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iDreamSky Technology Holdings Limited

创梦天地科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1119)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024. The results have been audited by the Auditor in accordance with International Standards on Auditing. In addition, the results have also been reviewed by the Audit Committee.

FINANCIAL PERFORMANCE HIGHLIGHTS

| | For the year ended 31 December | |
|--------------------------------------|---------------------------------------|----------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Revenues | 1,513,644 | 1,916,473 |
| Gross profit | 426,789 | 673,461 |
| Loss before income tax | (574,117) | (470,357) |
| Loss for the year | (544,604) | (456,830) |
| Adjusted (loss)/profit for the year* | (30,322) | 139,597 |

* To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit/loss for the year as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. Our adjusted profit/loss for the year was derived from our profit/loss for the year from continuing operations excluding share-based compensation expenses, fair value gains or losses on financial assets, impairment of investments in associates accounted for using the equity method, fair value changes on financial liabilities at fair value through profit or loss, interest expense on convertible bonds, adjustment of amortized cost of convertible bonds due to early redemption, impairment of intangible assets, impairment of financial assets, impairment of prepayments and net exchange gains/losses.

BUSINESS REVIEW AND OUTLOOK

OVERVIEW

In 2024, the key year for the Company to deepen its strategic deployment, we focused on our game business, dedicated to promoting the sustained development and growth of the Company. We will elaborate on the performance results from three dimensions: game publishing business, self-developed business and AI technology deployment. On the one hand, we kept optimizing our online game products and introducing overseas high-quality games, achieving steady growth in our principal business; on the other hand, we actively promoted the development and launch of our self-developed games, and successfully released “Strinova (卡拉彼丘)” on PC globally. In addition, we actively applied AI technology to improve the efficiency of production and research, and built AI-based interactive scenarios, with an aim to bring users a better gaming experience.

Building Capabilities Through Publishing of Overseas High-Quality Products, Enabling Growth By Developing New Products

The publishing of overseas high-quality games is a mature business model of the Company. We adhere to the long lifecycle operation and focus on introducing products with unique advantages and clear target users. Through refined customer acquisition and user services, continuous content iteration, and the improvement of user’s LTV (Life Time Value), we create a positive business cycle, realizing robust growth of principal business, and enabling the long-term development of the Company.

In 2024, our classical games, such as “Subway Surfers (地鐵跑酷)”, “Gardenscapes (夢幻花園)” and “Homescapes (夢幻家園)”, continued to contribute revenue, new launched products such as “War Robots (機甲戰隊)” and “Shop Titans (傳奇商店)” achieved brilliant results, becoming new evergreen games, and delivering momentum for the Company’s sustained growth. Subway Surfers ranked in the top 10 of the Hot Lists on multiple channels. Its version payout rate increased by 40% to a 5-year high through optimization of in-game commercialization and tournament system. In addition, through IP crossovers with famous IPs such as Ultraman, and cross-industry cooperation with Shenzhen Metro and Wal-Mart, we have deepened the connection between brands and users. The revenue of Gardenscapes continued to grow, and the average revenue per daily active user increased by more than 10% year-on-year, both hitting record highs. War Robots achieved total cumulative worldwide revenue of USD 1 billion. In 2024, its Chinese server version ranked among the top 5 of global mecha shooting games in terms of revenue. As the publisher of the Chinese server version, we helped achieve this brilliant result with our long-term commitment to the mecha culture enthusiasts and strategy competition fans. The Chinese server version of Shop Titans was launched in December 2024, with revenue far surpassing overseas for the same period, validating the innovative model of “tool empowerment — ecological back-feeding” and winning the recognition of overseas developers.

At present, the Company has also reserved a number of signed overseas high-quality games to ensure strong revenue growth. For example, “Rush Royale (衝衝奇兵)”, which will be released in 2025, is an innovative mobile game that combines elements of tower defense, strategy and cards. After years of refinement overseas, it has strong product capabilities, rich content and a good reputation. It is expected to bring sustained profit returns after its launch.

Driving Global Deployment Through Self-Development and Innovation, Building Core Barrier With Multi-Platform IPs

In the deployment of our global business, we focused on the construction of multi-platform R&D capabilities and IP creation, and successfully launched the multi-platform anime competitive shooting game “Strinova”. Thanks to its unique “Paper Mode” gameplay and Japanese anime-style themes, the game has won a solid user base.

“Strinova” operates on a season + competition event model. The Chinese PC server has successfully delivered 21 characters, 21 maps, and 9 modes by far. The “Big Head Mode” launched in November 2024 was highly popular among users. After the collaboration with the Japanese famous IP “POP TEAM EPIC”, the number of daily average active users has increased by 42%, and the online time of users has risen by 5%. We have also built a mass tournament system and organized four sessions of college competitions with over 300 colleges and universities participating, injecting new vitality into customer acquisition and marketing. Entering 2025, we have adjusted the operation strategy of the Chinese server, strengthened the integration of research and operation, optimised the operation efficiency, realizing dual growth in operation efficiency and revenue.

The international PC server of “Strinova” was globally launched on 22 November 2024. It topped the Steam platform’s “New Releases” and “Hot Free Games” lists in just two hours, and also ranked among the Top 3 of Twitch’s live game list and the Top 2 of its shooting game list. The game has gained a large number of loyal users in the United States, Japan, Europe and other regions. The positive rating rate on Steam exceeds 76%, and the payment level per user is nearly three times that of the Chinese server. In Japan, it has performed particularly well, ranking in the top 10 of Steam Weekly Top Sellers Chart for four consecutive weeks (in terms of revenue). Through the launch of the international server, we have completed the global engineering deployment and accumulated a large amount of reusable experience and capabilities in overseas servers and payments.

The preferences and needs of users are the starting point for our iterative content development. At present, we have placed the focus on the innovation of the game’s casual gameplay, and the new gameplay of Zombie Mode has been launched on 25 March 2025. In the future, we plan to introduce a new casual gameplay every season, aiming to improve the game’s reputation and user activity. At the same time, in order to further build up our global operation capability and user system, we are actively promoting the multi-platform launch of mobile version and console version. Currently, both the mobile version and console version have entered the critical testing stage before going online, and are undergoing final refinement and beta testing. We plan to achieve a global launch within 2025 to expand into a broader global market.

“Glory All Stars (榮耀全明星)” has been online for nearly 4 years, continuously generating great revenue. It has long occupied the recommended positions for popular action games and intense fighting games on iOS. “Delta Force (三角洲行動)” is the cross-platform tactical shooting game co-developed by us and Tencent. The Chinese server versions for both PC and mobile platforms were launched in September 2024, and the total number of registered users exceeded 40 million. The international PC server started its global open beta in December 2024, and its mobile version is scheduled to be globally launched in the second quarter of 2025.

Fanbook Driving Improvement of User Service, AI Enabling Enhancement Of Production, Research and Operation Efficiency

The community platform Fanbook serves as a bridge for us to connect, manage and serve our users in depth, providing solid support for the long-term operation of the games. Its AI customer service capability fully empowers community operations, automatically completing tasks such as guiding new users and responding to inquiries, significantly improving user operation efficiency. By proactively initiating hot topics, it can make instant analysis and feedback on user content, effectively enlivening the community. In addition, Fanbook, as our core self-owned channel, has successfully opened up new revenue channels and achieved remarkable results through the construction of its own online mall, while significantly reducing the marketing expenses. Moreover, Fanbook is accelerating the inclusive application of community AI tools by opening up AI models and interfaces and providing an efficient and professional creation environment for users to utilize AI for secondary creation, thus enhancing user stickiness and activity, and expanding game content exposure. At present, a multi-functional ecosystem covering AI painting and video creation has been constructed.

In terms of cost reduction and efficiency improvement, we have completed the deployment of advanced large models to integrate AI into all aspects of game development. We have set up a joint innovation lab with Tencent Cloud, focusing on the core goal of “using AI to enhance the quality and efficiency of game development”. The lab focuses on exploring the application of AI coding assistant in white-box testing of game engines, special model optimization, and the co-construction of game knowledge base, etc., in order to realize the innovation and upgrade of game R&D process, and export experience and capability for the game industry. Thanks to the code assistant and the knowledge base capability built by cooperation, we have now achieved full-process intelligence in programming scenarios, with the overall efficiency of R&D improved by more than 30%. In addition, we have independently researched and developed a global user voice AI listening platform, which comprehensively gains insights into the feedback of game users on mainstream social media platforms around the world. It accurately analyzes the text emotions and potential risks in real time, providing the operation team with powerful information capture and risk early warning capabilities.

We are now making our best efforts to promote the application of cutting-edge AI scenarios in games, such as the AI friend function in games, in order to realize AI collaboration in more complex scenarios and bring users a new emotional interaction and battle experience.

Game Innovation Facilitates The Going Global Of Chinese Culture, Setting Standards To Propel The Industry Forward

We are committed to showing the charm of Chinese traditional culture to the world by overseas expansion of our games. Strinova has become a model for the “going global” of Chinese culture by innovatively integrating traditional Chinese culture with modern game mechanisms. Intangible cultural heritage elements such as the Chinese zodiac, Tang Dynasty costumes, and shadow puppetry are ingeniously implanted in the game. Through the themed event of “Mu Spring Festival”, customs like hanging lanterns and setting off fireworks are presented to global users, enabling traditional culture to reach the world in a youthful and interactive form. Moreover, the policy support of the Shenzhen government for “building an international e-sports capital” also helps us fulfill our cultural responsibility. By exporting Chinese aesthetics and values through the game industry, we contribute to facilitate global cultural exchanges and understanding, and promote the international recognition and dissemination of Chinese culture.

Gardenscapes and Subway Surfers have innovatively integrated traditional Chinese culture, city landmarks and Chinese fashion elements, such as Dunhuang, into the game, and realized the two-way empowerment of cultural heritage and game experience by means of character customization, theme maps and other diversified forms.

In addition, we have joined hands with several industry partners to compile the first game security group standard in China, “Implementation Requirements for Mobile Game Business Security”. The standard was released on 22 August 2024, helping to promote the standardization of industry safety and contributing to the healthy and orderly development of the mobile game industry.

We sincerely appreciate the long-term support and trust of every colleague, user, and shareholder. In the future, we will, as always, hold fast to our original aspiration and adhere to the principle of long-termism. We will focus on our core game business and deeply cultivate our areas of strength. We will continuously provide users with high-quality games, and enhance the internal value of the Company, while creating greater value return for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUING OPERATION

Revenues

Revenue decreased by 21.0% to approximately RMB1,513.6 million for the year ended 31 December 2024 on a year-on-year basis (2023: RMB1,916.5 million). The following table sets forth our revenue for the years ended 31 December 2024 and 2023:

| | Year ended 31 December | | | |
|-----------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | 2024 | | 2023 | |
| | <i>RMB'000</i> | <i>%</i> | <i>RMB'000</i> | <i>%</i> |
| Game revenue | 1,455,942 | 96.2 | 1,849,089 | 96.5 |
| Information service revenue | 49,548 | 3.3 | 61,781 | 3.2 |
| Others | 8,154 | 0.5 | 5,603 | 0.3 |
| Total | <u>1,513,644</u> | <u>100.0</u> | <u>1,916,473</u> | <u>100.0</u> |

Game revenue

The largest portion of our revenue was from games and contributed 96.2% and 96.5% of the total revenue for the years ended 31 December 2024 and 2023. Game revenue decreased by 21.3% from RMB1,849.1 million for the year ended 31 December 2023 to RMB1,455.9 million for the year ended 31 December 2024. The decline in game revenue is primarily attributed to a significant shift in our revenue structure. In our game portfolio, we have experienced a decrease in the proportion of self-operated games and a corresponding increase in the proportion of licensed games operated by third parties and jointly operated games. The Chinese PC server of our self-developed game Strinova is licensed to be published by our major shareholder Tencent, and revenue from this game is recognized on a net basis, meaning only our share of the revenue is recognized. Secondly, we focused on core high-quality games, and further reduced the operation of non-core games in 2023, although non-core games still contributed to the revenue in 2023. Furthermore, our game Subway Surfers, which has been online for over 11 years, saw over 10 folds growth in various operational metrics in the first half of 2023, with a natural fall-off in 2024 leading to a year-on-year decline in revenue.

Despite a decline in revenue, our core operating games still achieved commendable results. Our online-operated core games, such as Subway Surfers, Gardenscapes, and Homescapes, continued to contribute to revenue. Newly launched games like War Robots and Shop Titans have also performed well. Our self-developed game, Glory All Stars, which has been online for nearly four years, continues to introduce new gameplay features, maintaining stable revenue streams. Additionally, due to a significant reduction in marketing expenses, its profit margin has improved notably. Strinova, as the world's first multi-platform anime competitive shooting game, has consistently delivered premium content through "season + competitive events" operations. Since the launch of the Chinese PC server in August 2023, it has gained user recognition and affection with its unique "Paper Mode" mechanic and anime-style themes. The international PC server was globally launched on 22 November 2024, and within just two hours, it topped Steam's platform's "New Releases" and "Hot Free Games" lists, showing steady operational metrics.

Information service revenue

Our information service revenue is primarily derived from our advertising services. Revenue from information services decreased from RMB61.8 million for the year ended 31 December 2023 to RMB49.5 million for the year ended 31 December 2024. The decrease was mainly due to the Company's proactive adjustment of strategies to reduce in-app advertising to improve user experience.

Cost of Revenues

For the year ended 31 December 2024, the total cost of revenues of the Group was RMB1,086.9 million (2023: RMB1,243.0 million), representing a year-on-year decrease of 12.6%.

As a percentage of revenue, our cost of revenues increased from 64.9% for the year ended 31 December 2023 to 71.8% for the year ended 31 December 2024. The increase was primarily due to the substantial growth in revenue from our products such as War Robots and Gardenscapes, leading to changes in the cost-to-revenue ratio of the product portfolio.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 14.8% from RMB230.6 million for the year ended 31 December 2023 to RMB196.5 million for the year ended 31 December 2024. Such decreases primarily due to our continuous improvement in customer acquisition efficiency and refined operation since 2023, which kept the marketing expenses at a relatively low level.

General and Administrative Expenses

For the years ended 31 December 2024 and 2023, our general and administrative expenses were RMB126.5 million and RMB109.1 million, respectively. As a percentage of revenues, our general and administrative expenses increased from 5.7% for the year ended 31 December 2023 to 8.4% for the year ended 31 December 2024. The increase was mainly due to the increase in fees such as professional services.

Research and Development Expenses

For the years ended 31 December 2024 and 2023, our research and development expenses were RMB165.2 million and RMB240.0 million, respectively. As a percentage of revenues, our research and development expenses decreased from 12.5% for the year ended 31 December 2023 to 10.9% for the year ended 31 December 2024. The decrease in research and development expenses was mainly due to the fact that as the basic functions of Fanbook matured, our investment in this product was gradually reduced. In addition, we applied the AI technologies to all aspects of game R&D, which practically improved the efficiency of R&D, and brought about a reduction in game R&D costs.

Impairment Losses on Intangible assets

Our impairment losses on intangible assets decreased by 56.9% from RMB23.2 million for the year ended 31 December 2023 to RMB10.0 million for the year ended 31 December 2024.

Net Impairment Losses on Financial assets

We recorded net impairment losses on financial assets of RMB185.7 million and RMB232.3 million for the years ended 31 December 2024 and 2023, respectively. In 2024, as affected by the overall economic environment, individual users' purchasing power and their willingness to consume reduced to some extent, which has resulted in insufficient solvency among some customers and business partners. The business and financial situation of certain debtors still face high levels of debt or even suspension of operations. The Group had taken a series of actions, including but not limited to negotiating with debtors and sending legal demand letters to them. Based on the feedbacks from the actions taken, the senior management team lacks reasonable expectations on the improvement of financial position of these debtors, and therefore the Group has recorded a total impairment loss on the financial assets of RMB185.7 million, including impairment losses on trade receivables and other receivables of RMB168.0 million and RMB17.7 million, respectively.

Fair Value Losses on Financial assets at Fair Value Through Profit or Loss

Our fair value loss on financial assets at fair value through profit or loss increased from RMB27.9 million for the year ended 31 December 2023 to RMB81.4 million for the year ended 31 December 2024. The increase in the fair value loss on financial assets at fair value through profit or loss was mainly due to (1) the operating conditions of certain investees did not meet the expectations during the year which resulted in the recognition of related losses of RMB6.7 million; (2) market volatilities caused changes in the share prices of certain investees, leading to the recognition of related losses amounting to RMB74.7 million.

Impairment of Investments in associates Accounted for Using the Equity Method

Our impairment of investments in associates accounted for using the equity method increased from RMB19.4 million for the year ended 31 December 2023, to RMB105.5 million for the year ended 31 December 2024. The increase was mainly due to the fact that certain investees were unable to generate sufficient cash flows from their existing businesses resulting a serious deterioration of operations, and revenue growth was restricted due to the lack of new business during the year, led to an impairment of approximately RMB105.5 million on the related investments.

Finance Costs, Net

Our net finance costs decreased from RMB289.8 million for the year ended 31 December 2023 to RMB106.2 million for the year ended 31 December 2024. The decrease in net finance costs was mainly attributable to the early redemption of the convertible bonds issued in October 2020, which we completed in July 2023. This early redemption resulted in an amortized cost adjustment that impacted the net finance costs for 2023 by RMB130.6 million. There were no such adjustments that influenced in 2024.

Income Tax Credit

We recorded an income tax credit of RMB29.5 million for the year ended 31 December 2024, compared to an income tax credit of RMB13.5 million for the year ended 31 December 2023.

Loss for the Year

Our loss for the year increased from RMB456.8 million for the year ended 31 December 2023 to RMB544.6 million for the year ended 31 December 2024. Our adjusted loss for the year was RMB30.3 million for the year ended 31 December 2024 and our adjusted profit for the year was RMB139.6 million for the year ended 31 December 2023.

OTHER FINANCIAL INFORMATION

| | Year ended 31 December | |
|--|------------------------|----------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Adjusted (loss)/profit for the year ⁽¹⁾ | (30,322) | 139,597 |
| EBITDA ⁽²⁾ | (406,921) | (78,497) |
| Adjusted EBITDA ⁽³⁾ | <u>56,368</u> | <u>308,773</u> |

Notes:

- (1) Our adjusted profit/loss for the year was derived from our profit/loss for the year from continuing operations excluding share-based compensation expenses, fair value gains or losses on financial assets, impairment of investments in associates accounted for using the equity method, fair value changes on financial liabilities at fair value through profit or loss, interest expense on convertible bonds, adjustment of amortized cost of convertible bonds due to early redemption, impairment of intangible assets, impairment of financial assets, impairment of prepayments and net exchange gains/losses.
- (2) EBITDA is net income or loss before interest expenses, adjustment of amortized cost of convertible bonds due to early redemption, income tax credit, depreciation and amortization.
- (3) Adjusted EBITDA is calculated using adjusted profit for the year, adding back depreciation of property, plant and equipment, investment properties and right-of-use assets, amortization of intangible assets, income tax credit and adjustment of interest expenses.

Non-IFRS Financial Measure

To supplement the consolidated financial statements of the Group prepared in accordance with IFRS, the three non-IFRS measures, namely adjusted profit for the year, EBITDA and adjusted EBITDA, as additional financial measures, have been presented in this announcement. These unaudited non-IFRS financial measures are used by the management of the Company to evaluate the Company's financial performance by eliminating the impact of items that they consider not indicative of the Company's operating performance and should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The Company's management believes that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information regarding the Group's financial performance to investors and shareholders of the Company. The Company's management also believes that the non-IFRS measures are appropriate for evaluating the Group's operating results and the relevant trends relating to its financial position. From time to time in the future, there may be other items that the Company may exclude in reviewing its financial results.

The following tables set forth the reconciliations of the Group's non-IFRS financial measures for the years ended 31 December 2024 and 2023 to the nearest measures prepared in accordance with IFRS:

| | Year ended 31 December | |
|---|-------------------------------|-----------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Reconciliation of loss for the year from continuing operations to adjusted profit/(loss) for the year: | | |
| Loss for the year from continuing operations | (544,604) | (456,830) |
| Add: Fair value losses on financial assets at fair value through profit or loss | 81,400 | 27,856 |
| Add: Fair value losses on financial liabilities at fair value through profit or loss | 26,568 | 10,986 |
| Add: Share-based compensation expenses | 15,569 | 10,508 |
| Add: Impairment of investments in associates accounted for using the equity method | 105,496 | 19,359 |
| Add: Interest expenses on convertible bonds | 50,993 | 78,563 |
| Add: Adjustment of amortized cost of convertible bonds due to early redemption | — | 130,594 |
| Add: Impairment loss on intangible assets | 9,972 | 23,245 |
| Add: Net impairment losses on financial assets | 185,735 | 232,323 |
| Add: Impairment loss on prepayments | 32,738 | 40,731 |
| Add: Exchange losses, net | 5,811 | 22,262 |
| Adjusted (loss)/profit for the year | <u>(30,322)</u> | <u>139,597</u> |

Reconciliation of loss for the year from continuing operations to EBITDA and adjusted EBITDA:

| | | |
|---|------------------|------------------|
| Loss for the year from continuing operations | (544,604) | (456,830) |
| Add: Depreciation of property, plant and equipment, investment properties and right-of-use assets | 1,178 | 12,390 |
| Add: Amortization of intangible assets | 59,983 | 102,166 |
| Add: Income tax credit | (29,513) | (13,527) |
| Add: Interest expense | 106,035 | 146,710 |
| Add: Adjustment of amortized cost of convertible bonds due to early redemption | — | 130,594 |

| | Year ended 31 December | |
|--|-------------------------------|-----------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| EBITDA | (406,921) | (78,497) |
| Add: Fair value losses on financial assets at fair value through profit or loss | 81,400 | 27,856 |
| Add: Fair value losses on financial liabilities at fair value through profit or loss | 26,568 | 10,986 |
| Add: Share-based compensation expenses | 15,569 | 10,508 |
| Add: Impairment of investments in associates accounted for using the equity method | 105,496 | 19,359 |
| Add: Impairment loss on intangible assets | 9,972 | 23,245 |
| Add: Net impairment losses on financial assets | 185,735 | 232,323 |
| Add: Impairment loss on prepayments | 32,738 | 40,731 |
| Add: Exchange losses, net | 5,811 | 22,262 |
| Adjusted EBITDA | <u>56,368</u> | <u>308,773</u> |

LIQUIDITY AND FINANCIAL RESOURCES

We adopt a prudent treasury management policy to ensure that our Group maintains a healthy financial position.

As of 31 December 2024, the Group's total cash and cash equivalents increased by 3.4% to approximately RMB196.9 million from approximately RMB190.4 million as of 31 December 2023. Our cash and cash equivalents were primarily denominated in RMB, HKD and USD.

As of 31 December 2024, the Group's total borrowings amounted to approximately RMB1,070.1 million (2023: approximately RMB966.4 million). The nature of the Group's borrowings is summarised as follows:

| | As of 31 December | |
|--------------------------|--------------------------|-----------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Secured bank borrowings | 1,055,075 | 876,424 |
| Secured other borrowings | 15,000 | 90,000 |
| | <u>1,070,075</u> | <u>966,424</u> |

The carrying amount of the Group's borrowings is denominated in the following currencies:

| | As of 31 December | |
|-----|--------------------------|-----------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| RMB | 1,070,075 | 699,526 |
| EUR | — | 266,898 |
| | <u>1,070,075</u> | <u>966,424</u> |

As of 31 December 2024, the current assets of the Group amounted to approximately RMB1,567.0 million, and the current liabilities of the Group amounted to approximately RMB1,735.9 million. As of 31 December 2024, the current ratio (being calculated as the current assets divided by current liabilities) of the Group was 0.90 as compared with 1.07 as of 31 December 2023.

Debt ratio is calculated based on our total liabilities as at the respective date divided by our total assets as at the same date. As of 31 December 2024, the debt ratio of the Group was 59.5% as compared with 53.0% as of 31 December 2023.

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, convertible bonds, interest payable, lease liabilities less cash and cash equivalents and restricted cash. Total capital is calculated as "equity" as shown in the consolidated statements of financial position. As of 31 December 2024 and 2023, the gearing ratio of the Group was 75.0% and 57.3% respectively.

PLEDGE OF ASSETS

Among the total borrowings of the Group as of 31 December 2024, approximately RMB757.3 million (2023: approximately RMB601.4 million) was secured by certain trade receivables, certain game intellectual properties and deposits, which accounted for approximately 70.8% (2023: approximately 62.2%) of the Group's total borrowings.

CONTINGENT LIABILITIES

As of 31 December 2024, the Group did not have any unrecorded significant contingent liabilities or guarantees against us (2023: nil).

CAPITAL EXPENDITURE

For the year ended 31 December 2024, our total capital expenditure was approximately RMB271.0 million, compared to approximately RMB129.9 million for the year ended 31 December 2023. Our capital expenditure primarily included expenditures for purchase of property, plant and equipment, and intangible assets. We plan to fund our capital expenditures through a combination of operating cash flows, debt financing and equity financing. We may adjust our capital expenditure according to our future development plans or in light of market conditions and other factors that we consider appropriate.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

For the year ended 31 December 2024, the Group did not have any other material acquisitions, disposals or significant investments.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group operates internationally and is exposed to the foreign exchange risk arising from various currency exposures, primarily RMB, USD, HKD and EUR. Therefore, foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our Group's entities. Our Group manages foreign exchange risk by performing regular reviews of our Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary.

We did not hedge against any fluctuation in foreign currency during the years ended 31 December 2024 and 2023.

DIVIDENDS

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2024 (2023: Nil).

USE OF PROCEEDS FROM THE SHARE PLACING

According to the announcement of the Company dated 23 July 2024, on 23 July 2024, the Company entered into a placing agreement (the “**Placing Agreement**”) with the placing agent, pursuant to which the Company has agreed to appoint the placing agent, and the placing agent has agreed to act as the agent of the Company to procure, on a best effort basis, placees for the placing shares at the placing price of HKD2.15 per placing share (the “**Placing**”). The Directors believe that the Placing will enable the Company to secure additional funding at a lower capital cost, thereby enhancing the Group’s financial position and providing long-term financing for its expansion and growth plans. In addition, the Directors believe that broadening the Company’s shareholder base and capital base is in the best interests of the Company. As at the date of the Placing Agreement, the closing price of the Company’s shares on the HKEX was HKD2.50 per share.

On 31 July 2024, the Company completed the allotment and issue of an aggregate of 119,850,400 ordinary Shares with a par value of USD0.0001 each under general mandate with an aggregate nominal value of USD11,985.04 to not less than six independent placees. The gross proceeds from the Placing was approximately HKD257.68 million and the net proceeds was approximately HKD254.13 million, representing a net price per ordinary Share of HKD2.12. For details, please refer to the Company’s announcements dated 24 July 2024 and 31 July 2024.

As of 31 December 2024, the proceeds from the Placing have been utilised in accordance with the plan set out in the relevant announcement and have been fully exhausted. The actual amount used for the research and development of key products and overseas issuance was approximately HKD177.89 million, and the actual amount used for general working capital was approximately HKD76.24 million.

FINANCIAL INFORMATION

Consolidated Statement of Comprehensive Income

| | | Year ended 31 December | |
|--|------|------------------------|-------------|
| | | 2024 | 2023 |
| | Note | RMB'000 | RMB'000 |
| Continuing operations | | | |
| Revenues | | 1,513,644 | 1,916,473 |
| Cost of revenues | 3 | (1,086,855) | (1,243,012) |
| Gross profit | | 426,789 | 673,461 |
| Selling and marketing expenses | 3 | (196,485) | (230,597) |
| General and administrative expenses | 3 | (126,498) | (109,111) |
| Research and development expenses | 3 | (165,164) | (239,953) |
| Impairment losses on intangible assets | 3 | (9,972) | (23,245) |
| Net impairment losses on financial assets | | (185,735) | (232,323) |
| Other income | | 12,409 | 25,430 |
| Other losses, net | | (19,304) | (11,097) |
| Fair value losses on financial assets at fair value through profit or loss | | (81,400) | (27,856) |
| Operating loss | | (345,360) | (175,291) |
| Finance income | 4 | 3,861 | 6,205 |
| Finance costs | 4 | (110,025) | (295,979) |
| Finance costs, net | 4 | (106,164) | (289,774) |
| Share of results of investments accounted for using the equity method | | (17,097) | 14,067 |
| Impairment of investments accounted for using the equity method | | (105,496) | (19,359) |
| Loss before income tax | | (574,117) | (470,357) |
| Income tax credit | 5 | 29,513 | 13,527 |
| Loss for the year from continuing operations | | (544,604) | (456,830) |

| | Year ended 31 December | |
|--|-------------------------------|-------------------------|
| | 2024 | 2023 |
| <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Discontinued operations | | |
| Loss for the year from discontinued operations after income tax | — | (103,988) |
| Loss for the year | <u>(544,604)</u> | <u>(560,818)</u> |
| Other comprehensive loss | | |
| <i>Items that will not be reclassified to profit or loss</i> | | |
| — Currency translation differences | 30,894 | 27,208 |
| <i>Items that may be reclassified to profit or loss</i> | | |
| — Currency translation differences | <u>(12,238)</u> | <u>(19,147)</u> |
| Total comprehensive loss for the year | <u>(525,948)</u> | <u>(552,757)</u> |
| Loss for the year attributable to owners of the Company | | |
| — from continuing operations | (528,827) | (453,381) |
| — from discontinued operations | <u>—</u> | <u>(102,966)</u> |
| Loss for the year attributable to owners of the Company | <u>(528,827)</u> | <u>(556,347)</u> |
| Loss for the year attributable to non-controlling interests | | |
| — from continuing operations | (15,777) | (3,449) |
| — from discontinued operations | <u>—</u> | <u>(1,022)</u> |
| Loss for the year attributable to non-controlling interests | <u>(15,777)</u> | <u>(4,471)</u> |
| | <u>(544,604)</u> | <u>(560,818)</u> |
| Total comprehensive loss attributable to: | | |
| — Owners of the Company | (510,171) | (548,286) |
| — Non-controlling interests | <u>(15,777)</u> | <u>(4,471)</u> |
| | <u>(525,948)</u> | <u>(552,757)</u> |

| | | Year ended 31 December | |
|--|------|------------------------|---------------|
| | | 2024 | 2023 |
| | Note | RMB'000 | RMB'000 |
| Losses per share | | | |
| From continuing operations | | | |
| — Basic losses per share (<i>in RMB</i>) | 6 | (0.33) | (0.32) |
| — Diluted losses per share (<i>in RMB</i>) | 6 | <u>(0.33)</u> | <u>(0.32)</u> |
| From discontinuing operations | | | |
| — Basic losses per share (<i>in RMB</i>) | 6 | — | (0.07) |
| — Diluted losses per share (<i>in RMB</i>) | 6 | <u>—</u> | <u>(0.07)</u> |
| From continuing and discontinued operations | | | |
| — Basic losses per share (<i>in RMB</i>) | 6 | (0.33) | (0.39) |
| — Diluted losses per share (<i>in RMB</i>) | 6 | <u>(0.33)</u> | <u>(0.39)</u> |

Consolidated Statement of Financial Position

| | | As of 31 December | |
|---|------|-------------------------|-------------------------|
| | | 2024 | 2023 |
| | Note | RMB'000 | RMB'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 132,118 | 98,354 |
| Intangible assets | 7 | 1,085,942 | 965,535 |
| Investment properties | | 6,075 | 6,515 |
| Right-of-use assets | | 79,672 | 96,236 |
| Investments accounted for using the equity method | | 187,755 | 330,033 |
| Financial assets at fair value through profit or loss | | 296,661 | 325,743 |
| Prepayments and other receivables | 9 | 121,960 | 72,620 |
| Deferred tax assets | | 113,000 | 110,539 |
| | | <u>2,023,183</u> | <u>2,005,575</u> |
| Current assets | | | |
| Trade receivables | 8 | 158,414 | 369,260 |
| Prepayments and other receivables | 9 | 1,070,195 | 983,871 |
| Contract costs | | 49,143 | 47,288 |
| Financial assets at fair value through profit or loss | | 27,180 | 73,145 |
| Restricted cash | | 65,179 | 38,105 |
| Cash and cash equivalents | | 196,926 | 190,429 |
| | | <u>1,567,037</u> | <u>1,702,098</u> |
| Total assets | | <u><u>3,590,220</u></u> | <u><u>3,707,673</u></u> |
| Equity attributable to owners of the Company | | | |
| Share capital, share premium and treasury shares | | 3,968,136 | 3,745,616 |
| Reserves | | 971,254 | 936,373 |
| Accumulated losses | | (3,565,735) | (3,036,252) |
| | | <u>1,373,655</u> | <u>1,645,737</u> |
| Non-controlling interests | | <u>81,713</u> | <u>97,490</u> |
| Total equity | | <u><u>1,455,368</u></u> | <u><u>1,743,227</u></u> |

| | | As of 31 December | |
|--|-------------|-------------------------|-------------------------|
| | | 2024 | 2023 |
| | <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | 10 | 123,329 | 123,526 |
| Lease liabilities | | — | 9,539 |
| Convertible bonds | 11 | 275,608 | 237,297 |
| | | <u>398,937</u> | <u>370,362</u> |
| Current liabilities | | | |
| Borrowings | 10 | 946,746 | 842,898 |
| Lease liabilities | | 7,753 | 13,269 |
| Trade payables | 12 | 378,765 | 273,415 |
| Other payables and accruals | 13 | 157,305 | 152,117 |
| Financial liabilities at fair value through profit or loss | | 126,201 | 99,633 |
| Contract liabilities | | 107,469 | 170,751 |
| Current income tax liabilities | | 11,676 | 42,001 |
| | | <u>1,735,915</u> | <u>1,594,084</u> |
| Total liabilities | | <u>2,134,852</u> | <u>1,964,446</u> |
| Total equity and liabilities | | <u><u>3,590,220</u></u> | <u><u>3,707,673</u></u> |

Notes to the Basis of Preparation of the Consolidated Financial Statements

1. General Information

iDreamSky Technology Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 3 January 2018 as an exempted company with limited liability. The address of the Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “**Group**”) are principally engaged in mobile game development and operating in the People’s Republic of China (the “**PRC**” or “**China**”).

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**HKEX**”) since 6 December 2018.

This basis of preparation of the consolidated financial statements for the year ended 31 December 2024 are presented in Renminbi (“**RMB**”), unless otherwise stated. These basis of preparation of the consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2025.

The financial position and performance of the Group was particularly affected by the disposal of a subsidiary in March 2023. The disposal was accounted as the discontinued operation accordingly.

2. Basis of Preparation

(a) *Compliance with all applicable International Financial Reporting Standards as issued by the IASB (“IFRS Accounting Standards”) and disclosure requirements of the Hong Kong Companies Ordinance*

The basis of preparation of the consolidated financial statements of the Group have been prepared in accordance with all applicable IFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The preparation of the basis of preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(b) *Historical cost convention*

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

(c) *Going concern basis*

During the year ended December 31, 2024, the Group reported a net loss of RMB544,604,000. As of December 31, 2024, the Group's current liabilities exceeded its current assets by RMB168,878,000, and the Group had total borrowings amounting to RMB1,070,075,000, out of which RMB946,746,000 will be due for repayment within the next twelve months. As of December 31, 2024, the Group had unrestricted cash and cash equivalents amounted to RMB196,926,000.

Certain borrowings had financial covenants that require the Group to maintain a debt-to-asset ratio to a certain extent. Looking ahead, the Group's 2025 operational performance is anticipated to hinge significantly on the market reception of its games. These outcomes may also impact impairment assessments of game related intangible assets and prepayments, and fair value fluctuations of financial assets at fair value through profit or loss ("FVPL") remain exposed to market volatility. The Group is sensitive to the fluctuation of its debt-to-asset ratio; the risks of non-compliance with loan covenants could be heightened should further deterioration occur. If the Group fails to comply with the financial covenant requirements, it may cause certain borrowings and the convertible bonds become immediately due and payable should the lenders exercise their rights to demand immediate repayment under the agreements.

The above conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the Board of Directors has evaluated the Group's ability to operate as a going concern for at least twelve months from December 31, 2024. The Board of Directors has rigorously assessed future liquidity, operational forecasts, and financing avenues, alongside the following strategic initiatives:

- (1) Management projects improved operational efficiency and sustained cash inflows in 2025, driven by the following strategic initiatives (i) cultivating a loyal user base for existing games to reduce marketing costs and bolster cash flows. (ii) launching multiple game iterations in 2025 to generate incremental revenue streams. (iii) implementing stringent cost controls and accelerating the collection of outstanding receivables through targeted strategies and (iv) strengthening partnerships to expand existing game portfolios and introduce new titles to oversea market.

- (2) During 2024, the Group repaid bank borrowings totaling RMB1,080,341,000 while securing new facilities of RMB1,118,738,000. Unutilized uncommitted credit lines amounted to RMB397,431,000 as of December 31, 2024. After the year end date, RMB60,000,000 was drawn from these facilities. The Board of Directors expresses confidence in renewing the existing facilities and securing new financing, supported by robust banking relationships and a track record of successful renewals.
- (3) As of December 31, 2024, the Group had registered quotas of USD200,000,000 to refinance certain overseas borrowings not exceeding USD50,000,000 and expand business activities up to USD150,000,000. In addition, management is also actively engaging with potential investors to explore the opportunity of placing shares. The directors believe the Group can secure funding through issuance of shares and issuance of overseas bonds or other financial arrangements as and when needed within the twelve months following December 31, 2024, in compliance with prevailing regulations.
- (4) The Group remains committed to implement more stringent monitoring of financial covenant adherence across all borrowings. In the event of potential breaches, management will proactively engage with lenders to renegotiate terms or seek waivers, with confidence that these efforts would be successful.

The Board of Directors has reviewed management's cash flow projections covering not less than twelve months from December 31, 2024, and concluded that anticipated operational cash flows, renewed credit facilities, unutilized banking lines, and proceeds from equity and overseas bond issuance collectively provide sufficient liquidity to meet obligations as they fall due. Consequently, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon, inter alia,

- (i) successful in implementing the plan and measures to improve the Group's operating performance and accelerating the collection of outstanding receivables so as to generate sufficient operating cash inflows to meet with its financial obligations;
- (ii) successful in renewal of the bank facilities and borrowings when they fall due and obtain new bank facilities and draw down from those available bank facilities as and when required;

- (iii) successful in issuance of shares and overseas bonds to raise additional funding as and when needed.
- (iv) continuous compliance with the existing and revised terms and conditions of its borrowings and, where applicable, when necessary to revise the terms and conditions of the borrowings for the continuous compliance thereof, such that the existing borrowings and facilities will continue to be available to the Group and to repay the borrowings in accordance with the agreed repayment schedules.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

(d) New and amended standards adopted by the Group

The following new standard and amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2024 and the adoption of these amended standards does not have significant impact on the financial statements of the Group:

| | |
|-----------------------------------|---|
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |

(e) *New standards and interpretations not yet adopted*

Certain amendments to accounting standards and interpretation have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the group. As at the date of approval of these consolidated financial statements, the Group is still in the process of assessing the effects of adopting IFRS 18, IFRS 19 and these amendments and improvements to IFRS Accounting Standards. The Group will continue to assess the effects of these new and amended standards.

| | | Effective for annual periods beginning on or after |
|--|---|---|
| Amendments to IAS 21 | Lack of Exchangeability | 1 January 2025 |
| Amendments to IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments | 1 January 2026 |
| Annual Improvements to IFRS Accounting Standards | Annual Improvements to IFRS Accounting Standards — Volume 11 | 1 January 2026 |
| IFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |

3. Expenses By Nature

Expenses included in cost of revenues, selling and marketing expenses, general and administrative expenses, research and development expenses and impairment losses on intangible assets are analyzed below:

| | Year ended 31 December | |
|--|-------------------------------|------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Continuing operations | | |
| Channel costs | 505,111 | 686,685 |
| Revenue share to content providers | 433,505 | 361,238 |
| Employee benefit expenses | 207,106 | 236,392 |
| Promotion and advertising expenses | 179,014 | 217,986 |
| Amortization of intangible assets | 59,983 | 102,166 |
| Technical and development services fee in relation to game development and others | 27,870 | 60,994 |
| Cloud computing, bandwidth and server custody fees | 56,271 | 43,974 |
| Impairment provisions for prepaid revenue sharing to content providers | 19,251 | 40,731 |
| Impairment provisions for intangible assets | 9,972 | 23,245 |
| Professional service fees | 27,670 | 19,969 |
| Depreciation of right-of-use assets | 12,098 | 11,134 |
| Travelling and entertainment expenses | 13,170 | 10,736 |
| Short-term rental and utilities expenses | 4,453 | 3,307 |
| Auditor's remuneration | | |
| — Audit services | 4,550 | 5,510 |
| — Non-audit services | 294 | 1,528 |
| Depreciation of property, plant and equipment | 1,178 | 1,256 |
| Others | 23,478 | 19,067 |
| Total cost of revenues, selling and marketing expenses, general and administrative expenses, research and development expenses and impairment losses on intangible assets | 1,584,974 | 1,845,918 |

4. Finance Cost, Net

| | Year ended 31 December | |
|--|------------------------|-----------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Continuing operations | | |
| Finance costs: | | |
| — Interest expense on bank borrowings | 54,309 | 66,796 |
| — Exchange losses, net | 5,811 | 22,262 |
| — Changes on estimation for early redemption | — | 130,594 |
| — Interest expense on convertible bonds | 50,993 | 78,563 |
| — Interest expense on lease liabilities | 733 | 1,351 |
| — Interest capitalized | (1,821) | (3,587) |
| | <u>110,025</u> | <u>295,979</u> |
| Finance income: | | |
| — Interest income on bank deposits | (3,861) | (6,205) |
| | <u>(3,861)</u> | <u>(6,205)</u> |
| Finance costs, net | <u><u>106,164</u></u> | <u><u>289,774</u></u> |

5. Income Tax Credit

The income tax credit of the Group for the years ended 31 December 2024 and 2023 is analyzed as follows:

| | Year ended 31 December | |
|------------------------------|------------------------|------------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Continuing operations | | |
| Current income tax | (27,052) | 686 |
| Deferred income tax | (2,461) | (14,213) |
| Income tax credit | <u><u>(29,513)</u></u> | <u><u>(13,527)</u></u> |

6. Losses Per Share and Dividends

(A) Losses Per Share

(i) Basic

| | Year ended 31 December | | | | | |
|--|------------------------|-------------------------|---------------|-----------------------|-------------------------|---------------|
| | 2024 | | Total | 2023 | | Total |
| | Continuing Operations | Discontinued Operations | | Continuing Operations | Discontinued Operations | |
| Loss attributable to owners of the Company (RMB'000) | (528,827) | — | (528,827) | (453,381) | (102,966) | (556,347) |
| Weighted average number of shares in issue (thousands) | 1,625,076 | — | 1,625,076 | 1,410,398 | 1,410,398 | 1,410,398 |
| Basic losses per share (in RMB) | <u>(0.33)</u> | <u>—</u> | <u>(0.33)</u> | <u>(0.32)</u> | <u>(0.07)</u> | <u>(0.39)</u> |

Basic losses per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of shares in issue during the year, excluding ordinary shares repurchased by the Group and held as treasury shares.

(ii) Diluted

As the Group incurred loss for the years ended 31 December 2024 and 2023, the impact of the share options and awarded shares granted and convertible bonds was not included in the calculation of the diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the years ended 31 December 2024 and 2023 are the same as basic losses per share.

(B) Dividends

The Board has resolved that no dividend shall be declared for the years ended 31 December 2024 and 2023.

7. Intangible assets

| | Game intellectual properties and licenses <i>RMB'000</i> | Computer software <i>RMB'000</i> | Capitalized development costs for internal use software <i>RMB'000</i> | Total <i>RMB'000</i> |
|------------------------------------|--|--|---|-------------------------|
| Year ended 31 December 2023 | | | | |
| Opening net book amount | 1,003,647 | 1,071 | — | 1,004,718 |
| Additions | 83,503 | 915 | — | 84,418 |
| Amortization charge (a) | (101,432) | (792) | — | (102,224) |
| Impairment (b) | (23,245) | — | — | (23,245) |
| Disposals | — | (279) | — | (279) |
| Currency translation differences | 2,147 | — | — | 2,147 |
| Closing net book amount | <u>964,620</u> | <u>915</u> | <u>—</u> | <u>965,535</u> |
| At 31 December 2023 | | | | |
| Cost | 2,091,211 | 38,921 | 77,602 | 2,207,734 |
| Accumulated amortization | (798,136) | (38,006) | (77,602) | (913,744) |
| Accumulated impairment (b) | <u>(328,455)</u> | <u>—</u> | <u>—</u> | <u>(328,455)</u> |
| Net book amount | <u>964,620</u> | <u>915</u> | <u>—</u> | <u>965,535</u> |

| | Game intellectual properties and licenses <i>RMB'000</i> | Computer software <i>RMB'000</i> | Capitalized development costs for internal use software <i>RMB'000</i> | Total <i>RMB'000</i> |
|------------------------------------|--|--|---|-------------------------|
| Year ended 31 December 2024 | | | | |
| Opening net book amount | 964,620 | 915 | — | 965,535 |
| Additions | 188,058 | 394 | — | 188,452 |
| Amortization charge (a) | (59,450) | (533) | — | (59,983) |
| Impairment (b) | (9,972) | — | — | (9,972) |
| Disposals | — | — | — | — |
| Currency translation differences | 1,910 | — | — | 1,910 |
| | <u>1,085,166</u> | <u>776</u> | <u>—</u> | <u>1,085,942</u> |
| Closing net book amount | <u>1,085,166</u> | <u>776</u> | <u>—</u> | <u>1,085,942</u> |
| At 31 December 2024 | | | | |
| Cost | 1,928,611 | 39,314 | 77,602 | 2,045,527 |
| Accumulated amortization | (799,839) | (38,538) | (77,602) | (915,979) |
| Accumulated impairment (b) | (43,606) | — | — | (43,606) |
| | <u>1,085,166</u> | <u>776</u> | <u>—</u> | <u>1,085,942</u> |
| Net book amount | <u>1,085,166</u> | <u>776</u> | <u>—</u> | <u>1,085,942</u> |

(a) Amortization Charges for Intangible assets

Amortization charges were expensed in the following categories in the consolidated statement of comprehensive income:

| | Year ended 31 December | |
|-------------------------------------|-------------------------------|-----------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Cost of revenues | 47,911 | 84,199 |
| General and administrative expenses | 12,042 | 17,529 |
| Research and development expenses | 30 | 496 |
| | <u>59,983</u> | <u>102,224</u> |

(b) *Impairment for Intangible assets*

The impairment for intangible assets mainly represents impairment of game intellectual properties and licenses and is the excess amount of the carrying amount of the game intellectual properties and licenses fees to the game developers over the cash flow projections to be generated in the remaining contractual period.

During the year ended 31 December 2024, certain game intellectual properties and licenses which belong to the segment of game and information services were fully or partly impaired and impairment losses of RMB9,972,000 (2023: RMB23,245,000) was charged to the consolidated statement of comprehensive income, as the Group has terminated its contract with content providers or further developing and launching these games would not generate sufficient profit to cover operation cost.

The Group's core strategy focuses on the publishing and self-development of exquisite games. Therefore, the Group has continuously adjusted and optimized its product layout in the future and gradually terminated products that are no longer in line with the Group's game business strategy in the future.

As certain game contracts have expired before 31 December 2024, the management expects that it is unlikely to reverse the impairment provision in the future, so part of the accumulated impairment of the game amounting to RMB284,850,000 (2023: RMB352,736,000) is written off, of which the original cost is RMB335,859,000 (2023: RMB507,970,000) and the responding accumulated amortization is RMB51,009,000 (2023: RMB155,234,000).

- (c)** As of 31 December 2024 and 2023, the Group's certain game intellectual properties and licenses with original cost of RMB10,882,000 and RMB157,000,000 respectively were pledged to a bank to secure certain bank borrowings of the Group (Note 10), and they were fully amortized under the policy of the Group.

8. Trade Receivables

| | As of 31 December | |
|---|-----------------------|-----------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Third parties | 320,642 | 534,759 |
| Related parties | 2,150 | 11,642 |
| | <u>322,792</u> | <u>546,401</u> |
| Less: provision for impairment (<i>b</i>) | <u>(164,378)</u> | <u>(177,141)</u> |
| | <u><u>158,414</u></u> | <u><u>369,260</u></u> |

- (a) The credit terms of trade receivables granted by the Group are generally 3 months. Aging analysis based on recognition date of the gross trade receivables at the respective reporting date are as follows:

| | As of 31 December | |
|--------------------|-------------------|----------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 3 months | 102,335 | 139,876 |
| 3 months to 1 year | 697 | 55,411 |
| 1 to 2 years | 53,119 | 196,511 |
| 2 to 3 years | 166,536 | 132,152 |
| Over 3 years | 105 | 22,451 |
| | <u>322,792</u> | <u>546,401</u> |

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics and the days past due of each type of the trade receivables to measure the expected credit losses. During the years ended 31 December 2024 and 2023, the expected losses rate for trade receivables are determined according to provision matrix as follows:

| Year ended 31 December 2024 | | | | |
|------------------------------------|--|----------------------------------|---|----------------------------|
| | Third party distribution channels | Advertising customers | Third-party payment channels and mobile carriers | Related parties |
| Within 3 months | 4.69% | 2.19% | 1.44% | 0.90% |
| 3 months to 1 year | 20.80% | 11.08% | 9.18% | 1.37% |
| 1 to 2 years | 58.30% | 20.16% | 50.83% | 1.98% |
| 2 to 3 years | 88.54% | 44.32% | 0.00% | 0.00% |
| Over 3 years | 100.00% | 100.00% | 0.00% | NA |

| Year ended 31 December 2023 | | | | |
|------------------------------------|--|----------------------------------|---|----------------------------|
| | Third party distribution channels | Advertising customers | Third-party payment channels and mobile carriers | Related parties |
| Within 3 months | 3.24% | 1.21% | 1.44% | 0.92% |
| 3 months to 1 year | 16.55% | 6.17% | 9.18% | 1.40% |
| 1 to 2 years | 42.47% | 10.41% | 50.83% | 2.17% |
| 2 to 3 years | 79.11% | 29.06% | 0.00% | 3.34% |
| Over 3 years | 92.52% | 100.00% | 0.00% | 100.00% |

Movements in the provision for impairment of trade receivables are as follows:

| | Year ended 31 December | |
|---|-------------------------------|-----------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| At the beginning of the year | 177,141 | 149,993 |
| Provision for impairment (i) | 168,041 | 210,276 |
| Receivables written off during the period as uncollectible (ii) | (180,804) | (183,128) |
| At the end of the year | <u>164,378</u> | <u>177,141</u> |

- (i) Including impairment provided individually of RMB75,138,000 and impairment on collective basis of RMB92,903,000. The provisions for impaired receivables have been included in “net impairment losses on financial assets” in the consolidated statement of comprehensive income.
- (ii) The Group wrote off trade receivables of RMB180,804,000 as there was no reasonable expectation of recovery due to the insufficient solvency among some customers and business partners impacted by macroeconomic deterioration and adverse changes in the industry ecosystem. The Group continues to engage in enforcement activity to recover the due receivable.
- (c) The carrying amount of the Group’s trade receivables is denominated in the following currencies:

| | As of 31 December | |
|-----|--------------------------|-----------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| RMB | 317,999 | 541,847 |
| USD | 4,793 | 4,554 |
| | <u>322,792</u> | <u>546,401</u> |

- (d) As of 31 December 2024 and 2023, the fair values of trade receivables approximate their carrying amounts. The maximum exposure to credit risk at each of the reporting date is the carrying value of the net receivable balance.
- (e) As of 31 December 2024 and 2023, trade receivables of RMB66,543,000 and RMB111,893,000 respectively were pledged to banks to secure certain bank facilities granted to the Group.

9. Prepayments and Other Receivables

| | As of 31 December | |
|--|--------------------------|----------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Prepayments | | |
| Prepaid revenue sharing to content providers (a) | 548,984 | 663,824 |
| Prepaid advertising expenses (b) | 333,431 | 342,923 |
| Prepayments for game content | 50,000 | — |
| Prepayment to related parties | 6,604 | 6,604 |
| Recoverable value-added tax | 5,577 | 11,569 |
| Recoverable income tax | 678 | — |
| Others | 29,678 | 14,403 |
| | 974,952 | 1,039,323 |
| Less: provision for impairment (f) | (98,980) | (199,656) |
| | 875,972 | 839,667 |
| Less: non-current Prepayment | — | — |
| | 875,972 | 839,667 |

| | As of 31 December | |
|-------------------------------------|--------------------------|----------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Other receivables | | |
| Loans to third parties (c) | 164,454 | 202,107 |
| Loans to shareholders (e) | 124,326 | 74,126 |
| Amounts due from related parties | 9,396 | 10,820 |
| Rental and other deposits | 5,089 | 3,644 |
| Loans to employees (d) | 890 | 969 |
| Others | 22,778 | 24,052 |
| | 326,933 | 315,718 |
| Less: provision for impairment | (10,750) | (98,894) |
| | 316,183 | 216,824 |
| Less: non-current other receivables | (121,960) | (72,620) |
| | 194,223 | 144,204 |

- (a) The Group licenses online games from game developers and pays sharing of proceeds earned from selling in-game virtual items to game developers. Those prepaid revenue sharing are expensed and recorded into “cost of revenues” on incurred basis.
- (b) The Group engaged various online advertising suppliers and made prepayments in exchange for better advertising opportunities and resources in some arrangements. Such amounts are recognized as “selling and marketing expenses” when the advertising services are rendered.
- (c) Loans to third parties represented the loans provided to a number of third parties, which were mainly unsecured, interest free except a loan that was interest-bearing fixed 4.35% per annum.
- (d) Loans to employees mainly represent advances to employees for various expenses to be incurred in the ordinary course of business and housing loans to certain employees. These loans are unsecured, interest-free and to be repaid in 1 to 5 years from the grant dates.
- (e) Loans to shareholders represented the loans provided to a number of shareholders, which were mainly unsecured and interest-bearing fixed 4.35% per annum.

- (f) Movements in the provision for impairment of prepayments as follows:

| | Year ended 31 December | |
|-------------------------------------|-------------------------------|-----------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| At the beginning of the year | 199,656 | 380,628 |
| Provision for impairment | 32,738 | 40,731 |
| Written off during the year | (133,414) | (221,703) |
| At the end of the year | <u>98,980</u> | <u>199,656</u> |

The impairment provision mainly represents impairment of prepaid revenue sharing to game developers, which is primarily related to certain games licensed by the Group which did not operate well or align with the Group's future strategy. The provision is the excess amount of the carrying amount of the unearned pre-paid revenue sharing to game developers over the cash flow projections to be generated in the remaining contractual period.

During the year ended 31 December 2024 and 2023, certain game intellectual properties and licenses which belong to the segment of game and information services were fully or partly impaired and impairment losses of RMB19,251,000 (2023: RMB40,731,000) was charged to cost of revenues in the consolidated statement of comprehensive income, as the Group has terminated its contract with content providers or further developing and launching these games would not generate sufficient profit to cover related operation cost.

During the year ended 31 December 2024, impairment losses of RMB13,487,000 (2023: nil) on prepaid advertising expenses were charged to selling expenses in the consolidated statement of comprehensive income (Note 3).

The Group's core strategy focuses on the publishing and self-development of exquisite games. Therefore, the Group has continuously adjusted and optimized its product layout in the future and gradually terminated products that are no longer in line with the Group's game business strategy in the future.

- (g) As of 31 December 2024 and 2023, the carrying amount of other receivables were primarily denominated in RMB and USD and approximated their fair value at each of the reporting date.

10. Borrowings

| | As of 31 December | |
|--|-------------------------|-----------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Included in non-current liabilities | | |
| Secured bank borrowings | <u>123,329</u> | <u>123,526</u> |
| | 123,329 | 123,526 |
| Included in current liabilities | | |
| Secured bank borrowings | 903,746 | 712,898 |
| Current portion of long-term bank borrowings, secured | 28,000 | 40,000 |
| Secured other borrowings | <u>15,000</u> | <u>90,000</u> |
| | 946,746 | 842,898 |
| | <u>1,070,075</u> | <u>966,424</u> |

As of 31 December 2024, the Group's long-term bank borrowings bear weighted average interest rate of 3.79% (2023: 4.77%) per annum, and the short-term bank borrowings bear weighted average interest rate of 4.46% (2023: 6.21%) per annum.

11. Convertible Bonds

(a) 2025 Convertible Bonds

On 6 October 2020, a subsidiary of the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD775,000,000 (equivalent to approximately RMB692,284,000) due 16 October 2025 (the “**2025 Convertible Bonds**”), with an initial conversion price of HKD4.99 per share. The 2025 Convertible Bonds bear interest rate of 3.125% per annum, payable semi-annually, with maturity of 5 years from the issuance date and can be converted into shares of the Company at the holder's option at any time on or after the date which is 41 days after the issuance date up to the close of business on the date falling seven days prior to the maturity date at an initial conversion price of HKD4.99 per share. On 16 October 2020, the 2025 Convertible Bonds were issued. The holder of each 2025 Convertible Bonds will have the right at holder's option, to require the Group to redeem all or some only of such holder's bonds on 16 October 2023. The 2025 Convertible Bonds are guaranteed by the Company.

The 2025 Convertible Bonds was recognized as liability component and equity component as follows:

- The initial value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond of the Group. Embedded financial derivatives, comprised the fair value of the option of the holders of the 2025 Convertible Bonds to require the Company to redeem the 2025 Convertible Bonds; and the fair value of the option of the Company to redeem the 2025 Convertible Bonds. These embedded redemption options are closely related to the host debt as the redemption amount is principal amount together with accrued but unpaid interest, therefore they are not able to be accounted for separately. The initial value of the liability component and the fair value of the embedded redemption options were recognized as a single liability component, and it subsequently carried at amortized cost.
- Equity component, being the conversion option of the 2025 Convertible Bonds, initially recognized at the residual amount after deducting the value of the aforesaid single liability component from the net proceeds at the initial recognition.

Interest expense is calculated by applying the effective interest rate of 16.73% per annum to the liability component.

During 2023, the Company revised its estimates of 2025 Convertible Bonds contractual cash flows by discounting the revised future contractual cash flows using original effective interest rate to reflect the estimation on exercise of the early redemption, and adjusted the gross carrying amount of the amortised cost of the liability component of 2025 Convertible Bonds. The difference was recognised in profit and loss.

In July 2023, the Company and the holders of the 2025 Convertible Bonds entered into an agreement, among which the Company would repurchase approximately 97.8% of the of the initial principal amount of 2025 Convertible Bonds with the principal amounting to HKD758,000,000 at a discounted price of HKD749,329,726 from the holders. The repurchase price was allocated between the liability component and the equity component on the same basis that was used in the original allocation process. Any difference between the consideration payable allocated to liability component and the liability component's carrying amount was recognized in profit and loss. And difference between the consideration payable allocated to equity component and the equity component's carry amount amounting to RMB17,265,000 was recognised in equity. As the 2025 convertible Bonds had been repurchased, the equity components initially recognised in other reserves was transferred to capital reserves.

On 24 July 2023 (“**Repurchase Day**”), the Company completed the repurchase of the 2025 Convertible Bonds at a total cash consideration of HKD749,329,726. This cash settlement was funded by the Company’s new issuance of 164,177,200 ordinary shares on 18 July 2023, and the new issuance of HKD386,000,000 convertible bond (the “**2028 Convertible Bonds**”) on 24 July 2023.

The Company further repurchased the remaining HKD17,000,000 of 2025 Convertible Bonds on 16 October 2023, and pursuant to the original terms of the 2025 Convertible Bonds, the remaining principal and interest in the sum of HKD17,264,897 were settled in one lump sum.

Movement of the 2025 Convertible Bonds is set out as follows:

| | Liability RMB'000 | Capital reserves RMB'000 | Other reserves RMB'000 | Total RMB'000 |
|--|----------------------|--------------------------------|------------------------------|------------------|
| As of 1 January 2023 | 492,261 | — | 262,620 | 754,881 |
| Interest expenses | 59,282 | — | — | 59,282 |
| Coupon interests paid | (10,897) | — | — | (10,897) |
| Changes on estimation for early redemption | 130,594 | — | — | 130,594 |
| Repurchase | (683,403) | 245,355 | (262,620) | (700,668) |
| Currency translation differences | 12,163 | — | — | 12,163 |
| As of 31 December 2023 | <u>—</u> | <u>245,355</u> | <u>—</u> | <u>245,355</u> |
| As of 31 December 2024 | <u>—</u> | <u>245,355</u> | <u>—</u> | <u>245,355</u> |

(b) 2028 Convertible Bonds

On 24 July 2023, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD386,000,000 (equivalent to approximately RMB352,804,000) due 24 July 2028, with an initial conversion price of HKD3.64 per share. The 2028 Convertible Bonds bear interest rate of 5% per annum, payable semi-annually, with maturity of 5 years from the issuance date and can be converted into shares of the Company at the holder’s option at any time on or after the date which is 41 days after the issuance date up to the close of business on the date falling seven days prior to the maturity date at an initial conversion price of HKD3.64 per share. On 24 July 2023, the 2028 Convertible Bonds were issued. Each holder of 2028 Convertible Bonds will have the right at holder’s option, to require the Group to redeem all or some only of such holder’s bonds on 24 July 2026.

The 2028 Convertible Bonds were recognized as liability component and equity component as follows:

- The initial value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond of the Group. Embedded financial derivatives, comprised the fair value of the option of the holders of the 2028 Convertible Bonds to require the Company to redeem the 2028 Convertible Bonds; and the fair value of the option of the Company to redeem the 2028 Convertible Bonds. These embedded redemption options are closely related to the host debt as the redemption amount is principal amount together with accrued but unpaid interest, therefore they are not able to be accounted for separately. The initial value of the liability component and the fair value of the embedded redemption options were recognized as a single liability component, and it was subsequently carried at amortized cost.
- Equity component, being the conversion option of the 2028 Convertible Bonds, initially recognized at the residual amount after deducting the value of the aforesaid single liability component from the net proceeds at the initial recognition.

Movement of the 2028 Convertible Bonds is set out as follows:

| | Liability | Other | Total |
|----------------------------------|-----------------------|-----------------------------------|-----------------------|
| | <i>RMB'000</i> | <i>reserves</i> <i>RMB'000</i> | <i>RMB'000</i> |
| As of 1 January 2023 | 219,751 | 126,702 | 346,453 |
| Interest expenses | 19,281 | — | 19,281 |
| Coupon interests paid | — | — | — |
| Currency translation differences | (1,735) | — | (1,735) |
| As of 31 December 2023 | <u>237,297</u> | <u>126,702</u> | <u>363,999</u> |
| As of 1 January 2024 | 237,297 | 126,702 | 363,999 |
| Interest expenses | 50,993 | — | 50,993 |
| Coupon interests paid | (17,584) | — | (17,584) |
| Currency translation differences | 4,902 | — | 4,902 |
| As of 31 December 2024 | <u>275,608</u> | <u>126,702</u> | <u>402,310</u> |

Interest expense is calculated by applying the effective interest rate of 20.20% per annum to the liability component.

As of 31 December 2024, there has been no conversion of the 2028 Convertible Bonds.

12. Trade Payables

| | As of 31 December | |
|-----------------|--------------------------|-----------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Third parties | 360,461 | 233,436 |
| Related parties | 18,304 | 39,979 |
| | <u>378,765</u> | <u>273,415</u> |

Trade payables are primarily related to the purchase of services for server custody, game licenses, and the revenue collected by the Group which is to be shared to cooperated game developers according to respective cooperation agreements. The credit terms of trade payables granted to the Group are usually 3 months.

13. Other Payables and Accruals

| | As of 31 December | |
|--|--------------------------|-----------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Payroll and welfare payables | 51,768 | 58,635 |
| Other tax payables | 21,397 | 26,901 |
| Other payables due to related parties | 31,596 | 25,858 |
| Other payables to construction in progress | 29,564 | 11,191 |
| Professional service fee payable | 4,289 | 5,029 |
| Advance from business partners | 12,286 | 11,794 |
| Interest payable | 44 | 1,631 |
| Others | 6,361 | 11,078 |
| | <u>157,305</u> | <u>152,117</u> |

As of 31 December 2024 and 2023, other payables and accruals were denominated in RMB and USD and the fair values of these balances approximated to their carrying amounts.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the external auditor of the Company:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Material Uncertainty Related to Going Concern

We draw attention to the basis of preparation of the consolidated financial statements, which indicates that during the year ended December 31, 2024, the Group reported a net loss of RMB544,604,000. As of December 31, 2024, the Group’s current liabilities exceeded its current assets by RMB168,878,000, and the Group had total borrowings amounting to RMB1,070,075,000, out of which RMB946,746,000 will be due for repayment within the next twelve months. As of December 31, 2024 the Group had unrestricted cash and cash equivalents amounted to RMB196,926,000.

These conditions, along with other matters indicate the existence of material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

Compliance With CG Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company adopted the CG Code as its own code of corporate governance during the Reporting Period.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

Currently, Mr. Chen Xiangyu performs both the roles of chairman and chief executive officer of the Company. Due to Mr. Chen Xiangyu's background, qualifications and experience in the Company, he is considered the best candidate for both positions under the present circumstances. The Board is of the view that it is appropriate and in the best interests of the Company for Mr. Chen Xiangyu to hold both positions at the current stage as it helps to maintain the continuity of the Company's policies and the stability and efficiency of the Company's operations.

During the daily operations of the Company, all material decisions are approved by the Board and the relevant Board Committees, as well as the senior management team. In addition, the Directors actively participate in all Board meetings and relevant Board committee meetings, and the Chairman ensures that all Directors are properly informed of all matters to be approved at the meetings. In addition, the senior management team provides the Board with sufficient, clear, complete and reliable company information on a regular basis and from time to time. The Board also meets regularly on a quarterly basis to review the operations of the Company led by Mr. Chen Xiangyu.

Therefore, the Board considers that there is sufficient balance of power and appropriate safeguards in place. The arrangement will have no effect on the balance of power and authority between Board and the Company's senior management team. The Board will continue to regularly monitor and review the Company's current structure and to make necessary changes when appropriate.

Save as disclosed above, the Company has complied with all applicable code provisions of the CG Code for the Reporting Period. The Company will continue to review and monitor its corporate governance practises to ensure compliance with the CG Code.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the Reporting Period.

Purchase, Sale or Redemption of Listed Securities

As the Board considered that the dealing prices of the Company's shares at the time did not reflect their intrinsic value, and the share repurchase program could reflect the Board's confidence in the Company's long-term development prospects and growth potential as well. During the Reporting Period, the total number of shares repurchased by the Company on the HKEX were 5,978,000 (3,444,800 shares have been cancelled, and the remaining 2,533,200 shares are held as treasury shares), at a total consideration (before deduction of expenses) of HKD11,029,320.00.

During the Reporting Period, the Company's monthly report on share repurchase is set out as below:

| Month | Number of Shares repurchased | Highest purchase price per Share HKD | Lowest purchase price per Share HKD | Total consideration (before deduction of expenses) HKD |
|----------------|------------------------------------|--|---|---|
| January 2024 | 3,444,800 | 1.85 | 1.60 | 5,963,668.00 |
| September 2024 | 2,533,200 | 2.07 | 1.95 | 5,065,652.00 |
| Total | <u>5,978,000</u> | | | <u>11,029,320.00</u> |

As of 31 December 2024, the Company held a total of 2,533,200 treasury shares. The Company will subsequently hold, sell or transfer treasury shares as required, or for other uses in compliance with requirements of the Listing Rules.

Save as disclosed above in this announcement, the Group had not purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) for the year ended 31 December 2024.

Audit Committee

The Audit Committee, together with the Auditor, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2024. The Audit Committee has also reviewed the accounting principles and practises adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

Auditor's Procedures Performed on This Results Announcement

The figures in respect of the announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this announcement.

Publication of the Annual Results and Annual Report

This annual results announcement is published on the websites of the HKEX (www.hkexnews.hk) and the Company (www.idreamsky.com), and the annual report of the Group containing all the information required by the Listing Rules will be published on the websites of the HKEX and the Company in due course.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

| | |
|----------------------------|--|
| “Auditor” | PricewaterhouseCoopers, the independent auditor of the Company |
| “Board” | the board of Directors of the Company |
| “CG Code” | the Corporate Governance Code as set out in the Appendix C1 to the Listing Rules |
| “Company” or “our Company” | iDreamSky Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the HKEX under stock code 1119 |

| | |
|--|---|
| “Contractual Arrangements” | the series of contractual arrangements entered into by, among others, our Company, the WFOE, Shenzhen iDreamSky and its registered shareholders |
| “Director(s)” | the director(s) of the Company |
| “EUR” | Euro, the legal currency of the member states of the European Union |
| “Group” or “our Group” or “we” or “us” | the Company, its subsidiaries and its PRC Consolidated Affiliated Entities from time to time |
| “HKD” | Hong Kong dollars, the legal currency of Hong Kong |
| “HKEX” | The Stock Exchange of Hong Kong Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “IFRS(s)” | International Financial Reporting Standards |
| “IP(s)” | intellectual property(ies) |
| “Listing Rules” | The Rules Governing the Listing of Securities on the HKEX |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules |
| “PRC” or “China” | the People’s Republic of China, excluding, for the purposes of this announcement only, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan |
| “PRC Consolidated Affiliated Entities” | the entities we control through the Contractual Arrangements, namely Shenzhen iDreamSky and its subsidiaries |
| “Reporting Period” | Year ended 31 December 2024 |
| “RMB” | Renminbi, the legal currency of the PRC |
| “Share(s)” | ordinary share(s) of the Company with a nominal value of USD0.0001 each in the share capital of the Company |

| | |
|------------------------------|--|
| “Shenzhen iDreamSky” | Shenzhen iDreamSky Technology Co., Ltd. (深圳市創夢天地科技有限公司), a company established in the PRC and a PRC Consolidated Affiliated Entity of our Company |
| “subsidiary(ies)” | has the meaning ascribed thereto under the Listing Rules |
| “substantial shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Tencent” | Tencent Holdings Limited, one of the Company’s substantial shareholders, a limited liability company incorporated under the laws of the Cayman Islands and the shares of which are listed on the HKEX under stock code 700 |
| “USD” | U.S. dollars, the legal currency of the United States of America |
| “WFOE” | Shenzhen Qianhai iDream Technology Co., Ltd. (深圳市前海創夢科技有限公司), a wholly-owned foreign enterprise established in the PRC and a subsidiary of our Company |
| “%” | percent |

By Order of the Board
iDreamSky Technology Holdings Limited
Chen Xiangyu
Chairman

Shenzhen, the PRC, 27 March 2025

As at the date of this announcement, the Board comprises Mr. Chen Xiangyu as chairman and executive director, Mr. Guan Song and Mr. Yang Jialiang as executive directors, Mr. Zhang Han and Mr. Yang Ming as non-executive directors, and Ms. Yu Bin, Mr. Li Xintian, Mr. Zhang Weining and Mr. Mao Rui as independent non-executive directors.