*

Pursuant to the relevant PRC laws, the Company are required to transfer 10% of net profit (after offsetting prior year losses) determined in accordance with the accounting rules and regulations of the PRC to the statutory reserve until such reserve reaches 50% of the registered capital. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary and is non-distributable other than in liquidation.

(iv) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(v) *Treasury share reserve*

The reserve for the Company’s treasury shares comprises the cost of the Company’s shares held by the Group. At December 31, 2023 and 2024, and September 30, 2025, the Group held nil, 1,439,400, nil of the Company’s shares, respectively.

(vi) *Other reserve*

Other reserve mainly represent:

- Interest in associates: the proportionate share of changes in net assets of associates
- Investment in FVOCI: the proportionate share of changes in net assets of FVOCI

(d) *Capital risk management*

The Group defines “capital” as including all components of equity. The Group’s policy is to maintain a strong capital base to maintain investors, creditors and market confidence and to sustain future development of the business. There were no changes in the Group’s approach to capital management during the years/periods presented. The Group is not subject to any externally imposed capital requirements.

(e) *Dividends*

No dividends have been declared or paid by the Company or the companies comprising the Group to its shareholders during the years ended December 31, 2023 and 2024, and the nine months ended September 30, 2025.

28 Share-based compensation arrangements

(a) *Share options*

The Company adopted the 2020 Share Option Incentive Plan on March 23, 2020.

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On March 23, 2020, the Board of Directors approved to grant in aggregate 36,314,800 share options to 34 eligible persons, including one executive directors and three senior management. The options are performance-based share options, which are generally vested within 8 years. Share options of each grantee will be vested in four tranches subject to the fulfilment of certain performance targets relating to the Company and the grantee. The performance target is determined by the Board of Directors. For those awards, evaluations are made as at each period end to assess the likelihood of performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of original estimates.

Share options’ activities for the years/period presented were summarized as follows:

	Year ended December 31,				Nine months ended September 30,	
	2023		2024		2025	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	RMB	'000	RMB	'000	RMB	'000
						(unaudited)
Outstanding at the beginning of the year/period	3.00	25,016	3.00	16,627	3.00	16,577
Forfeited during the year/period	3.00	(8,389)	3.00	(50)	3.00	(240)
Outstanding at the end of the year/period	3.00	<u>16,627</u>	3.00	<u>16,577</u>	3.00	<u>16,337</u>
Exercisable at the end of the year/period		<u>—</u>		<u>—</u>		<u>—</u>

The share options outstanding as at December 31, 2023 and 2024 and September 30, 2025 had weighted average remaining contractual life of 6.2 years, 5.2 years and 4.5 years, respectively.

The Company used the Black Scholes options pricing model to determine the fair value of the share options as at the grant date, which is to be recorded as share-based compensation expenses in profit or loss over the vesting period.

The total share-based compensation expenses recognised in the consolidated statements of profit or loss and other comprehensive income for share option incentive plan were RMB(2.6) million, RMB3.8 million and RMB2.8 million for the year ended December 31, 2023 and 2024, and nine months ended September 30, 2025.

(b) Restricted share units

On October 11, 2021, the shareholders of the Company approved and adopted the 2021 Restricted Share Incentive Plan.

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On October 15, 2021, the Board of Directors approved the grant of 15,000,000 restricted shares to 107 eligible persons, which give the eligible persons the right to pay the subscription price of RMB3.00 per restricted share when the restricted shares are vested. The directors of the Company consider the restricted share is, in substance, a share option scheme. Accordingly, the restricted shares granted are accounted for as share options. The restricted shares granted are performance-based restricted shares, which are generally vested within 8.6 years. Restricted shares of each grantee will be vested in four tranches subject to the fulfilment of certain performance targets relating to the Company and the grantee. The performance target is determined by the Board of Directors. For those awards, evaluations are made as at each period end to assess the likelihood of performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of original estimates.

Restricted shares’ activities for the years/period presented were summarized as follows:

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	Number of restricted shares	Number of restricted shares	Number of restricted shares
	'000	'000	'000 (unaudited)
Outstanding at the beginning of the year/period	14,410	10,239	9,931
Forfeited during the year/period	(4,171)	(308)	(560)
Outstanding at the end of the year/period	10,239	9,931	9,371

The restricted shares outstanding as at December 31, 2023 and 2024 and September 30, 2025 had weighted average remaining contractual life of 7.8 years, 6.8 years and 6.0 years, respectively.

The Company used the Black Scholes options pricing model to determine the fair value of the restricted shares as at the grant date, which is to be recorded as share-based compensation expenses in profit or loss over the vesting period.

The total share-based compensation expenses recognised in the consolidated statements of profit or loss and other comprehensive income for restricted share incentive plan were RMB1.0 million, RMB5.8 million and RMB4.4 million for the year ended December 31, 2023 and 2024, and nine months ended September 30, 2025.

29 Business combination

In 2023, the Group acquired 51.0414% equity interests of Hanmu Chunhua from third parties, and the Group obtained the control over Hanmu Chunhua. Hanmu Chunhua engages in IP operation and development. The transaction was accounted for as a business combination. The consideration of RMB137.8 million was fully paid in cash in 2023 and 2024. The Group expected the acquisition to further expand its cultural business.

The acquisition related cost incurred in this transaction was included in general and administrative expenses and the amount was inconsequential.

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The following table summarises the consideration paid to acquire Hanmu Chunhua and the amounts of identified assets acquired and liabilities assumed, as well as the non-controlling interest recognised at the acquisition date:

	On acquisition date
	RMB’000
Amounts of identifiable assets acquired and liabilities assumed	
Property and equipment (<i>note 12</i>)	1,568
Intangible assets (<i>note 14</i>)	5,372
Cash and cash equivalents	18,973
Inventories	3,058
Film rights	21,566
Other current assets	8,795
Trade payables	(1,126)
Other payables	(15,843)
Other liabilities	(880)
Total identifiable net assets	41,483
Less: Non-controlling interest in Hanmu Chunhua	(20,309)
Add: Goodwill (<i>note 15</i>)	116,638
Total consideration for the identifiable net assets acquired	137,812
Less: Cash and cash equivalents acquired	(18,973)
Consideration payable outstanding at December 31, 2023 and settled in 2024 (<i>note 25</i>)	(63,906)
Net cash outflow arising from the acquisition of Hanmu Chunhua in 2023	54,933

The Group chose to measure the non-controlling equity interests in Hanmu Chunhua at their proportionate share of net assets acquired as at the acquisition date. The goodwill is attributed to operating synergies expected to be derived from combining the operations.

30 Financial risk management and fair value of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group’s business.

The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade receivables and other receivables. The Group’s exposure to credit risk arising from financial assets measured at FVTPL, cash, cash equivalents and restricted cash is limited the counterparties are banks or financial institution with high-credit-quality, for which the Group considers to have low credit risk.

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk arising from trade receivables in industries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The trade receivables from the five largest debtors at December 31, 2023, and 2024 and September 30, 2025 represented 31%, 39%, and 22% of the total trade receivables respectively, while 9%, 11%, 9% of the total trade receivables were due from the largest single debtor respectively.

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The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group’s historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group’s different customer bases.

The following table provides information about the Group’s exposure to credit risk and ECLs for trade and bill receivables:

	As at December 31, 2023					
	Carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	ECL	Loss allowance
	RMB'000	RMB'000	RMB'000	%	RMB'000	RMB'000
Within 1 year	148,796	—	148,796	1.7%	2,463	2,463
Over 1 year but within 2 years	7,968	1,200	6,768	16.8%	1,134	2,334
Over 2 years but within 3 years	2,239	—	2,239	65.9%	1,476	1,476
More than 3 years	13,207	2,130	11,077	100.0%	11,077	13,207
	172,210					19,480
	As at December 31, 2024					
	Carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	ECL	Loss allowance
	RMB'000	RMB'000	RMB'000	%	RMB'000	RMB'000
Within 1 year	161,764	—	161,764	1.9%	3,112	3,112
Over 1 year but within 2 years	3,343	—	3,343	15.1%	506	506
Over 2 years but within 3 years	2,323	1,200	1,123	60.6%	680	1,880
More than 3 years	14,206	2,130	12,076	100.0%	12,076	14,206
	181,636					19,704
	As at September 30, 2025 (unaudited)					
	Carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	ECL	Loss allowance
	RMB'000	RMB'000	RMB'000	%	RMB'000	RMB'000
Within 1 year	209,676	—	209,676	1.9%	3,885	3,885
Over 1 year but within 2 years	1,824	—	1,824	23.8%	435	435
Over 2 years but within 3 years	2,963	2,500	463	79.0%	366	2,866
More than 3 years	14,923	2,130	12,793	100.0%	12,793	14,923
	229,386					22,109

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(b) Liquidity risk

The Group’s policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash and cash equivalents and retains adequate financing arrangements with investors to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the years/period presented of the Group’s financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the years/period presented) and the earliest date the Group can be required to pay.

As at December 31, 2023

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years
Trade payables	95,890	95,890	84,617	8,441	2,832
Other payables and accrual	86,778	86,778	83,654	1,116	2,008
Bank and other borrowings	235,000	240,916	240,916	–	–
Lease liabilities	31,029	33,983	9,988	8,754	15,241
	<u>448,697</u>	<u>457,567</u>	<u>419,175</u>	<u>18,311</u>	<u>20,081</u>

As at December 31, 2024

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years
Trade payables	120,894	120,894	114,164	3,532	3,198
Other payables and accrual	34,521	34,521	30,482	1,866	2,173
Bank and other borrowings	307,950	321,761	235,885	19,979	65,897
Lease liabilities	19,581	21,194	7,284	8,317	5,593
	<u>482,946</u>	<u>498,370</u>	<u>387,815</u>	<u>33,694</u>	<u>76,861</u>

As at September 30, 2025 (unaudited)

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years
Trade payables	444,070	444,070	432,759	5,941	5,370	–
Other payables and accrual	37,299	37,299	32,490	1,594	3,215	–
Bank and other borrowings	432,350	448,151	326,001	36,810	44,300	41,040
Lease liabilities	15,620	16,448	9,582	6,797	69	–
	<u>929,339</u>	<u>945,968</u>	<u>800,832</u>	<u>51,142</u>	<u>52,954</u>	<u>41,040</u>

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(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from bank loans. The bank loans were all fixed-rate borrowings.

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(d) *Foreign currency risk*

Currency risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The Group manages its currency risk by minimizing non-functional currency transactions, wherever possible.

Management considers that the business is not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in currencies other than the respective functional currencies of the Group’s subsidiaries and these entities.

(e) *Fair value measurement*

(i) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group’s financial instruments measured at the end of the years/period presented on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

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The following table presents the Group’s financial assets and liabilities that are measured at fair value at the end of each year/period presented:

	Fair value hierarchy	Fair value as at December 31,		Fair value as at September 30,
		2023	2024	2025
		RMB'000	RMB'000	RMB'000 (unaudited)
Included in non-current assets:				
Financial assets measured at FVTPL				
– Investment in wealth management products . . .	Level2	140,550	–	–
– Investment in films	Level3	12,363	5,525	6,866
– Unlisted equity investment .	Level3	65,533	78,070	78,110
Financial assets designated at FVOCI				
	Level3	7,034	3,824	4,574
Included in current assets:				
Financial assets measured at FVTPL.				
– Investment in wealth management products . . .	Level2	-	145,616	–

For the years ended December 31, 2023 and 2024, and the nine months ended September 30, 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group’s policy is to recognize transfers between levels of fair value hierarchy as at the end of the years/period presented in which they occur.

The fair value of the financial assets in Level 2 is determined based on the unit price published on the financial institution’s websites. The published unit price is the unit price at which a holder could redeem the fund units at the end of each reporting period presented.

The unlisted equity investments are not traded on an active market, and the fair value is determined using valuation techniques. The value is primarily based on the latest available financial statements of the unlisted shares, unless the Group is aware of reasons that such a valuation may not be the best approximation of fair value.

Any reasonably possible change in the significant unobservable input would not have material impact on the fair value of the financial assets.

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The movements during the Track Record Period in the balance of these Level 3 fair value measurements were as follows:

	Financial assets measured at FVTPL	Financial assets designed at FVOCI	Total
	RMB’000	RMB’000	RMB’000
At January 1, 2023	49,592	7,244	56,836
Additions	42,528	–	42,528
Settlements/disposal	(14,283)	(210)	(14,493)
Exchange losses recognised in other comprehensive income	59	–	59
At December 31, 2023	<u>77,896</u>	<u>7,034</u>	<u>84,930</u>
At January 1, 2024	77,896	7,034	84,930
Additions	5,794	–	5,794
Settlements/disposal	(14,767)	(3,210)	(17,977)
Gains recognised in profit or loss	14,664	–	14,664
Exchange losses recognised in other comprehensive income	8	–	8
At December 31, 2024	<u>83,595</u>	<u>3,824</u>	<u>87,419</u>
At January 1, 2025	83,595	3,824	87,419
Additions	1,620	750	2,370
Settlements/disposal	(317)	–	(317)
Gains recognised in profit or loss	38	–	38
Exchange losses recognised in other comprehensive income	40	–	40
At September 30, 2025 (unaudited)	<u>84,976</u>	<u>4,574</u>	<u>89,550</u>

31 Material related party transactions

(a) Name and relationship with related parties

Name of related parties	Relationship
Tencent Holdings Limited and its subsidiaries (the “Tencent Group”)	One of the Company’s shareholders with significant influence over the Company
Chinese Online	Associate of the Group
Chinese Miracle	Associate of the Group
Houde Mingxin (Beijing) Technology Co., Ltd. (“Houde Mingxin”) 厚德明心(北京)科技有限公司	Entity controlled by a close family member of Mr. Tong Zhilei

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(b) Key management personnel compensation

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Company’s directors.

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors as disclosed in Note 9 and certain of the highest paid employees as disclosed in Note 10, is as follows:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000 (unaudited)
Short-term employment benefits (excluding discretionary bonus) . . .	9,854	9,216	6,545	5,310
Discretionary bonus	559	–	–	–
Contributions to defined contribution retirement plans	534	507	390	233
Share-based compensation expenses .	(1,756)	2,816	2,134	2,111
	<u>9,191</u>	<u>12,539</u>	<u>9,069</u>	<u>7,654</u>

(c) Other transactions with related parties

In addition to the transactions disclosed elsewhere in this report, the Group entered into the following continuing material related party transactions during the years/periods presented:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000 (unaudited)
Provide services to:				
– Tencent Group	21,958	30,967	16,779	41,577
– Chinese Online	2,785	3,431	6	2,047
– Others	3,210	3,803	475	3,379
	<u>27,953</u>	<u>38,201</u>	<u>17,260</u>	<u>47,003</u>
Purchases of services from:				
– Houde Mingxin	2,345	1,740	1,538	1,665
– Chinese Miracle	4,029	–	–	–
– Others	2,846	731	276	518
	<u>9,220</u>	<u>2,471</u>	<u>1,814</u>	<u>2,183</u>

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ACCOUNTANTS’ REPORT

(d) *Balances with related parties*

	As at December 31,		As at September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Trade related			
Trade receivables			
– Tencent Group	9,979	13,277	8,571
– Chinese Online	1,274	4,856	3,322
– Others	196	196	215
Less: loss allowance	(960)	(1,655)	(1,640)
	<u>10,489</u>	<u>16,674</u>	<u>10,468</u>
Prepayments and other receivables			
– Tencent Group	31	761	11
– Others	434	28	29
	<u>465</u>	<u>789</u>	<u>40</u>
Trade and other payables			
– Chinese Miracle	4,271	–	–
– Houde Mingxin	2,040	1,173	1,573
– Others	295	625	492
	<u>6,606</u>	<u>1,798</u>	<u>2,065</u>

As at December 31, 2023 and 2024 and September 30, 2025, all the balances with related parties are unsecured, interest-free and repayable on demand.

32 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year beginning on January 1, 2025

Up to the date of issue of the Historical Financial Information, the IASB has issued a number of new or amended standards, which are not yet effective for the year beginning on January 1, 2025 and which have not been adopted in the historical financial information. These developments include:

	Effective for accounting period beginning on or after
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	January 1, 2026
Amendments to IFRS 9 and IFRS 7: <i>Amendments to the classification and measurement of financial instruments</i>	January 1, 2026
<i>Annual improvements to IFRS Accounting Standards – Volume 11</i>	January 1, 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i> . . .	January 1, 2027
IFRS 19, <i>Subsidiaries without public accountability: Disclosures</i> .	January 1, 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i> . . .	To be determined

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The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

33 Subsequent events

[There are no material subsequent events after September 30, 2025 and up to the date of this report.]

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to September 30, 2025.

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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PROPERTY VALUATION REPORT

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this document received from Masterpiece Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 30 November 2025 of the property interests.



Suite 403, 93-103 Wing Lok Street,
Sheung Wan, Hong Kong

WEB: www.mpval.com

[●] 2025

The Board of Directors
COL Global Co., Ltd.
6th Floor, Tower E, Yonghe Plaza
No. 28 Andingmen East Street
Dongcheng District
Beijing
PRC

Dear Sirs / Madams,

INSTRUCTIONS

In accordance with the instructions of COL Global Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out the valuation of the property interests of various units located in Research and Development Building B4, Phase I, Huarenhuihe Science and Technology Park (Hua Zhong Zhi Gu), Plot 201M, Wuhan Economic & Technological Development Zone, Hanyang District, Wuhan City, Hubei Province, the People’s Republic of China (the “**PRC**”). We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the property interests as at 30 November 2025 (the “**Valuation Date**”).

VALUATION STANDARDS

In valuing the property interests, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the HKIS Valuation Standards (2024 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published from time to time by the International Valuation Standards Council.

BASIS OF VALUATION

Our valuation is carried out on a Market Value basis, which is defined as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”.

VALUATION ASSUMPTIONS

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special

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PROPERTY VALUATION REPORT

considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In the course of our valuation of the property in the PRC, we have assumed that transferable land use rights in respect of the property for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group regarding the title to the property. For the purpose of our valuation, we have assumed that the grantee has an enforceable title to the property.

In valuing the property in the PRC, we have assumed that the grantees or the users of the property have free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

Unless noted in the report, vacant possession is assumed for the property concerned.

Moreover, we have assumed that the design and construction of the properties are/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

Continued uses assumes the properties will be used for the purposes for which the properties are designed and built, or to which they are currently adapted. The valuation on the property in continued uses does not represent the amount that might be realised from piecemeal disposition of the property in the open market.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licenses, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the report.

We have further assumed that the properties were not transferred or involved in any contentious or non-contentious dispute as at the valuation date. We have also assumed that there was not any material change of the properties in between dates of our inspection and the valuation date.

VALUATION METHODOLOGY

In the course of our valuation, unless otherwise stated, we have valued the properties in their designated uses with the understanding that the properties will be used as such (hereafter referred to as "**continued uses**").

In valuing the property interests, we have valued by the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

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PROPERTY VALUATION REPORT

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests in the PRC. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. In the course of our valuation, we have relied considerably on the legal opinion given by the Company's PRC legal adviser — Zhong Lun Law Firm, concerning the validity of title of the property interests in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the Property. The site inspection was carried out on 4 December 2025 by Mr. Ken Feng (Director of Masterpiece Valuation Advisory Limited) through live stream. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

Moreover, no structural surveys have been undertaken, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No tests were carried out on any of the utility services.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

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PROPERTY VALUATION REPORT

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
Masterpiece Valuation Advisory Limited
Sr Oswald W Y Au
MHKIS(GP) AAPI MSc(RE)
Registered Professional Surveyor (GP)
Managing Director

Note: Mr. Oswald W Y Au is a member of Hong Kong Institute of Surveyors (General Practice), Associate Member of Australian Property Institute and a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has over 20 years' experience in financial valuation and property valuation in Hong Kong, the PRC, the U.S., and Asia Pacific region.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

Property interests held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2025
			<i>RMB</i>
Various units located in Research and Development Building B4, Phase I, Huarenhuihe Science and Technology Park (Hua Zhong Zhi Gu), Plot 201M, Wuhan Economic & Technological Development Zone, Hanyang District, Wuhan City, Hubei Province, the PRC .	The property comprises 20 industrial units located on the 2/F, 3/F, 4/F, 5/F and 7/F of Research and Development Building B4, Phase I, Huarenhuihe Science and Technology Park (Hua Zhong Zhi Gu), which is an 11-storey industrial building completed in 2016. The property has a total gross floor area of approximately 4,155.35 sq.m. (refer to Notes i for details) The property is located at Hanyang District, Wuhan City, near the Hospital of Stomatology Wuhan University (Guanggu Campus), with approximately 6km to Wuhan East Train Station and 55km to Wuhan Tianhe International Airport. The land use rights for the property have been granted for a term expiring on 14 March 2061 for industrial/scientific research use.	As at the valuation date, various units with a total gross floor area of approximately 3,114.96 sq.m. were leased to various third parties for various terms with the latest expiry date 31 October 2027. The monthly rent as of the valuation date was approximately RMB162,000, exclusive of water and electricity charges and management fees, etc. and the remaining portion of the property was vacant.	26,770,000 (100% interest attributable to the Target Company: 26,770,000)

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PROPERTY VALUATION REPORT

Notes:

- i. Pursuant to the 20 Real Estate Ownership Certificates with a total GFA of approximately 4,155.35 sq.m. has been vested to Hubei ChineseAll Technology Development Co., Ltd. The relevant land use rights have been granted for a term until 14 March 2061 for industrial/scientific research use. The details are as follows:

Unit No.	Certificate No.	GFA (sq.m.)	Register date	Usage
201 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017516	209.32	15 July 2021	Industrial/scientific research
202 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017515	363.47	15 July 2021	Industrial/scientific research
203 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017517	126.28	15 July 2021	Industrial/scientific research
204 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017520	132.00	15 July 2021	Industrial/scientific research
301 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017518	209.32	15 July 2021	Industrial/scientific research
302 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017526	363.47	15 July 2021	Industrial/scientific research
303 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017521	126.28	15 July 2021	Industrial/scientific research
304 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017530	132.00	15 July 2021	Industrial/scientific research
401 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017525	209.32	15 July 2021	Industrial/scientific research
402 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017524	363.47	15 July 2021	Industrial/scientific research
403 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017528	126.28	15 July 2021	Industrial/scientific research
404 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017535	132.00	15 July 2021	Industrial/scientific research
501 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017532	209.32	15 July 2021	Industrial/scientific research
502 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017519	363.47	15 July 2021	Industrial/scientific research
503 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017534	126.28	15 July 2021	Industrial/scientific research
504 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017523	132.00	15 July 2021	Industrial/scientific research
701 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017531	209.32	15 July 2021	Industrial/scientific research
702 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017522	363.47	15 July 2021	Industrial/scientific research
703 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017529	126.28	15 July 2021	Industrial/scientific research
704 . . .	E (2021) Wu Han Shi Jing Kai Bu Dong Chan Quan Di No. 0017527	132.00	15 July 2021	Industrial/scientific research

- ii. In our valuation, we have made reference to some rental evidence and asking rent of similar properties in the locality which are in the region of RMB1.48 to RMB1.52 per sq.m./day on the GFA basis. The market yield assumed by us is 6.5% which is in line with the market yield of this property sector in the region of 6% to 7%
- iii. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- Hubei ChineseAll Technology Development Co., Ltd. holds complete property rights certificates for the above-mentioned real estate, with no property disputes, and such properties are not subject to seizure or freezing; and
 - The properties are pledged.
- iv. A summary of major certificates/licenses is shown as follows:
- Real Estate Ownership Certificate Yes

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

This appendix contains a summary of the principal provisions of the Articles of Association of the Company adopted on December 31, 2025, which will take effect upon the [REDACTED] of H Shares on the Hong Kong Stock Exchange. The primary purpose of this appendix is to provide potential [REDACTED] with an overview of the Articles of Association of the Company. Accordingly, it may not contain all the information that may be considered material or relevant by potential [REDACTED].

SHARES AND REGISTERED CAPITAL

The issuance of shares by the Company shall follow the principles of openness, fairness, and impartiality. Each share of the same class shall carry equal rights. Shares of the same class issued at the same time shall be issued under the same conditions and at the same price. All entities or individuals subscribing for such shares shall pay the same consideration for each share.

INCREASE, REDUCTION AND REPURCHASE OF SHARE CAPITAL

Increase of Share Capital

The Company may, in accordance with applicable laws and regulations and subject to a resolution adopted by the General Meeting, increase its share capital as required for its business operations and development by one or more of the following means:

- (i) issuing shares to unspecified investors;
- (ii) issuing shares to specific investors;
- (iii) distributing bonus shares to existing shareholders;
- (iv) converting reserves into share capital; and/or
- (v) any other methods prescribed by law, administrative regulations and the securities regulatory authorities at the place where the Company’s shares are [REDACTED].

Reduction of Capital

The Company may reduce its registered capital. Any reduction of registered capital shall be carried out in accordance with the procedures prescribed by the Company Law of the People’s Republic of China (the “**PRC Company Law**”), other applicable laws and regulations, and the Articles of Association.

The Company shall notify its creditors within ten (10) days from the date on which the resolution for the reduction of registered capital is passed by the General Meeting, and shall make a public announcement within thirty (30) days after the resolution approving the reduction has been adopted in designated media or via the National Enterprise Credit Information Publicity System.

Creditors shall have the right, within thirty (30) days from the date of receipt of the notice or, if no such notice is received, within forty-five (45) days from the date of the public announcement, to require the Company to settle its debts or provide a corresponding guarantee.

Where a company incurs residual losses after offsetting them with its reserves and subsequently reduces its registered capital to cover such losses, the aforementioned provisions shall not apply. However, the company shall make a public announcement within thirty (30) days from the date on which the resolution for the reduction of registered capital is passed by the General Meeting in designated media or via the National Enterprise Credit Information Publicity System.

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Repurchase of Shares

The Company may repurchase its own shares in accordance with applicable laws, administrative regulations, departmental rules and the Articles of Association under any of the following circumstances:

- i. for the purpose of reducing the Company's registered capital;
- ii. in connection with a merge with another company that holds shares in the Company;
- iii. for use in employee stock ownership plans or equity incentive schemes;
- iv. upon request by shareholders who object to resolutions adopted at a general meeting regarding the merger or division of the Company, requiring the Company to repurchase their shares;
- v. for conversion into shares of the Company of convertible corporate bonds issued by the Company; or
- vi. where necessary for the Company to protect its value and the shareholders' equity interest.

The Company shall not engage in the [REDACTED] of its own shares except in the circumstances set out above.

Where the Company repurchases its own shares pursuant to items (i) and (ii) of paragraph 1, such repurchase shall be subject to a resolution of the general meeting. Where the repurchase is conducted pursuant to items (iii), (v) and (vi) of paragraph 1, it shall be approved by a resolution of the Board of Directors passed at a meeting attended by more than two-thirds (2/3) of the directors.

Where the Company repurchases its own shares in accordance with the provisions of paragraph 1, the following requirements shall apply: in the case of a repurchase under item (i), the shares shall be cancelled within ten (10) days from the date of repurchase; in the case of a repurchase under items (ii) or (iv), the shares shall be transferred or cancelled within six (6) months from the date of repurchase; and in the case of a repurchase under items (iii), (v), or (vi), the aggregate number of shares held by the Company shall not exceed ten percent (10%) of the total issued share capital of the Company, and such shares shall be transferred or cancelled within three (3) years from the date of repurchase.

TRANSFER OF SHARES

Shares issued by the Company prior to its [REDACTED] of A shares shall not be transferred within one (1) year from the date on which the Company's shares are listed and traded on the Shenzhen Stock Exchange.

Directors and senior management personnel shall declare to the Company their shareholdings in the Company and any changes thereto. During their term of office, the annual transfer of their shares of the same class shall not exceed 25% of their total holdings of such class of shares in the Company. The shares held by such persons shall not be transferred within one (1) year from the date on which the Company's shares are listed and traded. Within six (6) months after their resignation, such persons shall not transfer the shares they hold in the Company.

Directors, senior management personnel, and shareholders holding 5% or more of the Company's shares shall not sell the Company's shares or other equity securities within six months after purchase, nor purchase such securities again within six months after sale. Any profits derived therefrom shall vest in the Company, and the Board of Directors shall recover such profits. However, this shall not apply to securities companies holding 5% or more of the

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shares by virtue of [REDACTED] and purchasing the unsold balance of shares, or to other circumstances specified by the China Securities Regulatory Commission or the securities regulatory rules of the jurisdiction where the Company’s shares are listed.

The Company shall not accept its shares as the subject matter of a pledge.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholders

The Company shall establish a register of shareholders based on the records provided by the securities registration and clearing institution. The register of shareholders shall serve as conclusive evidence of shareholders’ shareholdings in the Company. Shareholders shall enjoy rights and assume obligations in accordance with the class of shares they hold. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Rights and Obligations of Shareholders

The shareholders of the Company shall be entitled to the following rights:

- i. to receive dividends and other forms of distribution in proportion to their shareholdings;
- ii. to request the convening of, convene, preside over, attend, or appoint proxies to attend shareholders’ general meetings and exercise voting rights accordingly;
- iii. to supervise the Company’s operations and submit suggestions or inquiries;
- iv. to transfer, donate, or pledge their shares in accordance with laws, administrative regulations, and the Articles of Association;
- v. shareholders shall have the right to inspect and make copies of Articles of Association, the register of shareholders, minutes of general meetings, resolutions of the Board of Directors, and financial accounting reports. Shareholders who meet the prescribed requirements may also inspect the Company’s accounting books and accounting vouchers;
- vi. to participate in the distribution of the Company’s remaining assets in proportion to their shareholdings upon termination or liquidation of the Company;
- vii. to request the Company to repurchase their shares if they object to resolutions of the shareholders’ general meeting regarding mergers or divisions of the Company; and
- viii. other rights provided by laws, administrative regulations, departmental rules, securities regulatory rules at the place where the Company’s shares are [REDACTED], or the Articles of Association.

Shareholders’ requesting to inspect or make copies of relevant documents of the Company shall comply with the PRC Company Law, Securities Law of the People’s Republic of China, and other applicable laws, administrative regulations, and securities regulatory rules where the Company’s shares are [REDACTED].

The shareholders of the Company shall undertake the following obligations:

- i. to comply with laws, administrative regulations, and the Articles of Association;
- ii. to pay subscription monies for the shares they have subscribed for, according to the agreed subscription terms and method;

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SUMMARY OF ARTICLES OF ASSOCIATION

- iii. not to withdraw their capital contributions except as otherwise permitted by laws or regulations;
- iv. not to abuse shareholder rights to harm interests of the Company or other shareholders; not to abuse the Company's independent legal personality or the limited liability of shareholders to harm the interests of the Company's creditors; and
- v. such other obligations as may be required under laws, administrative and the Articles of Association.

Shareholders who abuse their rights and thereby cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law. Shareholders who abuse the Company's status as an independent legal entity and the limited liability of shareholders to evade debts and thereby materially prejudice the interests of the Company's creditors shall bear joint and several liability for the Company's debts.

SHAREHOLDERS' GENERAL MEETING

General rules of the Shareholders' General Meeting

The Shareholders' General Meeting is the organ of authority of the Company and shall, in accordance with the law, exercise the following powers:

- i. to elect and replace directors who are not employee representatives and determine matters relating to the remuneration of such directors;
- ii. to consider and approve the reports of the Board of Directors;
- iii. to consider and approve the Company's profit distribution plan and plan for making up losses;
- iv. to adopt resolutions on the increase or reduction of the registered capital of the Company;
- v. to adopt resolutions on the issuance of bonds by the Company;
- vi. to adopt resolutions on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- vii. to amend the Articles of Association;
- viii. to adopt resolutions on the appointment or dismissal of accounting firm responsible for the audit of the Company;
- ix. to consider and approve the guarantees as set out in Article 47 of the Articles of Association;
- x. to consider any proposed purchase or sale of significant assets by the Company within one (1) year that exceeds thirty percent (30%) of the Company's total audited assets as of the most recent accounting period;
- xi. to consider and approve any proposed changes to the [REDACTED] raised from financing activities;
- xii. to consider and approve equity incentive plans and employee stock ownership plans;
- xiii. to consider the Company's purchase or sale of assets (excluding the purchase of raw materials, fuel and power related to daily operations, as well as the sale of

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products, commodities and other assets related to daily operations; provided, however, that such purchases or sales shall be included where involved in asset swaps), external investments (including entrusted asset management, investments in subsidiaries, etc., excluding the establishment or capital increase of wholly-owned subsidiaries), leasing in or leasing out assets, entering into management contracts (including entrusted operation, entrusted management, etc.), asset donation or acceptance of asset donation, restructuring of claims or debts, transfer of research and development projects, execution of licensing agreements, waiver of rights (including preemptive purchase rights, preemptive capital contribution subscription rights, etc.), and other transactions as defined by the securities regulatory rules of the Company’s [REDACTED] venue (collectively referred to as transactions). Where any such transaction meets any of the following thresholds, it shall be promptly disclosed and submitted to the shareholders’ meeting for deliberation:

- (i) the total assets involved in the transaction account for more than 50% of the Company’s most recently audited total assets and where both book value and appraised value exist for the total assets involved in the transaction, the higher value shall be used as the basis for calculation;
- (ii) the subject matter of the transaction (e.g., equity interests) generated operating revenue in the most recent fiscal year that accounted for more than 50% of the company’s audited operating revenue for that fiscal year, with the absolute amount exceeding RMB50 million;
- (iii) the subject matter of the transaction (e.g., equity interests) generated net profit in the most recent fiscal year that accounted for more than 50% of the company’s audited operating revenue for that fiscal year, with the absolute amount exceeding RMB5 million;
- (iv) the transaction amount (including assumed liabilities and expenses) exceeds 50% of the company’s latest audited net assets and exceeds RMB50 million in absolute value;
- (v) the profit generated from the transaction accounts for more than 50% of the company’s audited net profit for the most recent fiscal year, and the absolute amount exceeds RMB5 million;

If any data involved in the calculation of the above indicators is negative, use its absolute value for calculation.

- xiv. the Company’s provision of the following types of financial assistance (excluding financial assistance provided to its holding subsidiaries in which the Company holds more than 50% equity interest and which are included in the Company’s consolidated financial statements) shall be submitted to the shareholders’ meeting for deliberation and approval after being reviewed by the board of directors:
 - (i) to provide financial assistance to entities with an audited debt-to-asset ratio exceeding 70% in the most recent period;
 - (ii) the amount of single financial assistance or the cumulative amount of financial assistance provided within a consecutive twelve (12)-month period exceeds 10% of the Company’s most recently audited net assets;
 - (iii) other circumstances as stipulated by the securities regulatory rules of the Company’s [REDACTED] venue or as stipulated in these Articles of Association.
- xv. connected transactions between the Company and its related parties, with the transaction value exceeding RMB30 million and accounting for more than 5% of

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the absolute value of the Company's most recently audited net assets, shall be submitted to the shareholders' meeting for deliberation and approval. Guarantees provided by the Company to related parties shall be promptly disclosed upon the approval of the board of directors and submitted to the shareholders' meeting for deliberation. If the Company provides guarantees to its controlling shareholders, actual controllers and their related parties, the said controlling shareholders, actual controllers and their related parties shall provide counter-guarantees;

- xvi. to consider other matters as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange where the Company's shares are [REDACTED], or the Articles of Association that shall be decided by the General Meeting of Shareholders.

The Company shall convene an extraordinary general meeting within two (2) months from the date of occurrence of any of the following circumstances:

- i. the number of directors falls below the statutory minimum required by the PRC Company Law or less than two-thirds (2/3) of the number of directors as specified in the Articles of Association;
- ii. the Company's uncovered losses amount to one-third (1/3) of its total share capital;
- iii. a shareholder or shareholders holding individually or in aggregate ten percent (10%) or more of the Company's shares so request;
- iv. the Board of Directors considers it necessary;
- v. the Audit Committee proposes to convene such a meeting; or
- vi. other circumstances as stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange(s) where the Company's shares are [REDACTED], or the Articles of Association.

If an extraordinary general meeting is convened to comply with the requirements of the security's regulatory rules of the jurisdiction where the Company's shares are [REDACTED], the actual date of the meeting may be adjusted based on the approval progress of the stock exchange where the Company's shares are [REDACTED].

Convening of the General Meeting

The independent directors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting upon the approval of more than half of all independent directors. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [REDACTED], and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a proposal. If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days after the resolution of the Board is made. If the Board of Directors refuses to convene the extraordinary general meeting, it shall state the reasons and make a public announcement.

The Audit Committee shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall submit such proposal in writing. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a proposal. If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days after the resolution of the Board is made. Any changes to

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the original proposal in the notice shall be subject to consent of the Audit Committee. If the Board of Directors refuses to convene the extraordinary general meeting, or fails to provide written feedback within ten (10) days upon receipt of the proposal, it shall be deemed that the Board of Directors is unable or refuses to perform its duty of convening the general meeting, and the Audit Committee may convene and preside over the meeting on its own initiative.

Shareholder(s) individually or jointly holding ten percent (10%) or more of the Company's shares may request the Board of Directors to convene an extraordinary general meeting by submitting such request in writing. The Board of Directors shall, in accordance with laws administrative regulations and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a request. If the Board of Directors agrees, it shall issue a notice of the general meeting within five (5) days after the Board resolution is made. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

Where the Board of Directors refuses to convene the meeting, or fails to provide feedback within ten (10) days of receiving the request, the shareholder(s), individually or jointly holding ten percent (10%) or more of the Company's shares shall have the right to submit a written proposal to the Audit Committee to convene the extraordinary general meeting.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days of receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholder(s).

If the Audit Committee fails to issue such notice within the prescribed period, it shall be deemed as having refused to convene and preside over the meeting. Shareholder(s) who have individually or jointly held ten percent (10%) or more of the Company's shares for ninety (90) consecutive days or more may convene and preside over the general meeting themselves. Prior to the announcement of the resolutions passed at the general meeting, the shareholding ratio of the convening shareholders shall not be less than ten percent (10%).

Notices of General Meeting

The convener shall notify all shareholders of an annual general meeting by way of announcement at least twenty-one (21) days prior to the date of the meeting, and shall notify all shareholders of an extraordinary general meeting by way of announcement at least fifteen (15) days prior to the date of the meeting.

The notice of a general meeting shall include the following particulars:

- i. the date, venue and duration of the meeting;
- ii. the matters and proposals to be submitted for consideration at the meeting;
- iii. a prominent statement that all shareholders are entitled to attend the general meeting, and may appoint a proxy in writing to attend and vote at the meeting on their behalf, and that such proxy need not be a shareholder of the Company;
- iv. the record date for determining the shareholders entitled to attend the meetings;
- v. the name and telephone number of the permanent contact person for the meeting; and
- vi. the time and procedures for voting by way of online or other means.

Resolutions of the General Meeting

Resolutions of the general meeting shall be classified into ordinary resolutions and special resolutions.

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A special resolution shall be passed by more than two-thirds (2/3) of the voting rights represented by shareholders (including proxies) attending the general meeting.

The following matters shall be approved by way of ordinary resolution at a general meeting:

- i. the report of the Board of Directors on its work;
- ii. the profit distribution plan and the plan for making up losses as proposed by the Board of Directors;
- iii. the appointment and removal of members of the Board of Directors, as well as their remuneration and the method of payment;
- iv. other matters that are neither required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [REDACTED], nor by the Articles of Association to be passed by special resolution.

The following matters shall be approved by way of special resolution at a general meeting:

- i. the increase or reduction of the registered capital of the Company;
- ii. the merger, division, spin-off, dissolution, or liquidation of the Company;
- iii. amendments to the Articles of Association;
- iv. the purchase or sale of significant assets, or provision of guarantees to others within one year, the value of which exceeds thirty percent (30%) of the Company's latest audited total assets;
- v. equity incentive plans; and
- vi. other matters required to be approved by special resolution under laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [REDACTED], or the Articles of Association, or other matters that may have a material impact on the Company as determined by an ordinary resolution of the general meeting.

Shareholders (including those attending by proxy) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

Shares held by the Company shall not carry voting rights and shall not be counted in the total number of voting shares represented at the general meeting.

In respect of matters concerning connected transactions to be considered at a general meeting, connected shareholders shall abstain from voting, and the voting rights represented by such connected shareholders shall not be counted in the total number of valid votes.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced by the General Meeting of Shareholders and shall serve a term of three (3) years. Upon expiration of their term, Directors may be re-elected and re-appointed.

Directors may concurrently serve as senior management personnel; however, the number of Directors concurrently holding senior management positions shall not in aggregate exceed one-half (1/2) of the total number of Directors of the Company.

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Board of Directors

Directors of the Company shall be natural persons and may include executive directors, non-executive directors, and independent non-executive directors, including at least one professional accountant.

The Board of Directors of the Company shall consist of seven (7) or eight (8) directors, including one (1) Chairman, and the number of independent directors shall be no less than three and shall not be less than one-third of the total number of directors. The Chairman shall be elected by a majority of the entire Board of Directors.

The Board of Directors shall exercise the following powers:

- i. to convene general meetings and report to the general meeting on its work;
- ii. to implement resolutions passed by the general meeting;
- iii. to determine the Company's business plans and investment proposals;
- iv. to formulate the Company's profit distribution plans and plans for making up losses;
- v. to formulate plans for increasing or reducing the registered capital of the Company, and for the issuance of bonds or other securities and [REDACTED] thereof;
- vi. to formulate significant acquisition, share repurchase, merger, division, dissolution, or change of corporate form proposals of the Company;
- vii. to decide on matters including external investment, acquisition or disposal of assets, asset pledges, external guarantees, entrusted wealth management, connected transactions, and donations to external parties within the scope authorized by the general meeting;
- viii. to determine the organizational structure of the Company's internal management;
- ix. to appoint or dismiss the general manager, the secretary to the Board of Directors, and other senior management personnel of the Company, and to determine their remuneration and disciplinary or reward measures; to appoint or dismiss deputy general managers, the chief financial officer (financial director), and other senior management personnel based on the nomination by the general manager, and to determine their remuneration and disciplinary or reward measures;
- x. to formulate the fundamental management systems of the Company;
- xi. to formulate proposals for amendments to the Articles of Association;
- xii. to manage the Company's information disclosure affairs;
- xiii. to propose to the general meeting the engagement or replacement of the accounting firm responsible for auditing the Company;
- xiv. to hear the general manager's work reports and evaluate the general manager's performance;
- xv. in case of a hostile takeover of the Company, anti-takeover measures provided for in these Articles, or those not provided for herein but consistent with laws, regulations and the interests of the Company and shareholders, may be implemented; and

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- xvi. to exercise other powers as provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange where the Company's shares are [REDACTED], the Articles of Association, or as authorized by the general meeting.

The Board of Directors shall convene no fewer than four (4) meetings each year, which shall be convened by the Chairman. Written notice shall be given to all Directors at least fourteen (14) days prior to the date of the meeting.

To convene an extraordinary meeting of the Board of Directors, the Board shall notify all directors at least five (5) days prior to the meeting by designated delivery, mail, fax, email, or other means specified in these Articles of Association.

AUDIT COMMITTEE

The Board of Directors shall establish an Audit Committee, which shall exercise the functions and powers of the Supervisory Board as stipulated under the PRC Company Law.

The Audit Committee shall consist of at least three (3) members, all of whom shall do not hold any senior management positions within the Company. Among them, Independent Directors shall account for more than half of the total number of directors, and the convener shall be an accounting professional selected from among the Independent Directors.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and assessing internal and external audit activities. The following matters shall be submitted to the Board of Directors for consideration only after receiving the approval of more than half of all members of the Audit Committee:

- i. disclosure of financial information in financial reports and periodic reports, and reports on the evaluation of internal controls;
- ii. engagement or dismissal of the accounting firm responsible for the Company's audit;
- iii. appointment or dismissal of the Company's chief financial officer;
- iv. changes in accounting policies or accounting estimates, or correction of material accounting errors, except where such changes result from amendments to accounting standards; and
- v. other matters as prescribed by laws, administrative regulations, the securities regulatory rules of the stock exchange where the Company's shares are [REDACTED], and the Articles of Association.

Resolutions of the Audit Committee shall be adopted by a majority vote of its members.

GENERAL MANAGER

The Company shall have one (1) General Manager, who shall be appointed or dismissed by resolution of the Board of Directors.

The Company may have several Deputy General Managers, who shall also be appointed or dismissed by resolution of the Board of Directors.

The General Manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

- i. to preside over the Company's production and operational management, organize the implementation of resolutions of the Board of Directors, and report to the Board on the execution thereof;

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- ii. to organize and implement the Company's annual business plan and investment proposals;
- iii. to propose the structure of the Company's internal management organization;
- iv. to propose the Company's basic management policies;
- v. to formulate specific rules and regulations of the Company;
- vi. to submit proposals to the Board of Directors regarding the appointment or dismissal of the Deputy General Managers and financial controller (the chief financial officer);
- vii. to decide on the appointment or dismissal of managerial personnel other than those whose appointment or dismissal shall be determined by the Board of Directors;
- viii. other powers conferred by the Articles of Association or by the Board of Directors.

The General Manager shall attend meetings of the Board of Directors as a non-voting participant.

SECRETARY TO THE BOARD

The Company shall appoint a Board Secretary, who shall be responsible for organizing the meetings of the General Meeting and the Board of Directors, keeping relevant documentation, managing the Company's shareholder information, and handling matters related to information disclosure.

The Board Secretary shall comply with the relevant provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [REDACTED], and the Articles of Association.

BORROWING POWER

The Articles of Association do not contain any specific provisions regarding how the Directors may exercise or delegate the power to borrow. However, the Board of Directors shall have the authority to make proposals in relation to the issuance of bonds of the Company.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall formulate its financial and accounting systems in accordance with applicable laws, administrative regulations, the requirements of relevant state authorities and the securities regulatory rules of the place where the Company's shares are [REDACTED].

The Company shall submit and disclose its annual reports to the local office of the CSRC and the stock exchange within four (4) months after the end of each fiscal year. The Company shall submit and disclose its interim report to the local office of the CSRC and the stock exchange within two (2) months after the end of the first half of each fiscal year.

The aforementioned annual and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, rules of the CSRC, and the regulations of the stock exchange where the Company's shares are [REDACTED].

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PROFIT DISTRIBUTION

The Company shall attach importance to providing reasonable returns to [REDACTED], particularly minority shareholders. On the premise of meeting the funding requirements for normal business operations, the Company shall formulate a shareholder return plan and implement a continuous and stable profit distribution policy.

Provided that the conditions for profit distribution are met, the Company shall distribute profits once per year. The Company may also conduct interim dividends based on its profitability and capital needs. The specific form and distribution ratio shall be proposed by the Board of Directors based on the Company's operating conditions and relevant regulations, and submitted to the General Meeting for approval.

Profit distribution may take the form of cash, shares, or a combination of both. On the premise of ensuring the Company's normal operations, cash dividends shall be the preferred method of profit distribution. Where the conditions for cash dividends are satisfied, the Company shall distribute profits by way of cash dividends.

INTERNAL AUDIT

The Company shall implement an internal audit system. The internal audit department of the Company shall conduct supervision and inspection of the Company's business activities, risk management, internal control, financial information, and other relevant matters.

The internal audit system of the Company shall be implemented upon approval by the Board of Directors and shall be disclosed to the public. The internal audit department shall be accountable to the Board of Directors.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company may be dissolved for any of the following reasons:

- i. the expiry of the business term specified in the Articles of Association or the occurrence of any other dissolution event as stipulated therein;
- ii. a resolution on dissolution adopted by the General Meeting;
- iii. dissolution required due to merger or division of the Company;
- iv. revocation of the Company's business license, an order for closure, or the Company being deregistered in accordance with the law; or
- v. where the Company experiences significant difficulties in its operation and management, and continuation would cause substantial loss to shareholders' interests, and such issues cannot be resolved by other means, shareholders holding ten percent (10%) or more of the total voting rights may petition the People's Court to dissolve the Company.

Where dissolution is caused by subparagraphs (i) or (ii) above, and the Company has not yet distributed its assets to shareholders, it may continue to exist by amending the Articles of Association or upon resolution of the General Meeting.

If the Company is dissolved pursuant to items (i), (ii), (iv), or (v) above, it shall proceed with liquidation. The directors shall act as the liquidation obligors and shall form a liquidation committee within fifteen (15) days from the occurrence of the dissolution event. The liquidation committee shall be composed of the directors unless otherwise stipulated by the Articles of Association or resolved by the General Meeting to appoint other persons.

The liquidation committee shall notify the creditors within ten (10) days from the date of its formation and shall publish an announcement in designated media or through the

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

National Enterprise Credit Information Publicity System within sixty (60) days. Creditors shall declare their claims to the liquidation committee within thirty (30) days from receipt of the notice, or within forty-five (45) days from the date of announcement if they did not receive notice.

If, after verifying the Company’s assets, balance sheet, and asset inventory, the liquidation committee discovers that the Company’s assets are insufficient to cover its debts, it shall apply to the People’s Court for bankruptcy liquidation in accordance with the law.

Upon acceptance of the bankruptcy application by the Court, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator appointed by the Court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report for confirmation by the General Meeting or the Court and submit it to the Company’s registration authority to apply for deregistration.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

- i. where, following an amendment the PRC Company Law or relevant laws, administrative regulations the securities regulatory authorities at the place where the Company’s shares are [REDACTED], any provisions of the Articles of Association conflicts with such amended laws or regulations;
- ii. where changes occur in the Company’s circumstances, rendering any provision of the Articles of Association inconsistent with the actual situation; or
- iii. where the General Meeting resolves to make an amendment.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

(A) FURTHER INFORMATION ABOUT OUR GROUP

Establishment of Our Company

Our Company was established in the PRC as a limited liability company on December 19, 2000 and was converted into a joint stock company with limited liability on April 2, 2011 under the PRC Company Law. Our Company completed the listing of our A Shares on the ChiNext Board of Shenzhen Stock Exchange (stock code: 300364) on January 21, 2015.

We have established a principal place of business in Hong Kong at 4/F, Jardine House, 1 Connaught Place, Central, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on January 14, 2026. Mr. Yuan Taotao has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong.

As our Company was established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Summary of Articles of Association” in Appendix IV to this document. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in “Regulatory Overview”.

Changes in Share Capital of Our Company

Save as disclosed below and in “History, Development and Corporate Structure — Major Share Capital Changes and Development of Our Company”, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

- (a) In January 2023, our Company repurchased and canceled 5,806,891 A Shares due to Shanghai Chenzhike’s failure to meet its 2019 performance commitment. Per the agreement with the then controlling shareholder of Shanghai Chenzhike, all 5,806,891 A Shares held by him were repurchased by our Company at a total price of RMB1. The cancellation was completed on January 11, 2023, reducing the total share capital from 735,746,509 A Shares to 729,939,618 A Shares.
- (b) On February 26, 2025, our Company announced the completion of the repurchase and cancellation of 1,439,500 A Shares, reducing our registered capital. The cancellation was finalized on February 25, 2025, decreasing the total share capital from 729,939,618 A Shares to 728,500,118 A Shares.

Changes in Share Capital of Our Major Subsidiaries

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within the two years immediately preceding the date of this document. For details, see “Waivers and Exemption — Waivers and Exemption in respect of Particulars of Information of our Subsidiaries”.

A summary of the corporate information and the particulars of our principal subsidiaries are set out in the Accountants’ Report.

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STATUTORY AND GENERAL INFORMATION

The following sets out the changes in the share capital of our Major Subsidiaries within the two years preceding the date of this document:

ChineseAll Culture Media

On November 7, 2025, the registered capital of ChineseAll Culture Media was increased from RMB51 million to RMB60 million.

Hengqin ChineseAll

On December 23, 2024, Hengqin ChineseAll was established as a limited liability company in the PRC with a registered capital of RMB50 million.

Hanmu Chunhua

On August 15, 2023 our Company acquired an aggregate of 51.04% equity interest in Hanmu Chunhua from at a total consideration of RMB137,811,771. For more details, see “History, Development and Corporate structure — Significant Acquisitions and Disposals”.

ChineseAll International Film and Television

On June 27, 2025 ChineseAll International Film and Television was established as a limited liability company in the PRC with a registered capital of RMB51 million.

Hengqin Yankun

On April 10, 2025, Hengqin Yankun was established as a limited liability company in the PRC with a registered capital of RMB10 million.

Creative Omni Life

On February 26, 2025, Creative Omni Life was incorporated as a limited liability company in the Cayman Islands with an issued share capital of USD50,000.

On October 31, 2025, Creative Omni Life allotted 48 shares to COL Hong Kong and 51 shares to Hengqin ChineseAll.

FLAREFLOW

On March 7, 2025, FLAREFLOW was incorporated as a limited liability company in Singapore with an issued share capital of SGD50,000.

Save as disclosed above, as of the Latest Practicable Date, there has been no alteration in the registered capital or the issued share capital of our Major Subsidiaries within the two years preceding the date of this document.

Resolutions Passed by Our Shareholders’ General Meeting in Relation to the [REDACTED]

At the general meeting of our Company held on December 31, 2025, the following resolutions, among others, were duly passed:

- (a) the issuance of H Shares with a nominal value of RMB1.00 each by our Company and such H Shares be [REDACTED] on the Stock Exchange;
- (b) the number of H Shares to be issued pursuant to the [REDACTED] before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED], and the [REDACTED] shall not exceed [REDACTED]% of the above number of H Shares to be issued;

APPENDIX V

STATUTORY AND GENERAL INFORMATION

- (c) subject to the completion of the [REDACTED], the Articles of Association to become effective on the [REDACTED] shall be conditionally adopted, and the Board and its authorized person have been authorized to amend the Articles of Association in accordance with any comments from the relevant regulatory authorities; and
- (d) to authorize the Board and its authorized person to handle the matters relating to, among others, the [REDACTED], the issuance and [REDACTED] of the H Shares.

(B) FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

- (a) the [REDACTED].

Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

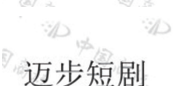
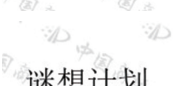
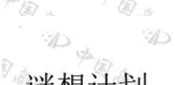
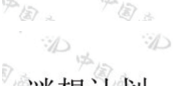
No.	Trademark	Registered owner	Place of registration	Class	Registration number	Expiry Date
1. . . .		the Company	PRC	9	38511277	January 20, 2030
2. . . .		the Company	PRC	16	38511276	January 27, 2030
3. . . .		the Company	PRC	35	38511275	January 27, 2030
4. . . .		the Company	PRC	36	38511274	January 20, 2030
5. . . .		the Company	PRC	41	38511273	January 20, 2030

APPENDIX V

STATUTORY AND GENERAL INFORMATION

No.	Trademark	Registered owner	Place of registration	Class	Registration number	Expiry Date
6. . . .		the Company	PRC	42	38511272	January 27, 2030
7. . . .		the Company	PRC	45	38511271	January 27, 2030
8. . . .		the Company	PRC	22	40399111	June 20, 2030
9. . . .		the Company	PRC	21	77459302	June 13, 2035
10. . .		the Company	PRC	9	34653882	August 13, 2030
11. . .		the Company	PRC	16	34653883	August 13, 2030
12. . .		the Company	PRC	28	34653884	July 6, 2029
13. . .		the Company	PRC	38	34653886	July 6, 2029
14. . .		the Company	PRC	41	34653887	August 6, 2030
15. . .		the Company	PRC	42	34653888	August 13, 2030
16. . .		the Company	PRC	45	34653889	July 13, 2029
17. . .		Hongda Yitai	PRC	9	58162431	January 27, 2032
18. . .		Hongda Yitai	PRC	45	58166909	January 27, 2032
19. . .		Hongda Yitai	PRC	35	58317705	February 6, 2032

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Trademark	Registered owner	Place of registration	Class	Registration number	Expiry Date
20. . .		Hongda Yitai	PRC	42	58320450	February 6, 2032
21. . .		Hongda Yitai	PRC	41	58341502	February 6, 2032
22. . .		Maibu Information	PRC	41	64198989	May 13, 2033
23. . .		Maibu Information	PRC	41	64195239	May 13, 2033
24. . .		the Company	PRC	9	61530530	August 27, 2032
25. . .		the Company	PRC	16	61531454	August 27, 2032
26. . .		the Company	PRC	28	61523047	August 27, 2032
27. . .		the Company	PRC	41	61554456	August 27, 2032
28. . .		the Company	PRC	45	61528086	August 27, 2032
29. . .		the Company	PRC	38	64982694	July 27, 2033
30. . .		the Company	PRC	9	20176594	October 13, 2027
31. . .		the Company	PRC	16	20177179	July 20, 2027

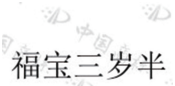
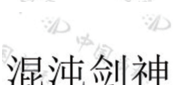
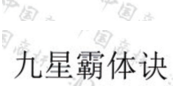
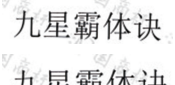
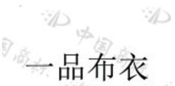
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No.	Trademark	Registered owner	Place of registration	Class	Registration number	Expiry Date
32. . .	中文逍遥	ChineseAll Culture Media	PRC	9	71902756	November 20, 2033
33. . .	中文逍遥	ChineseAll Culture Media	PRC	41	71902792	November 20, 2033
34. . .	中文逍遥	ChineseAll Culture Media	PRC	42	71918397	November 20, 2033
35. . .	中文逍遥 XiaoYao	ChineseAll Culture Media	PRC	42	75379239	March 20, 2035
36. . .	中文宇宙	the Company	PRC	9	60899837	August 20, 2032
37. . .	中文宇宙	the Company	PRC	35	60892146	August 20, 2032
38. . .	中文宇宙	the Company	PRC	41	60897741	August 20, 2032
39. . .	中文宇宙	the Company	PRC	42	60906974	August 20, 2032
40. . .	中文宇宙	the Company	PRC	45	60886917	August 20, 2032
41. . .	第九特区	the Company	PRC	41	47728861	April 13, 2032
42. . .	都市全能高手	the Company	PRC	9	38673825	February 6, 2030
43. . .	都市全能高手	the Company	PRC	41	38673823	February 6, 2030
44. . .	福宝三岁半	the Company	PRC	9	67884117	September 6, 2033

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STATUTORY AND GENERAL INFORMATION

No.	Trademark	Registered owner	Place of registration	Class	Registration number	Expiry Date
45. . .		the Company	PRC	41	67879154	September 6, 2033
46. . .		the Company	PRC	9	60273693	August 27, 2032
47. . .		the Company	PRC	16	60297747	August 13, 2032
48. . .		the Company	PRC	25	60278400	August 20, 2032
49. . .		the Company	PRC	28	60286482	August 20, 2032
50. . .		the Company	PRC	35	60267679	April 13, 2032
51. . .		the Company	PRC	16	32315107	April 6, 2029
52. . .		the Company	PRC	35	32315106	April 6, 2029
53. . .		the Company	PRC	42	32315104	April 6, 2029
54. . .		the Company	PRC	9	67874106	September 6, 2033
55. . .		the Company	Hong Kong	9, 16, 35, 45	303969316	November 20, 2026
56. . .		the Company	Hong Kong	42	306513381	March 27, 2034
57. . .		Hanmu Chunhua	PRC	9	41328090	September 6, 2030
58. . .		Hanmu Chunhua	PRC	16	41369345	June 27, 2030
59. . .		Hanmu Chunhua	PRC	18	41371330	July 6, 2030

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STATUTORY AND GENERAL INFORMATION

No.	Trademark	Registered owner	Place of registration	Class	Registration number	Expiry Date
60.. .		Hanmu Chunhua	PRC	26	41370972	July 6, 2030
61.. .		Hanmu Chunhua	PRC	28	41372979	July 13, 2030
62.. .		Hanmu Chunhua	PRC	41	41373863	July 6, 2030
63.. .		Hanmu Chunhua	PRC	41	43026720	September 20, 2030

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Registered owner	Type	Patent number	Application date	Expiry date	Place of registration
1. . .	Audiobook player (smart version) (聽書機(智能版))	the Company	Design	202130476440.5	July 26, 2021	July 25, 2036	PRC
2. . .	A copyright product management system with strong adaptability to right splitting and combination (一種強適應權利拆分和組合的版權產品管理系統)	the Company	Invention	201610341547.7	May 20, 2016	May 19, 2036	PRC
3. . .	A method for text similarity comparison (一種文本相似性比對方法)	Chinese Academy of Press and Publication, the Company	Invention	201610053813.6	January 27, 2016	January 26, 2036	PRC
4. . .	A mobile network-based EPUB hybrid protection method and system (一種基於移動網絡的EPUB混合保護方法和系統)	Chinese Academy of Press and Publication, the Company	Invention	201610007208.5	January 6, 2016	January 5, 2036	PRC
5. . .	A file data push method in a WiFi wireless network environment (一種WiFi無線網絡環境下的文件數據推送方法)	the Company	Invention	201110443760.6	December 27, 2011	December 26, 2031	PRC
6. . .	A parsing method and system for electronic book files in Epub format (一種Epub格式的圖書文件的解析方法及系統)	Chinese Academy of Press and Publication, the Company	Invention	201110251408.2	August 23, 2011	August 22, 2031	PRC
7. . .	Digital media protection system and method for multimedia messaging service (彩信的數字媒體保護系統及方法)	the Company	Invention	201110452581.9	December 29, 2011	December 28, 2031	PRC

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent	Registered owner	Type	Patent number	Application date	Expiry date	Place of registration
8.	E-book reading system for achieving seamless reading across multiple devices and a switching method between devices (實現多設備無縫閱讀的電子書閱讀系統及設備間切換方法)	the Company	Invention	201110446979.1	December 28, 2011	December 27, 2031	PRC
9.	A digital book provision method and device (一種數字圖書提供方法及裝置)	the Company	Invention	201110251423.7	August 23, 2011	August 22, 2031	PRC
10.	Method and device for selecting information on a webpage (在網頁上選擇信息的方法和裝置)	the Company	Invention	200810239205.X	December 3, 2008	December 2, 2028	PRC
11.	Virtual live streaming system and method for multimedia data oriented to mobile terminals (面向移動終端的多媒體數據虛擬直播系統和方法)	Tianjin ChineseAll	Invention	201410222724.0	May 23, 2014	May 22, 2034	PRC
12.	A hybrid digital copyright protection method and system (一種混合方式的數字版權保護方法和系統)	Tianjin ChineseAll	Invention	201110450043.6	December 29, 2011	December 28, 2031	PRC
13.	Live streaming system and method for multimedia data oriented to mobile terminals (面向移動終端的多媒體數據直播系統和方法)	Hongda Yitai	Invention	201410222424.2	May 23, 2014	May 22, 2034	PRC
14.	A protection method and device for multimedia data (一種對多媒體數據的保護方法和裝置)	Hongda Yitai	Invention	201410145999.9	April 11, 2014	April 10, 2034	PRC
15.	An audio signal acquisition system and method (一種音頻信號採集系統和方法)	Hongda Yitai	Invention	201410234905.5	May 29, 2014	May 28, 2034	PRC

(c) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our Group’s business:

(i) Software (軟件)

No.	Copyright	Registered owner	Registration number	Place of registration	Registration Date
1.	Chinese Xiaoyao AI-assisted Writing Platform [Abbreviation: Chinese Xiaoyao] 2.0 (中文逍遙AI輔助寫作平台 [簡稱：中文逍遙]2.0)	the Company	2025SR0038679	PRC	January 8, 2025

APPENDIX V

STATUTORY AND GENERAL INFORMATION

No.	Copyright	Registered owner	Registration number	Place of registration	Registration Date
2. . . .	Chinese Xiaoyao Qilin Annotation Platform [Abbreviation: Qilin Annotation Platform] V1.0 (中文逍遙麒麟標註平台 [簡稱：麒麟標註平台]V1.0)	the Company	2024SR1625580	PRC	October 28, 2024
3. . . .	17K Novel HarmonyOS Client Software [Abbreviation: 17K Novel] V1.0.0 (17K小說鴻蒙OS客戶端軟件 [簡稱：17K小說]V1.0.0)	the Company	2022SR0211214	PRC	February 10, 2022
4. . . .	ChineseAll Audio Copyright Library Management System [Abbreviation: Audio Copyright Library Management System] V1.0 (中文在線音頻版權庫管理系統 [簡稱：音頻版權庫管理系統]V1.0)	the Company	2021SR1613170	PRC	November 2, 2021
5. . . .	ChineseAll Non-contractual System [Abbreviation: Non-contractual System] V1.0 (中文在線非合同系統 [簡稱：非合同系統]V1.0)	the Company	2021SR1560840	PRC	October 26, 2021
6. . . .	ChineseAll Xiuluo Martial God Mobile Game Operation Software V1.0 (中文在線修羅武神手遊 操作軟件V1.0)	the Company	2021SR1010706	PRC	July 8, 2021
7. . . .	ChineseAll Faith Framework PC Game Operation Software V1.0 (中文在線天空之門PC端遊戲操作 軟件V1.0)	the Company	2021SR0997905	PRC	July 7, 2021
8. . . .	ChineseAll Wanzhang Reading Android Client Application Software [Abbreviation: Wanzhang Reading] V1.0 (中文在線萬丈閱讀Android客戶 端應用軟件[簡稱：萬丈閱讀]V1.0)	the Company	2021SR0376045	PRC	March 11, 2021
9. . . .	4yt Novel Android Client Software [Abbreviation: 4yt Android Client Software] V1.0 (四月天小說android客戶端軟件 [簡稱：四月天Android客戶端] V1.0)	the Company	2019SR1051412	PRC	October 16, 2019
10. . . .	17Play Backend Management System V2.0 (17玩後台管理系統V2.0)	the Company	2019SR1051550	PRC	October 16, 2019
11. . . .	17K Novel Website Backend Management System [Abbreviation: 17K Backend Management] V2.0 (17K小說網後台管理系統 [簡稱：17K後台管理]V2.0)	the Company	2019SR1047978	PRC	October 16, 2019

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No.	Copyright	Registered owner	Registration number	Place of registration	Registration Date
12. . . .	ChineseAll Digital Humanities Resource Platform [Abbreviation: Digital Humanities Resource Platform] V1.0 (中文在線數字人文資源平台 [簡稱：數字人文資源平台]V1.0)	the Company	2018SR824297	PRC	October 16, 2018
13. . . .	ChineseAll Processing Management System [Abbreviation: Processing Management System] V1.0 (中文在線加工管理系統 [簡稱：加工管理系統]V1.0)	the Company	2018SR824289	PRC	October 16, 2018
14. . . .	ChineseAll IP Database Management System [Abbreviation: IP Database] 1.0 (中文在線IP庫管理系統 [簡稱：IP庫]1.0)	the Company	2016SR321340	PRC	November 7, 2016
15. . . .	ChineseAll Document Information Sharing System [Abbreviation: Document Sharing System] 1.0 (中文在線文檔信息共享系統 [簡稱：文檔共享系統]1.0)	the Company	2016SR318550	PRC	November 4, 2016
16. . . .	ChineseAll Weekly Report Management System [Abbreviation: Weekly Report System] 1.0 (中文在線週報管理系統 [簡稱：週報系統]1.0)	the Company	2016SR318683	PRC	November 4, 2016
17. . . .	ChineseAll 17K Novel Android Client System V4.6.0 (中文在線17K小說 Android客戶端系統V4.6.0)	the Company	2016SR135955	PRC	June 8, 2016
18. . . .	ChineseAll Copyright Asset Amortization System (中文在線版權資產攤銷系統)	the Company	2016SR117316	PRC	May 25, 2016
19. . . .	ChineseAll Channel Management Operating System [Abbreviation: Channel Management System] V1.0 (中文在線渠道管理操作系統 [簡稱：渠道管理系統]V1.0)	the Company	2015SR256779	PRC	December 12, 2015
20. . . .	ChineseAll Internet TV APP Souyinke Operating System [Abbreviation: Internet TV APP] V1.0 (中文在線互聯網電視APP搜音客操作系統[簡稱：互聯網電視APP] V1.0)	the Company	2015SR256716	PRC	December 12, 2015
21. . . .	ChineseAll Digital Asset Content Management System [Abbreviation: Digital Asset Content Management System] V1.0 (中文在線數字資產內容管理系統 [簡稱：數字資產內容管理系統] V1.0)	the Company	2015SR254956	PRC	December 11, 2015

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22. . . .	ChineseAll WAP Reading System [Abbreviation: WAP Reading System] V1.0 (中文在線WAP閱讀系統 [簡稱：WAP閱讀系統]V1.0)	Chinese Academy of Press and Publication, the Company	2015SR190859	PRC	September 30, 2015
23. . . .	ChineseAll Windows Phone 8 Client Reading System [Abbreviation: WP8 Reading System] V1.0 (中文在線Windows Phone 8 客戶端閱讀系統[簡稱：WP8 客戶端閱讀系統]V1.0)	Chinese Academy of Press and Publication, the Company	2015SR190814	PRC	September 30, 2015
24. . . .	ChineseAll Android Client Reading System [Abbreviation: Android Reading] V1.0 (中文在線Android客戶端閱讀系統 [簡稱：Android閱讀]V1.0)	Chinese Academy of Press and Publication, the Company	2015SR190856	PRC	September 30, 2015
25. . . .	ChineseAll Client Data Synchronization System [Abbreviation: Data Synchronization System] V1.0 (中文在線客戶端數據同步系統 [簡稱：數據同步系統]V1.0)	the Company	2014SR172441	PRC	November 14, 2014
26. . . .	ChineseAll iOS Client Reading System [Abbreviation: iOS Reading] V1.0 (中文在線iOS客戶端閱讀系統 [簡稱：iOS閱讀]V1.0)	the Company	2014SR172584	PRC	November 14, 2014
27. . . .	ChineseAll WWW Portal System [Abbreviation: WWW System] V1.0 (中文在線WWW門戶系統 [簡稱：WWW系統]V1.0)	the Company	2014SR172424	PRC	November 14, 2014
28. . . .	17K Client Reading Software [Abbreviation: 17K Client] V1.0 (17K客戶端閱讀軟件 [簡稱：17K客戶端]V1.0)	the Company	2014SR001732	PRC	January 7, 2014
29. . . .	17K Data System Software [Abbreviation: Data System] 1.0 (17K數據系統軟件 [簡稱：數據系統]1.0)	the Company	2013SR129730	PRC	November 20, 2013
30. . . .	ChineseAll Love Reading Audiobook Station Platform Software [Abbreviation: Love Reading Audiobook Station] V1.0 (中文在線愛看書聽書站平台軟件 [簡稱：愛看書聽書站]V1.0)	the Company	2012SR012575	PRC	February 23, 2012
31. . . .	ChineseAll Love Reading Magazine Station Platform Software [Abbreviation: Love Reading Magazine Station] V1.0 (中文在線愛看書雜誌站平台軟件 [簡稱：愛看書雜誌站]V1.0)	the Company	2012SR011778	PRC	February 22, 2012
32. . . .	17k Content Management System [Abbreviation: 17kCMS] V1.0 (17k內容管理系統 [簡稱：17kCMS]V1.0)	the Company	2011SR050538	PRC	July 21, 2011

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33. . . .	[17K Fan Particle System] [Abbreviation: Fan Particle System] V1.0 (17K 粉絲粒系統[簡稱：粉絲粒系統]V1.0)	ChineseAll Culture Media	2021SR1603113	PRC	November 1, 2021
34. . . .	17K Third-party Security Review System Software [Abbreviation: Third-party Security Review] V1.0 (17K 三方安審系統軟件[簡稱：三方安審]V1.0)	ChineseAll Culture Media	2020SR1586203	PRC	November 16, 2020
35. . . .	17K Lucky Draw Activity Management System Software V1.0 (17K 抽獎活動管理系統軟件V1.0)	ChineseAll Culture Media	2020SR1582182	PRC	November 16, 2020
36. . . .	17K Essay Solicitation Management System Software V1.0 (17K 徵文管理系統軟件V1.0)	ChineseAll Culture Media	2020SR1586464	PRC	November 16, 2020
37. . . .	17K Content Publishing Management System Software V2.0 (17K 內容發佈管理系統軟件V2.0)	ChineseAll Culture Media	2020SR1582257	PRC	November 16, 2020
38. . . .	17K Report Management System Software [Abbreviation: 17K Report Management] V1.0 (17K 報表管理系統軟件[簡稱：17K 報表管理]V1.0)	ChineseAll Culture Media	2020SR1586465	PRC	November 16, 2020
39. . . .	Let's Read Together Client Software [Abbreviation: Let's Read Together] V1.0.0 (一起看書吧客戶端軟件[簡稱：一起看書吧]V1.0.0)	ChineseAll Culture Media	2020SR1568948	PRC	November 12, 2020
40. . . .	17K Content Distribution Effectiveness Monitoring System V1.0 (17K 內容分銷效果監控系統V1.0)	ChineseAll Culture Media	2019SR1048426	PRC	October 16, 2019
41. . . .	17K Remuneration Settlement System V1.0 (17K 稿酬結算系統V1.0)	ChineseAll Culture Media	2019SR1048617	PRC	October 16, 2019
42. . . .	17K Operation Management System [Abbreviation: Operation Management System] V1.0 (17K 運營管理系統[簡稱：運營管理系統]V1.0)	ChineseAll Culture Media	2019SR1046856	PRC	October 15, 2019
43. . . .	17K Author Backend System V2.0 (17K 作者後台系統V2.0)	ChineseAll Culture Media	2019SR1047332	PRC	October 15, 2019
44. . . .	17K Personalized Recommendation System [Abbreviation: Personalized Recommendation] V1.0 (17K 個性化推薦系統[簡稱：個性化推薦]V1.0)	ChineseAll Culture Media	2019SR1046877	PRC	October 15, 2019
45. . . .	17K Content Distribution System V1.0 (17K 內容分銷系統V1.0)	ChineseAll Culture Media	2018SR824282	PRC	October 16, 2018
46. . . .	17K Java Basic Development Platform V1.0 (17K java基礎開發平台V1.0)	ChineseAll Culture Media	2018SR824501	PRC	October 16, 2018
47. . . .	17K Novel Unrestricted Reading Edition Client Software 1.0 (17K 小說暢讀版客戶端軟件1.0)	ChineseAll Culture Media	2017SR388575	PRC	July 21, 2017

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48. . . .	17k-k8s Container Cluster Platform [Abbreviation: 17k-k8s Platform] 1.0 (17k-k8s容器集群平台 [簡稱：17k-k8s平台]1.0)	ChineseAll Culture Media	2016SR323382	PRC	November 9, 2016
49. . . .	17K Novel Android Client Software 5.0.0 (17K小說Android客戶端軟件 5.0.0)	ChineseAll Culture Media	2016SR323392	PRC	November 9, 2016
50. . . .	17K Statistical Analysis System 1.0 [Abbreviation: 17K Statistical] (17K統計分析系統[簡稱：17K統計] 1.0)	ChineseAll Culture Media	2016SR323387	PRC	November 9, 2016
51. . . .	Culture Media 17K Ranking Software System [Abbreviation: 17K Ranking] V1.0 (文化傳媒17K排行榜軟件系統 [簡稱：17K排行榜]V1.0)	ChineseAll Culture Media	2015SR258767	PRC	December 14, 2015
52. . . .	Culture Media 17K Search Software System [Abbreviation: 17K Search] V1.0 (文化傳媒17K搜索軟件系統[簡 稱：17K搜索]V1.0)	ChineseAll Culture Media	2015SR256504	PRC	December 12, 2015
53. . . .	Culture Media 17K Book Repository Software System [Abbreviation: 17K Book Repository] V1.0 (文化傳媒17K書庫軟件系統 [簡稱：17K書庫]V1.0)	ChineseAll Culture Media	2015SR256499	PRC	December 12, 2015
54. . . .	ChineseAll Human Resources Statistical System [Abbreviation: HRSM] V1.0 (中文在線人力資源統計系統 [簡稱：HRSM] V1.0)	ChineseAll Culture Media	2014SR172500	PRC	November 14, 2014
55. . . .	ChineseAll Attendance Review Management System [Abbreviation: KQDSMA] V1.0 (中文在線考勤審核管理系統 [簡稱：KQDSMA] V1.0)	ChineseAll Culture Media	2014SR172429	PRC	November 14, 2014
56. . . .	ChineseAll Android Client Reading Single-Volume Bundling System [Abbreviation: Android Reading Single-Volume Bundling] V1.0 (中文在線安卓客戶端閱讀單本打包 系統[簡稱：安卓閱讀單本打包] V1.0)	ChineseAll Culture Media	2014SR170975	PRC	November 13, 2014
57. . . .	ChineseAll Asset Data Content System [Abbreviation: DACS] V1.0 (中文在線資產數據內容系統 [簡稱：DACS] V1.0)	ChineseAll Culture Media	2012SR126012	PRC	December 17, 2012

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58. . . .	ChineseAll Resource Authentication Platform Software [Abbreviation: Resource Authentication Platform] V1.0 (中文在線資源認證平台軟件 [簡稱：資源認證平台]V1.0)	ChineseAll Culture Media	2012SR124037	PRC	December 13, 2012
59. . . .	ChineseAll Book Comparison System V1.0 (中文在線圖書比對系統V1.0)	ChineseAll Culture Media	2012SR123963	PRC	December 13, 2012
60. . . .	Chinese Novel Reading Client Software [Abbreviation: Chinese Novel] V1.0 (中文小說閱讀客戶端軟件 [簡稱：中文小說]V1.0)	Tianjin ChineseAll	2021SR0967403	PRC	June 30, 2021
61. . . .	ChineseAll Data Middle Platform System [Abbreviation: Data Platform] V1.0 (中文在線數據中台系統 [簡稱：數據中台]V1.0)	Hongda Yitai	2024SR1636173	PRC	October 29, 2024
62. . . .	Chinese Xiaoyao AI-assisted Writing Platform [Abbreviation: Chinese Xiaoyao] 1.0 (中文逍遙AI輔助寫作平台 [簡稱：中文逍遙]1.0)	Hongda Yitai	2023SR1526087	PRC	November 29, 2023
63. . . .	4yt WeChat Official Account Software System V1.0 (四月天微信公眾號軟件系統V1.0)	Hangzhou 4yt	2016SR384235	PRC	December 21, 2016
64. . . .	4yt APP Client Software V1.0 (四月天APP客戶端軟件V1.0)	Hangzhou 4yt	2016SR385942	PRC	December 21, 2016
65. . . .	4yt H5 Client Software V1.0 (四月天H5客戶端軟件V1.0)	Hangzhou 4yt	2016SR384390	PRC	December 21, 2016
66. . . .	4yt Creation Software System V1.0 (四月天創作軟件系統V1.0)	Hangzhou 4yt	2016SR384229	PRC	December 21, 2016
67. . . .	4yt Reading Circle Application Software System V1.0 (四月天閱讀圈應用軟件系統V1.0)	Hangzhou 4yt	2016SR384233	PRC	December 21, 2016
68. . . .	4yt www Client Software V1.0 (四月天www客戶端軟件V1.0)	Hangzhou 4yt	2016SR372324	PRC	December 14, 2016

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(ii) Works (作品)

No.	Copyright	Registered owner	Registration number	Place of registration	Registration Date
1. . . .	The novel “Peerless on Ice” (小說《冰上無雙》)	Hangzhou 4yt	Zhe Zuo Deng Zi 11 – 2020-A-11821	PRC	July 7, 2020
2. . . .	The Unrivaled Divine Emperor 1 (絕世神皇1)	the Company	Guo Zuo Deng Zi – 2021-A-00228792	PRC	September 30, 2021
3. . . .	Asura Dominator 1 (修羅主宰1)	the Company	Guo Zuo Deng Zi – 2021-A-00228793	PRC	September 30, 2021
4. . . .	Cultural Odyssey (文化苦旅)	the Company	Guo Zuo Deng Zi – 2022-A-10220866	PRC	October 31, 2022
5. . . .	Chinese Cultural Heritage (中國文脈)	the Company	Guo Zuo Deng Zi – 2022-A-10220863	PRC	October 31, 2022
6. . . .	Walker Without Boundaries (行者無疆)	the Company	Guo Zuo Deng Zi – 2022-A-10220873	PRC	October 31, 2022
7. . . .	Sigh of a Millennium (千年一嘆)	the Company	Guo Zuo Deng Zi – 2022-A-10220871	PRC	October 31, 2022
8. . . .	Lend Me a Lifetime (借我一生)	the Company	Guo Zuo Deng Zi – 2022-A-10220875	PRC	October 31, 2022
9. . . .	Mountain Residence Notes (山居筆記)	the Company	Guo Zuo Deng Zi – 2022-A-10220869	PRC	October 31, 2022
10. . . .	Caressing the Earth (摩挲大地)	the Company	Guo Zuo Deng Zi – 2022-A-10220872	PRC	October 31, 2022
11. . . .	Frosty Cold River (霜冷長河)	the Company	Guo Zuo Deng Zi – 2022-A-10220867	PRC	October 31, 2022
12. . . .	Book of Mountains and Rivers (山河之書)	the Company	Guo Zuo Deng Zi – 2022-A-10220870	PRC	October 31, 2022
13. . . .	History of Chinese Drama (中國戲劇史)	the Company	Guo Zuo Deng Zi – 2022-A-10220862	PRC	October 31, 2022
14. . . .	World Drama Studies (世界戲劇學)	the Company	Guo Zuo Deng Zi – 2022-A-10220868	PRC	October 31, 2022
15. . . .	Art Creation Studies (藝術創造學)	the Company	Guo Zuo Deng Zi – 2022-A-10220864	PRC	October 31, 2022
16. . . .	Psychology of the Audience (觀眾心理學)	the Company	Guo Zuo Deng Zi – 2022-A-10220874	PRC	October 31, 2022
17. . . .	A Brief History of My Family (吾家小史)	the Company	Guo Zuo Deng Zi – 2022-A-10220865	PRC	October 31, 2022
18. . . .	Cute Goddess Love Academy (萌神戀愛學院)	the Company	Qian Zuo Deng Zi – 2023-A-00749308	PRC	May 30, 2023
19. . . .	Immortal Travels (長生仙遊)	the Company	Qian Zuo Deng Zi – 2023-A-00836261	PRC	August 18, 2023
20. . . .	The Ninth Special Zone (第九特區)	the Company	Qian Zuo Deng Zi – 2023-A-00863801	PRC	September 8, 2023
21. . . .	Monster Apartment (妖怪公寓)	the Company	Guo Zuo Deng Zi – 2021-I-00295549	PRC	December 24, 2021
22. . . .	I Like You, I’m a Dog (喜歡你我是狗)	the Company	Guo Zuo Deng Zi – 2022-I-10070269	PRC	April 2, 2022
23. . . .	COL Logo (COL廠標)	the Company	Jing Zuo Deng Zi – 2022-L-00328319	PRC	November 9, 2022
24. . . .	Reading Companion Spirit (伴讀精靈)	ChineseAll Education Technology	Jing Zuo Deng Zi – 2016-F-00517617	PRC	November 3, 2016
25. . . .	Supreme Martial Arts (武道至尊)	the Company	Jing Zuo Deng Zi – 2017-F-00044345	PRC	March 15, 2017
26. . . .	Chronicle of the Human Emperor (人皇紀)	the Company	Jing Zuo Deng Zi – 2017-F-00044344	PRC	March 15, 2017
27. . . .	Writer-kun 1 (碼字君1)	the Company	Jing Zuo Deng Zi – 2019-F-00370466	PRC	September 18, 2019

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28. . . .	Writer-kun 2 (碼字君2)	the Company	Jing Zuo Deng Zi – 2019-F-00370467	PRC	September 18, 2019
29. . . .	Writer-kun 3 (碼字君3)	the Company	Jing Zuo Deng Zi – 2019-F-00370468	PRC	September 18, 2019
30. . . .	Writer-kun 4 (碼字君4)	the Company	Jing Zuo Deng Zi – 2019-F-00370469	PRC	September 18, 2019
31. . . .	Little Group-kun (小團君)	the Company	Jing Zuo Deng Zi – 2020-F-01001252	PRC	December 30, 2020
32. . . .	Character Image (Bai Chu) (小說人物形象(白楚))	the Company	Jing Zuo Deng Zi – 2021-F-00043102	PRC	May 25, 2021
33. . . .	Character Image (Chu Feng) (小說人物形象(楚楓))	the Company	Jing Zuo Deng Zi – 2021-F-00043103	PRC	May 25, 2021
34. . . .	Character Image (Li Tianming) (小說人物形象(李天命))	the Company	Jing Zuo Deng Zi – 2021-F-00043104	PRC	May 25, 2021
35. . . .	Character Image (Long Chen) (小說人物形象(龍塵))	the Company	Jing Zuo Deng Zi – 2021-F-00043105	PRC	May 25, 2021
36. . . .	Character Image (Qin Yihun) (小說人物形象(秦一魂))	the Company	Jing Zuo Deng Zi – 2021-F-00043106	PRC	May 25, 2021
37. . . .	Character Image (Qin Yu) (小說人物形象(秦禹))	the Company	Jing Zuo Deng Zi – 2021-F-00043107	PRC	May 25, 2021
38. . . .	Character Image (Qing Yu, the Fairy) (小說人物形象(清煙仙子))	the Company	Jing Zuo Deng Zi – 2021-F-00043108	PRC	May 25, 2021
39. . . .	Character Image (Su Qin) (小說人物形象(蘇琴))	the Company	Jing Zuo Deng Zi – 2021-F-00043109	PRC	May 25, 2021
40. . . .	Character Image (Yu Jinian) (小說人物形象(于瑾年))	the Company	Jing Zuo Deng Zi – 2021-F-00043110	PRC	May 25, 2021
41. . . .	Character Image (Dan Dan) (小說人物形象(蛋蛋))	the Company	Jing Zuo Deng Zi – 2021-F-00043111	PRC	May 25, 2021
42. . . .	Character Image (Xia Xiao) (小說人物形象(夏蕭))	the Company	Jing Zuo Deng Zi – 2021-F-00043112	PRC	May 25, 2021
43. . . .	Character Image (Shen Yayun) (小說人物形象(沈雅韻))	the Company	Jing Zuo Deng Zi – 2021-F-00043113	PRC	May 25, 2021
44. . . .	Character Image (Lu Li) (小說人物形象(陸離))	the Company	Jing Zuo Deng Zi – 2021-F-00043114	PRC	May 25, 2021
45. . . .	Character Image (Lin Yixin) (小說人物形象(林逸欣))	the Company	Jing Zuo Deng Zi – 2021-F-00043115	PRC	May 25, 2021
46. . . .	Character Image (Jiang Feiling) (小說人物形象(姜妃纓))	the Company	Jing Zuo Deng Zi – 2021-F-00043116	PRC	May 25, 2021
47. . . .	Character Image (Li Wenhao) (小說人物形象(李文浩))	the Company	Jing Zuo Deng Zi – 2021-F-00044009	PRC	June 2, 2021
48. . . .	Listen (聽見)	the Company	Jing Zuo Deng Zi – 2021-F-00044010	PRC	June 2, 2021
49. . . .	Character Image (Chu Yueli) (小說人物形象(楚玥璃))	the Company	Jing Zuo Deng Zi – 2021-F-00044481	PRC	June 17, 2021
50. . . .	Character Image (Su Yinyue) (小說人物形象(蘇尹月))	the Company	Jing Zuo Deng Zi – 2021-F-00044482	PRC	June 17, 2021
51. . . .	Character Image (Ruan Mingzi) (小說人物形象(阮明姿))	the Company	Jing Zuo Deng Zi – 2021-F-00216272	PRC	July 20, 2021
52. . . .	Little Monster (Big Net) (小怪獸(大網))	the Company	Jing Zuo Deng Zi – 2021-F-00499013	PRC	November 25, 2021
53. . . .	Chaotic Sword God (混沌劍神)	the Company	Guo Zuo Deng Zi – 2021-F-00282243	PRC	December 7, 2021
54. . . .	Monster Apartment – Avatar (妖怪公寓 – 頭像)	Tianjin ChineseAll	Guo Zuo Deng Zi – 2021-F-00295550	PRC	December 24, 2021
55. . . .	Monster Apartment – Poster (妖怪公寓 – 海報)	Tianjin ChineseAll	Guo Zuo Deng Zi – 2021-F-00295548	PRC	December 24, 2021

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56. . . .	Monster Apartment – Civet Character Design (妖怪公寓 – 果子狸人設圖)	Tianjin ChineseAll	Guo Zuo Deng Zi – 2022-F-10035100	PRC	February 16, 2022
57. . . .	Monster Apartment – Jiang Ning Character Design (妖怪公寓 – 江寧人設圖)	Tianjin ChineseAll	Guo Zuo Deng Zi – 2022-F-10035098	PRC	February 16, 2022
58. . . .	Monster Apartment – Girl Group Character Design (妖怪公寓 – 女團人設圖)	Tianjin ChineseAll	Guo Zuo Deng Zi – 2022-F-10035099	PRC	February 16, 2022
59. . . .	Fifth Dimension Genesis Badge (第五境面創世徽章)	the Company	Jing Zuo Deng Zi – 2022-F-00119035	PRC	July 25, 2022
60. . . .	Dyson Sphere Standard Model Group A (戴森球標準模型A組)	the Company	Gan Zuo Deng Zi – 2022-F-00023818	PRC	November 7, 2022
61. . . .	Dyson Sphere Standard Model Group B (戴森球標準模型B組)	the Company	Gan Zuo Deng Zi – 2022-F-00023816	PRC	November 7, 2022
62. . . .	Dyson Sphere Standard Model Group C (戴森球標準模型C組)	the Company	Gan Zuo Deng Zi – 2022-F-00023815	PRC	November 7, 2022
63. . . .	Dyson Sphere Standard Model Group D (戴森球標準模型D組)	the Company	Gan Zuo Deng Zi – 2022-F-00023814	PRC	November 7, 2022
64. . . .	Dyson Sphere Standard Model Group E (戴森球標準模型E組)	the Company	Gan Zuo Deng Zi – 2022-F-00023817	PRC	November 7, 2022
65. . . .	Dyson Sphere Standard Model Group F (戴森球標準模型F組)	the Company	Gan Zuo Deng Zi – 2022-F-00023813	PRC	November 7, 2022
66. . . .	Dyson Sphere Standard Model Group G (戴森球標準模型G組)	the Company	Gan Zuo Deng Zi – 2022-F-00023812	PRC	November 7, 2022
67. . . .	Bamboo Segment Atractylodes (竹節香附)	the Company	Gan Zuo Deng Zi – 2022-F-00038653	PRC	December 5, 2022
68. . . .	Sports Card Group A (球隊卡A組)	the Company	Gan Zuo Deng Zi – 2022-F-00050725	PRC	December 30, 2022
69. . . .	Sports Card Group B (球隊卡B組)	the Company	Gan Zuo Deng Zi – 2022-F-00050738	PRC	December 30, 2022
70. . . .	Sports Card Group C (球隊卡C組)	the Company	Gan Zuo Deng Zi – 2022-F-00050728	PRC	December 30, 2022
71. . . .	Sports Card Group D (球隊卡D組)	the Company	Gan Zuo Deng Zi – 2022-F-00050727	PRC	December 30, 2022
72. . . .	Sports Card Group E (球隊卡E組)	the Company	Gan Zuo Deng Zi – 2022-F-00050726	PRC	December 30, 2022
73. . . .	Sports Card Group F (球隊卡F組)	the Company	Gan Zuo Deng Zi – 2022-F-00050724	PRC	December 30, 2022
74. . . .	First Generation Energy Collecting Robot (初代採能機器人)	ChineseAll Culture Media	Gan Zuo Deng Zi – 2023-F-00004242	PRC	February 16, 2023
75. . . .	Moe God – Feng Lingcan (萌神 – 風凌燦)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00736164	PRC	May 16, 2023

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No.	Copyright	Registered owner	Registration number	Place of registration	Registration Date
76. . . .	Moe God – Fusu (萌神 – 扶蘇)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00737311	PRC	May 16, 2023
77. . . .	Moe God – Jiang Yan (萌神 – 蔣焱)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00733799	PRC	May 15, 2023
78. . . .	Moe God – Mao Mao (萌神 – 毛毛)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00736531	PRC	May 16, 2023
79. . . .	Moe God – Mo Ming (萌神 – 陌銘)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00736163	PRC	May 16, 2023
80. . . .	Moe God – Qing Ming (萌神 – 青暝)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00737316	PRC	May 16, 2023
81. . . .	Moe God – Xia Xiaolan (萌神 – 夏小嵐)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00736532	PRC	May 16, 2023
82. . . .	Moe God Scene – Xuanyuan Chen (萌神 – 軒轅辰)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00737321	PRC	May 16, 2023
83. . . .	Moe God Scene – Dormitory (萌神場景 – 宿舍)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00734065	PRC	May 15, 2023
84. . . .	Moe God Scene – Fairy Realm (萌神場景 – 仙域)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00734569	PRC	May 15, 2023
85. . . .	Moe God Props – Baseball Bat (萌神道具 – 棒球棍)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00736160	PRC	May 16, 2023
86. . . .	Moe God Props – Fusu Sword (萌神道具 – 伏蘇劍)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00736534	PRC	May 16, 2023
87. . . .	Moe God Props – Rope Chisel (萌神道具 – 繩鏢)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00734568	PRC	May 15, 2023
88. . . .	Moe God Props – Eye of Heaven (萌神道具 – 天之目)	the Company, Beijing Molecular Interactive Cultural Communication Co., Ltd.	Qian Zuo Deng Zi – 2023-F-00734066	PRC	May 15, 2023
89. . . .	Provoke – Anna (招惹 – 安娜)	the Company	Qian Zuo Deng Zi – 2023-F-00776908	PRC	June 28, 2023
90. . . .	Provoke – Austin (招惹 – 奧斯汀)	the Company	Qian Zuo Deng Zi – 2023-F-00777490	PRC	June 28, 2023

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No.	Copyright	Registered owner	Registration number	Place of registration	Registration Date
91. . . .	Provoke – Brian (招惹 – 布萊恩)	the Company	Qian Zuo Deng Zi – 2023-F-00776074	PRC	June 28, 2023
92. . . .	Provoke – Episode 1 (招惹 – 第1話)	the Company	Qian Zuo Deng Zi – 2023-F-00776910	PRC	June 28, 2023
93. . . .	Provoke – Episode 2 (招惹第2話)	the Company	Qian Zuo Deng Zi – 2023-F-00776073	PRC	June 28, 2023
94. . . .	Wild Elephant Logo (野象logo)	Hongda Yitai	Qian Zuo Deng Zi – 2023-F-00793581	PRC	July 14, 2023
95. . . .	Transfer: All My Skills Are Forbidden Curses (全民轉職：我的技能全是禁咒)	the Company	Qian Zuo Deng Zi – 2023-F-00885112	PRC	September 28, 2023
96. . . .	Character Design of “Transfer: All My Skills Are Forbidden Curses” (《 全民轉職：我的技能全是禁咒》人 設圖)	the Company	Qian Zuo Deng Zi – 2023-F-00884348	PRC	September 27, 2023
97. . . .	U Graphic (U圖形)	the Company	Jing Zuo Deng Zi – 2024-F-00602563	PRC	November 20, 2024
98. . . .	U Icon (U圖標)	the Company	Jing Zuo Deng Zi – 2024-F-00635192	PRC	November 22, 2024
99. . . .	Martial God Asura Animation Original Soundtrack – Volume 1 (修羅武神動畫原聲音樂 – 第一輯)	the Company	Jing Zuo Deng Zi – 2024-B-00635474	PRC	November 27, 2024

(d) Domain Names

As of the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain name	Registered Owner
1. . .	ijuanshen.com	the Company
2. . .	metart123.com	the Company
3. . .	17kss.com	the Company
4. . .	chineseall.com	the Company
5. . .	17k.com	the Company
6. . .	17kmm.com	the Company
7. . .	mochiwang.com	the Company
8. . .	wxqingnian.com	the Company
9. . .	17kcps.com	the Company
10. . .	col.com	the Company
11. . .	inindex.net, inindex.cn, inindex.com.cn	the Company
12. . .	4yt.net	the Company
13. . .	17restart.com	ChineseAll Culture Media
14. . .	scifidea.com	ChineseAll Culture Media
15. . .	wanzhangbook.com	ChineseAll Culture Media
16. . .	chineseall.org	ChineseAll Culture Media
17. . .	zhongwenxiaoshuo.com	Tianjin ChineseAll
18. . .	soyinke.com	Hongda Yitai
19. . .	chinesealledu.cn, chinesealledu.com	ChineseAll Education Technology

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(C) FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS OF OUR COMPANY

Disclosure of Interests

(a) *Interests of our Directors and the chief executive in our Company*

Save as disclosed in “Substantial Shareholders” and below, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), so far as our Directors are aware, none of our Directors nor chief executive has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company, once the H Shares are [REDACTED] on the Hong Kong Stock Exchange:

(i) *Interests in our Company*

Name of Director or chief executive	Position	Nature of interest	Description of Shares	Number of Shares held ⁽¹⁾	Approximate % of shareholding in the total share capital of our Company immediately prior to the [REDACTED] ⁽²⁾	Approximate % of shareholding in our A Shares immediately after the [REDACTED] ⁽³⁾	Approximate % of shareholding in the total share capital of our Company immediately after the [REDACTED] ⁽⁴⁾
Mr. Tong . . .	Chairman of the Board, executive Director and general manager	Beneficial interest	A Shares	87,201,416	11.97%	[REDACTED]%	[REDACTED]%
		Interest of concert parties	A Shares	12,511,000	1.72%	[REDACTED]%	[REDACTED]%
Mr. Xie Guangcai (謝廣才) . . .	Executive Director and executive vice general manager	Beneficial interest	A Shares	959,358	0.13%	[REDACTED]%	[REDACTED]%
Mr. Zhang Fan (張帆) . . .	Non-executive Director	Beneficial interest	A Shares	726,438	0.10%	[REDACTED]%	[REDACTED]%

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Notes:

1. All interests stated are long positions in the Shares.
2. The calculation is based on the total number of 728,500,118 A Shares in issue as of the Latest Practicable Date.
3. The calculation is based on the total number of [REDACTED] A Shares and [REDACTED] H Shares in issue immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised.
4. The calculation is based on the total number of [REDACTED] A Shares and [REDACTED] H Shares in issue immediately following the completion of the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] or under the Employee Incentive Plans.

(ii) Interests in our associated corporations

So far as our Directors are aware, none of our Directors or chief executive has any interests and/or short positions in the shares or underlying shares of our associated corporations.

(b) Interests of the Substantial Shareholders

Save as disclosed in “History, Development and Corporate Structure” and “Substantial Shareholders”, our Directors were not aware of any persons who would, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), having interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at Shareholders’ general meetings of our Company or any other member of our Group.

Service Contracts and Appointment Letters

We have entered into a service contract or appointment letter with each of our Directors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

Remuneration of Directors

Save as disclosed in “Directors and Senior Management” and Note 9 to the Accountants’ Report for the two financial years ended December 31, 2023 and 2024, and the nine months ended September 30, 2025, none of our Directors received other remunerations or benefits in kind from us during the Track Record Period.

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Disclaimers

Save as disclosed in this document:

- (a) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group for each year/period during the Track Record Period;
- (b) none of our Directors or any of the parties listed in “— (E). Other Information — Qualifications of Experts” in this Appendix V is:
 - i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or
 - ii. materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business; and
- (c) save in connection with the [REDACTED], none of the persons listed in “— (E). Other Information — Qualifications of Experts” in this Appendix V has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (d) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

(D) EMPLOYEE INCENTIVE PLANS

(a) 2020 Share Option Incentive Plan

We adopted the 2020 Share Option Incentive Plan pursuant to the written resolutions of our Shareholders passed on March 23, 2020, which was still in effect as of the Latest Practicable Date. The terms of the 2020 Share Option Incentive Plan are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules as they do not involve any grant of options by our Company after the [REDACTED]. The major terms are summarized as below:

(i) Purpose

The purpose of the 2020 Share Option Incentive Plan is to (i) further establish and refine our Company’s long-term incentive mechanism, (ii) attract and retain outstanding talent, (iii) fully mobilize the initiative of our directors, senior management and core business teams, and (iv) effectively align the interests of our Shareholders with those of our Company and our core team, ensuring that all parties remain focused on the long-term growth of our Company.

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(ii) Administration

The 2020 Share Option Incentive Plan is subject to the approval of the Shareholders' general meeting and the administration of the Board.

(iii) Participants

The participants of the 2020 Share Option Incentive Plan include the directors, members of our senior management and key personnel of our Company who maintain an employment or contractual relationship with our Company or its subsidiaries throughout the assessment period of this incentive plan. The scope of the eligible participants excludes independent directors, supervisors and shareholders or *de facto* controllers holding individually or collectively more than 5% of our Company's Shares, along with their spouses, parents and children.

(iv) Source and maximum number of Shares

The Shares underlying the 2020 Share Option Incentive Plan shall be A Shares issued by our Company to the eligible grantees. The maximum number of options that can be granted under the 2020 Share Option Incentive Plan is 36,364,800 A Shares. Each option granted represents the right to purchase one A Share within the exercise period at the exercise price.

(v) Validity period

The validity period of the 2020 Share Option Incentive Plan shall be from the date of completion of registration of the options granted up to the date when all options granted to the eligible grantees are exercised or cancelled, provided that the validity period shall not exceed 120 months.

(vi) Date of grant

After the 2020 Share Option Incentive Plan was approved by the Shareholders' general meeting, the Board shall perform the grant to eligible grantees within 60 days and complete the announcement, registration and other relevant procedures.

(vii) Grant conditions

The options under the 2020 Share Option Incentive Plan will only be granted to eligible grantees if the following conditions are simultaneously fulfilled:

- (a) With respect to our Company, none of the following circumstances having occurred:
 - (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year;
 - (2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in accountant's report for the most recent fiscal year;

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- (3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its [REDACTED];
 - (4) applicable laws and regulations prohibit the implementation of any share incentive plan; or
 - (5) any other circumstances determined by the CSRC.
- (b) With respect to an eligible grantee, none of the following circumstances having occurred:
 - (1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
 - (2) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;
 - (3) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;
 - (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
 - (5) the grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or
 - (6) any other circumstances determined by the CSRC.

No grant consideration is paid/payable for the options granted under the 2020 Share Option Incentive Plan.

(viii) Exercise price

The eligible grantees shall pay the exercise price of RMB3.00 per A Share upon fulfilment of all the conditions of the options to purchase the A Shares from our Company. The exercise price of each option shall not be lower than the nominal value of each A Share and not be lower than 70% of the higher of (i) the average trading price of the A Shares on the trading day before the announcement of this incentive plan, which is RMB4.10 per A Share; and (ii) the average trading price of the A Shares during the 120 trading days before the announcement of this incentive plan, which is RMB4.11 per A Share. The number of options granted and/or the exercise price will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares, share consolidation, placing and dividend distribution.

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(ix) Exercise

The options granted are subject to a waiting period before exercise. The waiting period commences from the date of completion of registration of the options granted to the eligible grantees, and the interval between the date of grant and the date of exercise of the options shall be 24 months, 48 months, 72 months and 96 months. During the waiting period, the options granted to eligible grantees shall not be transferred, pledged or settled for debt repayment. The exercise schedule of the options is as below:

<u>Exercise period</u>	<u>Exercise schedule</u>	<u>Exercise proportion</u>
First period	The first trading day after the 24-month anniversary from the date of completion of registration of the options granted, till the last trading day up to the 48-month anniversary of the date of completion of registration of the options granted	25%
Second period	The first trading day after the 48-month anniversary from the date of completion of registration of the options granted, till the last trading day up to the 72-month anniversary of the date of completion of registration of the options granted	25%
Third period	The first trading day after the 72-month anniversary from the date of completion of registration of the options granted, till the last trading day up to the 96-month anniversary of the date of completion of registration of the options granted	25%
Fourth period	The first trading day after the 96-month anniversary from the date of completion of registration of the options granted, till the last trading day up to the 120-month anniversary of the date of completion of registration of the options granted	25%

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Options may be exercised upon fulfilling the conditions same as the grant conditions stipulated above and with reference to the eligible grantees’ personal performance and our Company’s performance targets in the relevant years as below:

<u>Exercise period</u>	<u>Performance targets</u>
First period	Net profit growth rate in 2021 is not less than 40% of that for the year of 2020
Second period	Net profit growth rate in 2023 is not less than 80% of that for the year of 2020
Third period	Net profit growth rate in 2025 is not less than 150% of that for the year of 2020
Fourth period	Net profit growth rate in 2027 is not less than 200% of that for the year of 2020

Prior to each exercise, the eligible grantees shall have achieved the relevant performance appraisal rating in each preceding fiscal year. Should an eligible grantee fail to receive the relevant performance appraisal rating in any year preceding the exercise, any options granted but not yet exercised shall be cancelled by our Company.

The options of which the eligible grantees fail to apply for exercise during the aforementioned exercise period, or which cannot be exercised due to failure to meet the exercise conditions for that period, shall not be exercised or deferred to the subsequent exercise period. Our Company shall cancel the corresponding options of the eligible grantees in accordance with the principles stipulated in this incentive plan. Upon the conclusion of each exercise period, any unexercised options for that period shall cease to be exercisable and shall be cancelled by the Company.

(x) Lock-up period

The lock-up period refers to the period during which the eligible grantees are restricted from selling shares acquired upon exercising their options. The lock-up provisions of this incentive plan shall be implemented in accordance with the PRC Company Law, the PRC Securities Law, and other relevant laws, regulations, normative documents, and our Articles of Association.

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(xi) Amendment

The terms of the 2020 Share Option Incentive Plan may be amended by the resolution of our Shareholders in general meeting, provided that such amendments shall not result in (i) early exercise of options granted or (ii) reduction of the exercise price of options granted.

(xii) Termination

The 2020 Share Option Incentive Plan may be terminated by the resolution of our Shareholders in general meeting.

(xiii) Outstanding options

On March 23, 2020, our Company actually granted 36,314,800 options to 33 eligible grantees with the exercise price of RMB3.00 per A Share due to termination of employment by one eligible grantee. No grant consideration was paid/payable for the options granted to each of the eligible grantees.

As of the Latest Practicable Date, (i) no further option under the 2020 Share Option Incentive Plan can be granted; (ii) due to termination of employment by 21 eligible grantees, 16,337,402 options were held by 12 eligible grantees, representing approximately 2.24% of the total issued Shares of our Company as of the Latest Practicable Date, and all of such options remained outstanding and have not been exercised. Assuming full exercise of all outstanding options granted under the 2020 Share Option Incentive Plan, the shareholding of our Shareholders immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) will be diluted by a maximum of approximately [REDACTED]%. The maximum dilution effect on our earnings per A Share would be approximately [REDACTED]%.

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The following table sets forth the details of outstanding options granted to the eligible grantees under the 2020 Share Option Incentive Plan as of the Latest Practicable Date:

Name	Position	Address	Grant date	Exercise price ⁽²⁾	Number of A Shares underlying the outstanding options as of the Latest Practicable Date	Exercise period for outstanding options	Shareholding of A Shares underlying the outstanding options in the total issued Shares immediately after the [REDACTED] ⁽¹⁾
<i>Connected Persons:</i>							
Mr. Zhang Fan (張帆) . . .	Non-executive Director	Unit 301, Floors-1 to 2, Building 8, Brownstone Garden, Haidian District, Beijing, PRC	March 23, 2020	RMB3.00	3,636,477	25% during March 24, 2026 to March 23, 2028; 25% during March 24, 2028 to 2030	[REDACTED]%
Mr. Xie Guangcai (謝廣才) . .	Executive Director and executive vice general manager	Room 201, 2nd Floor, Courtyard 40, Dongzhong Street, Dongcheng District, Beijing, PRC	March 23, 2020	RMB3.00	3,636,477	March 23, 2030	[REDACTED]%
Ms. Wang Jingjing (王京京) . .	Board secretary, vice general manager and financial director	Room 101, Unit 3, Building 111, Zuanchang Beili, Tongzhou District, Beijing, PRC	March 23, 2020	RMB3.00	3,636,477		[REDACTED]%
Mr. Yang Ruizhi (楊銳志) . .	Chief operating officer	Room 402, Unit 1, Building 24, North First Street, Jiadaokou, Dongcheng District, Beijing, PRC	March 23, 2020	RMB3.00	200,000		[REDACTED]%

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Name	Position	Address	Grant date	Exercise price ⁽²⁾	Number of A Shares underlying the outstanding options as of the Latest Practicable Date	Exercise period for outstanding options	Shareholding of A Shares underlying the outstanding options in the total issued Shares immediately after the [REDACTED] ⁽¹⁾
<i>Other eligible grantees (excluding our connected persons):</i>							
Hu Minjie (胡民傑)	Investment Director	Zhangxiyan, Shangfujia Village, Gutang Street, Cixi, Zhejiang Province, PRC	March 23, 2020	RMB3.00	3,622,971	25% during March 24, 2026 to March 23, 2028; 25% During March 24, 2028 to March 23, 2030	[REDACTED]%
Feng Juan (馮娟)	General Manager of the Literature & Micro Drama Department and Marketing Department	No. 192, Hebei Xinying, Xiaojia River, Haidian District, Beijing, PRC	March 23, 2020	RMB3.00	600,000		[REDACTED]%
Yan Fang (閆芳)	General Manager of the Supervision and Internal Audit Department	5-4-602, Baoshengli Residential Community, Haidian District, Beijing, PRC	March 23, 2020	RMB3.00	600,000		[REDACTED]%
Wang Qiang (王強)	General Manager of the Platform R&D Department	9-2-102, Yard No. 5, Bailusi Road, Chaoyang District, Beijing, PRC	March 23, 2020	RMB3.00	100,000		[REDACTED]%
Yu Qianwan (余乾萬)	Editor-in-Chief of the Literature & Micro Drama Department	Room 201, Unit 2, Yard No. 35, Qinglong Hutong, Dongcheng District, Beijing, PRC	March 23, 2020	RMB3.00	75,000		[REDACTED]%
Han Xin (韓辛)	Deputy General Manager of Hangzhou ChineseAll	Room 602, Unit 3, Building 3, Chunxi Shanghewan, Gongshu District, Hangzhou, PRC	March 23, 2020	RMB3.00	50,000		[REDACTED]%
Liu Jinfeng (劉金鳳)	Deputy General Manager of the Marketing Department	No. 20, Tonghui North Road, Tongzhou District, Beijing, PRC	March 23, 2020	RMB3.00	40,000		[REDACTED]%
Ma Wenmin (馬文民)	Deputy General Manager of the Finance Department	Rose Garden 1-218, Vanke City Garden, Konggang Street, Shunyi District, Beijing, PRC	March 23, 2020	RMB3.00	40,000		[REDACTED]%

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Notes:

- (1) The calculation is based on the assumption that the [REDACTED] is not exercised, the options granted under the 2020 Share Option Incentive Plan are not exercised and that no other changes are made to the issued share capital of the Company between the Latest Practicable Date and [REDACTED].
- (2) The number of A Shares underlying the outstanding options granted and/or the exercise price will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares, share consolidation, placing and dividend distribution. Such adjustment shall be subject to our Board’s review and approval.

(b) 2021 Restricted Share Incentive Plan

The following is a summary of the principal terms of the 2021 Restricted Share Incentive Plan approved and adopted by our Company pursuant to the resolutions passed by our Shareholders on October 11, 2021, which was still in effect as of the Latest Practicable Date. The 2021 Restricted Share Incentive plan is not subject to the provisions of Chapter 17 of the Listing Rules as no awards shall be granted after the [REDACTED].

(i) Purpose

The purpose of the 2021 Restricted Share Incentive plan is to (i) further establish and refine our Company’s long-term incentive mechanism, (ii) attract and retain outstanding talent, (iii) fully mobilize the initiative of our senior management and other core personnel, and (iv) effectively align the interests of our Shareholders with those of our Company and our core personnel, ensuring that all parties remain focused on the long-term growth of our Company.

(ii) Administration

The 2021 Restricted Share Incentive Plan is subject to the approval of the Shareholders’ meeting and the administration of our Board.

(iii) Participants

The participants of the 2021 Restricted Share Incentive Plan include senior management and other core personnel (including foreign employees) of our Company who maintain an employment or contractual relationship with our Company throughout the assessment period of this incentive plan.

The scope of eligible participants of the 2021 Restricted Share Incentive Plan excludes independent directors, supervisors, and shareholders or *de facto* controllers, individually or jointly, holding more than 5% of our Company’s shares, along with their spouses, parents and children.

(iv) Source and Maximum Number of Shares

The Shares underlying the 2021 Restricted Share Incentive Plan shall be A Shares issued by our Company. Each restricted share granted entitles the relevant grantees to purchase one A Share within the agreed period at the grant price. The restricted shares are subject to a vesting period and will only be vested upon fulfilling the vesting conditions stipulated. The initial maximum number of shares involved under the 2021 Restricted Share Incentive Plan is 15,000,000 A Shares.

The number of restricted shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including payment of dividend, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares.

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(v) *Validity period*

The validity period of the 2021 Restricted Share Incentive Plan shall be from the date of grant of the restricted shares up to the date when all restricted shares granted to the eligible participants are vested or become invalid, provided that the validity period shall not exceed 120 months.

(vi) *Date of grant and term*

The date of grant shall be determined by the Board after the date of approval of the 2021 Restricted Share Incentive Plan by the Shareholders’ meeting, and the date of grant must fall on a trading day. The Board shall grant the restricted shares to eligible participants and complete the announcement and other relevant procedures within 60 days.

(vii) *Grant conditions*

The restricted shares under the 2021 Restricted Share Incentive Plan will only be granted to eligible grantees if the following conditions are simultaneously fulfilled:

- (a) With respect to our Company, none of the following circumstances having occurred:
 - (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountants with respect to our Company’s accountant’s report for the most recent fiscal year;
 - (2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountants with respect to the internal control report contained in accountant’s report for the most recent fiscal year;
 - (3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its [REDACTED];
 - (4) applicable laws and regulations prohibit the implementation of any share incentive plan; or
 - (5) any other circumstances determined by the CSRC.
- (b) With respect to an eligible grantee, none of the following circumstances having occurred:
 - (1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
 - (2) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;
 - (3) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;
 - (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

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- (5) the grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or
- (6) any other circumstances determined by the CSRC.

(viii) Locking-up period

The locking-up provisions of this incentive plan shall be implemented in accordance with the PRC Company Law, the PRC Securities Law, and other relevant laws, regulations, normative documents, and our Articles of Association. If the grantee is a Director or a senior management of our Company, during the period of the term of employment, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds. No share held by such Director or senior management can be transferred within six months after termination of his or her employment. If the grantee is a Director or senior management of our Company, income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board. If there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

(ix) Grant price

The eligible grantees shall pay the grant price of RMB3.00 per A Share upon fulfilment of all the conditions of this incentive plan to purchase the A Shares from our Company.

The vesting price for the restricted shares was determined through an independent pricing mechanism. This pricing aligns with the exercise price stipulated in our 2020 Share Option Incentive Plan. Drawing upon experience from previous equity incentive schemes, this pricing incorporates a certain discount, thereby enhancing the incentive effect.

(x) Vesting of restricted shares

The restricted shares will be vested in four tranches of 25% on a date within each of the four vesting periods in accordance with the vesting schedule under the 2021 Restricted Share Incentive Plan as follows:

<u>Vesting period</u>	<u>Vesting schedule</u>	<u>Vesting proportion</u>
First period.	The first trading day after the 31-month anniversary from the date of grant and the last trading day up to the 55-month anniversary from the date of grant	25%
Second period.	The first trading day after the 55-month anniversary from the date of grant and the last trading day up to the 79-month anniversary from the date of grant	25%

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Vesting period	Vesting schedule	Vesting proportion
Third period.	The first trading day after the 79-month anniversary from the date of grant and the last trading day up to the 103-month anniversary from the date of grant	25%
Fourth period	The first trading day after the 103-month anniversary from the date of grant and the last trading day up to the 120-month anniversary from the date of grant	25%

Prior to vesting, the restricted shares shall not be transferred, pledged or settled for debt repayment.

Restricted shares may be vested upon fulfilling the conditions same as the grant conditions stipulated above and with reference to the eligible grantees’ personal performance and our Company’s performance targets in the relevant years as below:

Exercise period	Performance targets
First period	Net profit growth rate in 2023 is not less than 80% of that for the year of 2020, and the market capitalization of the Company reaches or exceeds RMB10 billion for any 20 consecutive trading days in 2023
Second period.	Net profit growth rate in 2025 is not less than 150% of that for the year of 2020, and the market capitalization of the Company reaches or exceeds RMB10 billion for any 20 consecutive trading days in 2025
Third period	Net profit growth rate in 2027 is not less than 200% of that for the year of 2020, and the market capitalization of the Company reaches or exceeds RMB10 billion for any 20 consecutive trading days in 2027
Fourth period	Net profit growth rate in 2029 is not less than 220% of that for the year of 2020, and the market capitalization of the Company reaches or exceeds RMB10 billion for any 20 consecutive trading days in 2029

Prior to each vesting, the eligible grantees shall have achieved the relevant performance appraisal rating in each preceding fiscal year. Should an eligible grantee fail to receive the relevant performance appraisal rating in any year preceding the vesting, any restricted shares granted but not yet vested for the relevant period shall be cancelled by our Company.

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(xi) Dividend and voting rights

Before the vesting of the restricted shares, the restricted shares (including the right to receive dividends) shall be locked and such restricted shares shall not be transferred, pledged or settled for debt repayment. Upon transfer of the A Shares by our Company, the grantees of the restricted shares will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and voting rights.

(xii) Amendment

The terms of the 2021 Restricted Share Incentive Plan may be amended by the resolution of our Shareholders in general meeting, provided that such amendments shall not result in (i) early vesting of restricted shares or (ii) reduction of the vesting price of restricted shares.

(xiii) Termination

The 2021 Restricted Share Incentive Plan may be terminated by the resolution of our Shareholders in general meeting. Upon termination of this incentive plan, any unvested restricted shares shall be voided.

(xiv) Outstanding restricted shares

As of the Latest Practicable Date, (i) no restricted share under the 2021 Restricted Share Incentive Plan can be granted; (ii) the total number of A Shares underlying the outstanding restricted shares granted under the 2021 Restricted Share Incentive Plan amounted to 9,371,250, representing approximately 1.29% of the total issued Shares of our Company as of the Latest Practicable Date. Assuming full vesting of all outstanding restricted shares granted under the 2021 Restricted Share Incentive Plan, the shareholding of our Shareholders immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) will be diluted by a maximum of approximately [REDACTED]%. The maximum dilution effect on our earnings per A Share would be approximately [REDACTED]%.

The table below sets forth the details of outstanding restricted shares granted under the 2021 Restricted Share Incentive Plan as of the Latest Practicable Date:

Name of grantee	Position in our Company	Date of grant	Number of outstanding restricted shares	Grant price	Approximate percentage of issued Shares immediately after completion of the [REDACTED] ⁽²⁾
Employees ⁽¹⁾ -	Key employees	October 15, 2021	9,371,250	RMB3.00	[REDACTED]

Notes:

- (1) No restricted shares were granted to our Director, senior management or other connected persons as of the Latest Practicable Date.
- (2) Assuming the [REDACTED] are not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED].

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(E) OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

Litigation

Save as disclosed in this document, as of the Latest Practicable Date, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company’s results of operations or financial condition.

Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, we have agreed to pay the Sole Sponsor a fee of US\$[REDACTED] to act as the sponsor of our Company in connection with the proposed [REDACTED] on the Stock Exchange.

Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this document are as follows:

Name	Qualification
Citigroup Global Markets Asia Limited	A licensed corporation under the SFO to conduct Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 5 (Advising on Futures Contracts), Type 6 (Advising on Corporate Finance) and Type 7 (Providing Automated Trading Services) of the regulated activities under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Zhong Lun Law Firm	Our PRC Legal Advisor and the legal advisor of our Company as to PRC data compliance matters
Loeb & Loeb LLP	The legal advisor of our Company as to U.S. laws (including as to matters concerning data compliance in the U.S.)

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Name	Qualification
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Masterpiece Valuation Advisory Limited	Independent property valuer

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group except that Citigroup Global Markets Asia Limited holds less than 0.5% in our Company during the ordinary course of its business as of the Latest Practicable Date.

Consents of Experts

Each of the experts as referred to “— Qualifications of Experts” in this Appendix V has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respectively included.

Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Promoters

The promoters of our Company comprised the 31 Shareholders of our Company as of April 2, 2011 before our conversion into a joint stock company with limited liability. Save as disclosed in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [REDACTED] and the related transactions described in this document.

Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Compliance Advisor

Our Company has appointed Guolian Securities International Capital Market Co., Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

No Material Adverse Change

Our Directors confirm that, up to the date of this document, there has been no material adverse change in the financial or trading position or prospect of our Group since September 30, 2025, being the period end date to which the latest consolidated financial statements of our Group were prepared.

Restriction on Share Repurchase

For details of the restrictions on share repurchases by our Company, see “Summary of Articles of Association” in Appendix III to this document.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Hong Kong Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

Miscellaneous

Save as disclosed in this document:

- (a) within the two years preceding the date of this document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;
- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;
- (g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (h) save for the A Shares of our Company that are listed on the ChiNext Board of the Shenzhen Stock Exchange, and save for the H Shares to be issued in connection with the [REDACTED] no part of the equity or debt securities of our Company, if any, is currently [REDACTED] on or dealt in on any stock exchange or trading system, and no such [REDACTED] or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought;
- (i) all necessary arrangements have been made to enable the H shares to be admitted into [REDACTED] for clearing and settlement; and
- (j) our Company has no outstanding convertible debt securities or debenture.

APPENDIX VI	DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in “Statutory and General Information — (E) Other Information — Consents of Experts” in Appendix V to this document; and
- (b) a copy of each of the material contracts referred to in “Statutory and General Information — (B) Further Information about our Business — Summary of Material Contracts” in Appendix V to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at <https://www.col.com> up to and including the date which is 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report from KPMG, the text of which is set out in “Accountants’ Report” in Appendix I to this document;
- (c) the audited consolidated financial statements of our Group for each of the years ended December 31, 2023, 2024, and [2025];
- (d) the report from KPMG on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this document;
- (e) the material contracts referred to in “Statutory and General Information — (B) Further Information about our Business — Summary of Material Contracts” in Appendix V to this document;
- (f) the written consents referred to in “Statutory and General Information — (E) Other information — Consent of experts” in Appendix V to this document;
- (g) the service contracts and the letters of appointment referred to in “Statutory and General Information — (C) Further information about our Directors, Chief Executive and Substantial Shareholders of our Company — Particulars of Directors’ Service Contracts and Appointment Letters” in Appendix V to this document;
- (h) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a summary of which is set forth in “Industry Overview”;
- (i) the PRC legal opinions issued by Zhong Lun Law Firm, our PRC Legal Advisor on PRC law, in respect of certain general corporate matters and property interests in the PRC of our Group;
- (j) the PRC legal memorandum issued by Zhong Lun Law Firm, our legal advisor in respect of data compliance matters in the PRC of our Group;
- (k) the U.S. legal opinion issued by Loeb & Loeb LLP, our US legal advisor on US law, in respect of summarizing the legal advice in respect of U.S. laws, including matters concerning data compliance in the U.S.;
- (l) the property valuation report prepared by Masterpiece Valuation Advisory Limited, the texts of which are set out in Appendix III to this document; and

APPENDIX VI

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY**

- (m) the PRC Company Law, the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies and PRC Securities Law, together with their unofficial English translation.