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儒意控股
RUYI HOLDINGS

China Ruyi Holdings Limited

中國儒意控股有限公司

(a company incorporated in Bermuda with limited liability)

(Stock Code: 136)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

FINANCIAL HIGHLIGHTS

	2024	2023
	RMB'000	RMB'000
Revenue	3,670,760	3,627,247
Gross profit	1,910,415	1,160,983
Gross profit margin	52%	32%
Adjusted net profit ^(Note)	1,251,361	568,753
Adjusted net profit margin	34.1%	15.7%
Basic (loss)/earning per share	RMB(0.01570)	RMB0.06550
Diluted (loss)/earning per share	RMB(0.01570)	RMB0.05968

Note: We define adjusted net profit as net (loss)/profit for the year net of (i) share-based compensation expenses; (ii) fair value change in contingent consideration payable; (iii) imputed interest expenses; and (iv) fair value changes in financial assets at fair value through profit or loss (“**FVPL**”) (excluding film rights investments).

The board (the “**Board**”) of directors (the “**Directors**”) of China Ruyi Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries and controlled entities (together, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance Summary

The Group recorded a loss attributable to owners of the Company of approximately RMB191 million for the year ended 31 December 2024, as compared to the profit attributable to owners of the Company of approximately RMB690 million for the year ended 31 December 2023. The loss attributable to owners of the Company was mainly due to the loss arising from the fair value change of the warrants issued by the Company for the acquisition of Virtual Cinema Entertainment Limited (“**Virtual Cinema**”) at the beginning of 2021, which were fully exercised in the FY2024. The basic and diluted loss per share were RMB0.01570 and RMB0.01570 for the year ended 31 December 2024, respectively, as compared to the basic and diluted earning per share of RMB0.06550 and RMB0.05968 for the year ended 31 December 2023, respectively.

For the year ended 31 December 2024, the Group’s revenue increased from RMB3,627 million for the year ended 31 December 2023 to RMB3,671 million for the year ended 31 December 2024, including revenue from content production, online streaming and online gaming businesses of RMB3,635 million, and revenue from other business segment of RMB36 million.

For the year ended 31 December 2024, the adjusted net profit of the Company was RMB1,251.4 million, while the adjusted net profit for the year ended 31 December 2023 was RMB568.8 million, representing an increase of 120%.

Business Review and Outlook

In 2024, amidst a complex and ever-changing market environment, the Group leveraged its forward-looking strategic positioning, actively integrated industry resources, and continuously optimized its diversified business structure, achieving sound revenue and profit performance during the Reporting Period. As of 31 December 2024, the Group’s annual revenue showed steady growth, with significant synergies across various business segments. Both adjusted profit and adjusted net profit margin saw substantial improvement, highlighting the Group’s exceptional capabilities in cost control and operations, thereby laying a solid foundation for future sustainable development.

I. Content production business: Deeply implementing strategy of premium content creation, achieving high-quality development amidst adversity

1. *Film investment, production, and distribution business*

In 2024, the domestic film market faced certain pressures. The national box office reached RMB42.502 billion, representing a decline of 22.7% as compared with 2023; the cinema attendance was 1.01 billion, representing a decrease of 23.1% as compared with 2023. Both box office and cinema attendance showed a simultaneous decline.

Despite the challenging market environment, the Company has consistently adhered to a development strategy centered on high-quality content, continuously strengthening its production and distribution capabilities. Several films invested in by the Company in 2024 received positive market feedback. During the Reporting Period, the realism-themed film “Upstream” (《逆行人生》), in which the Company was both the investor and main producer, won the “Annual Attention Film” (年度關注影片) award at the 2024 Weibo Movie Night for its profound social insight and high production standards. The films “Octopus with Broken Arms” (《誤殺3》) and “Honey Money Phony” (《騙騙喜歡你》), in which the Company participated in production, were both nominated for the 2024 Weibo Netizens’ Most Anticipated Films list (2024微博網友年度期待影片榜單). The animated IP film “White Snake: Floating Life” (《白蛇：浮生》), the third animated IP film in the “White Snake” (《白蛇》) series, jointly produced with Light Chaser Animation, and the comedy “Successor” (《抓娃娃》), starred by Shen Teng and Ma Li, both led the summer vacation film season, achieving both good reputation and strong box office performance.

Noteworthy is that during the 2025 Spring Festival period, the film “Detective Chinatown 1900” (《唐探1900》), in which the Company participated in production, achieved a box office of RMB3.4 billion, ranking second in the Spring Festival box office and topping the 2025 United Kingdom and Ireland Spring Festival box office chart for Chinese-language films. Another film, “Boonie Bears: Future Reborn” (《熊出沒·重啟未來》), also surpassed RMB800 million at the box office.

In terms of reserve projects, the science fiction film under the same name of the novel “Echoes of Encounter” (《我們生活在南京》), a two-time winner of Chinese Science Fiction Galaxy Awards, is actively under preparation. Additionally, the romantic fantasy film “Gift from a Cloud” (《有朵雲像你》), starring Qu Chuxiao and Wang Ziwen and directed by Yao Tingting, is set to be released soon.

Looking ahead, the Company will continue to comprehensively strengthen the width and depth of its investment in high-quality films, with the aim of improving the overall investment returns to the Company.

2. *Investment, production and distribution of television dramas*

During the Reporting Period, the Company adhered to the production of high-quality content, actively cooperated with major domestic video platforms, and released a number of dramas with outstanding social response. At the same time, the Company actively expanded its overseas markets, focusing on breaking through the international distribution channels, so as to further enhance the international dissemination and influence of China's dramas.

In 2024, the Company achieved remarkable results in drama series. As the first Chinese-language long form drama series selected as part of the Official Selection for Competition by CANNESERIES, “To the Wonder” (《我的阿勒泰》) was aired in May 2024, which is based on the life of border herders and vividly demonstrates the charm of Chinese culture; it also garnered dual honors at the Third China TV Drama Ceremony, winning both awards of “Outstanding TV Drama of the Year” (年度優秀電視劇) and “Overseas Spreading Drama Series of the Year” (年度海外傳播大劇). “War of Faith” (《追風者》), a Republic of China era espionage drama directed by Yao Xiaofeng and starred by Wang Yibo, not only won the “Outstanding TV Drama of the Year” (年度優秀電視劇) at the Third China TV Drama Ceremony and the Beijing TV Literature and Art Innovation Award (北京電視文藝創新推優獎), but also became a model work for the narrative innovation of Republic of China era espionage dramas. “Judge Dee’s Mystery” (《大唐狄公案》), starred by Zhou Yiwei and Wang Likun, was aired on Netflix and became the first suspense ancient Chinese costumes drama purchased by Netflix. “Day and Night II” (《白夜破曉》), starred by Pan Yueming together with the original cast of “Day and Night” (《白夜追凶》), has set a new industry record that the view volume on its premiere day on Youku reached 18.72 million and its in-platform popularity soared to a peak of 7,000 within first 8 hours, showcasing the enduring appeal of this top-tier IP.

On the project pipeline front, the Company has multiple high-quality series ready for launch. These include: “Prosecutor and Boy” (《檢察官與少年》), a television drama featuring the work of prosecutors, directed by Teng Huatao and starred by Zhang Xiaofei; “Light to the Night” (《黑夜告白》), a realistic criminal investigation and suspense drama starred by Pan Yueming and Wang Hedi as double male leads; “Familiar Hearts” (《遇人不熟》), a romance-themed series; “Path to Glory” (《大道朝天》), an epic historical fantasy; and “Legends of the Sect” (《萬古最強宗》), a historical fairy and hero comedy and so forth. All these dramas are in the preparation stage.

Moving forward, the Company will continue to uphold the development philosophy of “upholding the integrity, taking the righteous path, embracing the innovation, and delivering premium content”, remain committed to creating high-quality productions, driving innovation in IP commercialization and film industry standardization, while actively promoting cultural exports to further enhance our international competitiveness in the global film and television industry.

II. Online streaming: Actively embracing the AI technology and focusing on self-produced short dramas to explore incremental market space

Amid the wave of digital transformation and technological innovation, the Company, leveraging its online streaming platform, Pumpkin Films, continues to deeply optimize its business layout. By taking advantage of advanced technological algorithms and current AI model capabilities, Pumpkin Films can capture user preferences in a more precise way and further explore user interests with the model’s inferencing capability, continuously enhancing the effectiveness of personalized content recommendations and creating a high quality video viewing experience. Meanwhile, the Company will optimize its content creation based on user data. By doing so, it can comprehensively analyze user viewing behaviours and precisely grasp content demands, thereby optimizing script creation processes, enhancing the market competitiveness of its productions, and promoting a beneficial cycle in the film and television ecosystem.

Additionally, as one of the largest platforms acting as the agent and the distributor in China, Pumpkin Films has cooperated with several leading international film production companies to introduce high-quality films and dramas copyrights. It integrates the promotion and marketing of these films and dramas through multiple channels, achieving diversified operation of copyright values and generating considerable revenue and profit for the Company during the Reporting Period.

1. *Cooperatively attracting traffic through multiple channels, with user reach significantly improved*

During the Reporting Period, the Company actively expanded its promotion matrix of new media platforms and established strong cooperative relationships with several new media platforms, and succeeded in creating a leading account cluster for film and drama contents. Cooperating influencers within the cluster (including exclusive and non-exclusive cooperation) served more than 200 million active users. Lightweight adaptations were made to long-form video to achieve cross-platform sharing by algorithmic recommendation mechanism. By doing so, on the one hand, the Company can obtain revenue from copyright authorization; and on the other hand, it

promotes the long-form video to reach a larger number of users, forming a large-scale traffic entrance, thereby effectively improving the conversion rate and retention rate of users, and boosting the number of the paid members.

2. *Remarkable achievements in AI layouts, driving cost reduction and efficiency improvement in film and television production*

The Company attaches great importance to the application potential of AI technology in the film and television industry. After two years of research and development (“R&D”) and continuous optimization, DreamShaper platform was launched. This platform comprehensively enhances the efficiency of content production and operation by leveraging AI model capabilities. DreamShaper, by deeply learning from script data, can automatically generate a script framework based on the deep inference model, providing inspiration and creativity for screenwriters and significantly shortening the scriptwriting cycle. At the same time, the model inference capacity can offer improvement suggestions for existing scripts from no less than 10 dimensions, making the scripts more in line with life scenarios and logically coherent, thus improving the script quality. In terms of content creation, the Company is actively exploring the AI produced short dramas segment, further expanding the application scenarios of AI technology and creating a differentiated content library.

III. Jingxiu Games: Implementation of the integration of R&D and operation strategy, with the IP ecosystem driving an explosive growth in revenue

“景秀JINGXIU” is a gaming business brand of the Group. In 2024, our performance witnessed an explosive growth, achieving revenue of RMB1.992 billion, representing a year-on-year increase of 346.6%, which is significantly higher than the growth rate of the industry.

1. *Product matrix flourishes comprehensively with leading effects being continuously released*

During the Reporting Period, several products launched by the Company demonstrated strong market competitiveness. The upgraded classic IP product namely “Ragnarok ORIGIN” (《仙境傳說：愛如初見》) has quickly topped the free list upon its launch in March 2024 and has long remained among the top of the bestseller list, showing strong user stickiness and market competitiveness. Its first-month revenue exceeded RMB100 million. The officially licensed mobile game namely “Civilization Mobile” (《世界啟元》) in cooperation with the genuine Civilization IP, which was launched on 16 July 2024, ranked first on the IOS free list on the first day of its public beta test and remained among the top ten within the following week. In addition,

in the sports game segment, “Haikyu Flyhigh” (《排球少年：新的征程》) also performed outstandingly. This story-based card game that restores real volleyball scenes has topped the App Store free list and the IOS sports bestseller list on the first day of its public beta test.

Benefiting from the Company’s continuous launch of high-quality games, as well as its profound understanding of industry trends and layout, during the Reporting Period, the Company won several industry honors such as the “2024 Golden Gyro Excellent Game Enterprise Award” (2024年度金陀螺優秀遊戲企業獎), the “Gold Plaque Internet Leading Enterprise of the Year” (金口碑年度優秀公司), and the “Gold Plaque Internet Leading Enterprise of the Year” (金牌區互聯網年度領軍企業), further consolidating its brand influence and industry status.

2. Dual-driven by strategic investment and technological innovation, integrating film and games to expand the layout of IP commercialization

On 13 January 2025, the Company announced the acquisition of 30% equity interest in Beijing Yonghang Technology Company Limited* (“**Beijing Yonghang**”). As a leading enterprise in the field of music and dance games in China, Beijing Yonghang has successfully created the national classic IP of the “QQ Dance” (《QQ炫舞》) series, which has a wide player base and strong influence. Such investment has significantly enhanced the Company’s layout in the music and dance game segment, laying a resource foundation for the cross-media development of film and television resources and games. In the future, the Company will actively promote the cooperation between its gaming business and the content production business of the Group. Leveraging on content innovation and AI empowerment, the Company will actively explore the linkage between films and games, so as to strive to build the “QQ Dance” (《QQ炫舞》) series into a globally renowned comprehensive entertainment IP, thereby facilitating the innovation breakthrough and growth of its business.

Meanwhile, the Company has achieved a breakthrough in the field of film-game linkage by relying on AI generation technology. The interactive film-game “Codename: Daybreak” (《晨昏綫》) expected to be launched in 2025 has received a good market response. Besides, the interactive film-game “Asylum No.4: Behind the Red Door” (《千萬別打開那扇門》) jointly created by the Company and Wanda Film has entered the later development stage and is expected to be launched for users in 2025.

3. *Building robust barriers with omni-channel distribution, and empowering brand growth through multi-dimensional marketing*

In terms of online channels, the Company has earned recognition and trust from major PC and mobile platforms, with its products winning core industry awards. Specifically, “Civilization Mobile” (《世界啟元》) secured OPPO 2024 Best New Game of the Year (OPPO 2024年度新遊獎) and Honor 2024 Best New Game (榮耀2024年度最佳新遊) and “Dafeng’s Night Squad” (《大奉打更人》) was awarded vivo 2024 Most Anticipated Game of the Year (vivo 2024年度最受期待遊戲獎) and OPPO Gamers’ Choice of the Year (OPPO年度玩家期待遊戲獎), while Beijing Ruyijingxiu Network Technology Co., Ltd.* (“**Beijing Jingxiu**”, 北京儒意景秀網絡科技有限公司) claimed Xiaomi Best Game Developer Award (小米最佳遊戲開發者獎).

In terms of offline channels, leveraging the strategic partnership with Wanda Film, the Company fully utilized Wanda’s nationwide cinema network and high-quality large-screen resources to conduct high-exposure promotional activities for key games such as “Civilization Mobile” (《世界啟元》), “Haikyu Flyhigh” (《排球少年：新的征程》), and “Red Alert Online” (《紅警OL》) during the Reporting Period. Through the synergy between cinema big-screen advertisements and offline experience spaces, it not only achieved precise targeting of the intended players but also enhanced player engagement through immersive interactive experiences, establishing a comprehensive promotion and distribution system that integrates “online traffic import + offline scenario conversion”, significantly boosting product awareness and market share.

4. *Continuously strengthening the integration of research and operation, and actively building a diversified product matrix*

In May 2024, the Group entered into an equity transfer agreement with the relevant vendors in relation to the acquisition of Beijing C4-Games Technology Co., Ltd.* (北京有愛互娛科技有限公司) (“**C4-Games**”), the project team of “Red Alert Online” (《紅警OL》) with rich experience in SLG, and entered into further cooperation with Electronic Arts (“**EA**”), an internationally renowned game manufacturer, on the IP of “Red Alert Online” (《紅警OL》). The acquisition was completed in July 2024. This acquisition marked the formal entry of Beijing Jingxiu into the cycle of self-research and self-development of games, enabling the Company to continue to innovate products and content on the “Red Alert Online” (《紅警OL》). Relying on the profound accumulation of the IP of “Red Alert Online” (《紅警OL》), the Company’s self-developed game “Command & Conquer:

Legions” (《紅警：榮耀》) is planned to launch a global beta test in 2025, aiming to reshape the value of the classic IP through innovative gameplay and immersive storytelling.

Meanwhile, during the Reporting Period, the Company reached collaborations with Lightspeed Studios under Tencent Holdings (as defined below) and the renowned French game company Ubisoft Entertainment (“Ubisoft”), with an aim to develop and distribute a game named “Heroes of Might & Magic: Lordship Rivalry” (《魔法門之英雄無敵：領主爭霸》) based on Ubisoft’s well-known IP, the “Heroes of Might & Magic” (《魔法門之英雄無敵》) series, which is scheduled to commence external commercial testing within 2025.

Looking ahead, the Company maintains a robust portfolio of pipeline projects. On one hand, the Company remains dedicated to SLG genre. In addition to the launch of “Legends of the Wild” (《荒野國度》) on 27 February 2025, it has three pipeline projects including “Age of Stellarian” (《群星紀元》), “Yanwu” (《偃武》), and “The War of Dragon Stones” (《龍石戰爭》). Among these, “The War of Dragon Stones” (《龍石戰爭》) introduces innovative gameplay mechanics inspired by Clash of Clans (COC) and auto-battler systems, while “Age of Stellarian” (《群星紀元》) and “Yanwu” (《偃武》) leverage thematic storytelling to deliver unique early-stage gameplay experiences and expand the user base. On the other hand, the Company is strengthening its IP adaptation capabilities by integrating sports, anime (2D culture), and historical themes. It has secured partnerships for two games licensed by the National Basketball Association (NBA) and is developing a game based on the popular Korean IP “Cookie Run” (《餅乾人》).

Simultaneously, the Company also has two games adapted from novels in its reserve. One of them is a martial arts themed open-world MMO, “Dafeng’s Night Squad” (《大奉打更人》), and the other is based on the metaphysical novel “Beastmaster of the Ages” (《萬古第一神》).

In the future, Beijing Jingxiu will continue to leverage “research and operation synergy” as its dual driving forces. By continuously upgrading its product portfolio and strategically developing its IP ecosystem, Beijing Jingxiu aims to strengthen its global competitiveness and create long-term sustainable returns for its shareholders and partners.

ADJUSTED NET PROFIT

To supplement our consolidated financial statements which are presented in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), we also use adjusted net profit as additional financial measures, which are not required by, or presented in

accordance with HKFRS. We believe that these non-HKFRS measures, which have excluded certain items, facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS. The following tables reconcile our adjusted net profit for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Reconciliation of net (loss)/profit to adjusted net profit:		
Net (loss)/profit for the year	(206,576)	682,540
Add back:		
Share-based compensation expenses	67,272	82,295
Imputed interest expenses	82,839	78,131
Fair value changes in contingent consideration payable	1,121,447	124,434
Fair value changes in financial assets at FVPL (excluding film rights investments)	<u>186,379</u>	<u>(398,647)</u>
Adjusted net profit	<u><u>1,251,361</u></u>	<u><u>568,753</u></u>

LIQUIDITY, CAPITAL RESOURCES, BORROWINGS AND GEARING RATIO

The Group maintains a prudent treasury policy. The Group primarily financed its operations through shareholder's equity and cash generated from operations. During the year ended 31 December 2024, the liquidity of the Group was closely monitored by the Board and the Group reviews its working capital and finance requirements on a regular basis.

Liquidity

As at 31 December 2024, the Group maintained the balance of cash and cash equivalents of approximately RMB3,493.6 million (as at 31 December 2023: approximately RMB569.9 million). The increase in the balance of cash and cash equivalents was mainly due to the receipt of equity financing funds upon completion of the share subscription, proceeds from the exercise of warrants, and growth in operating performance.

Borrowings and Gearing Ratio

The Group maintained a sound financial position, and its borrowing demand was not seasonal. As at 31 December 2024, the Group had borrowings of RMB1,700.9 million (as at 31 December 2023: approximately RMB1,755.4 million). Borrowings at fixed rates accounted for 15.8%. Such borrowings will be due within 36 months.

As at 31 December 2024, the Group's net equity amounted to approximately RMB16,345.2 million (as at 31 December 2023: approximately RMB11,037.5 million) with total assets amounting to approximately RMB21,670.7 million (as at 31 December 2023: approximately RMB16,681.2 million). Net current assets were approximately RMB6,660.4 million (as at 31 December 2023: approximately RMB3,272.9 million) and the current ratio was 2.5 times (as at 31 December 2023: 2.0 times). Gearing ratio calculated on the basis of the Group's total debts (interest-bearing borrowings and lease liabilities) over shareholders' funds was 2.0% (as at 31 December 2023: 1.5%).

Charge of Assets

During the year ended 31 December 2024, the Group did not have any charges of assets (as at 31 December 2023: nil).

Commitment

As at 31 December 2024, the Group had no capital commitment (as at 31 December 2023: nil).

Contingent Liabilities

The Company and the Group did not provide corporate guarantee to its subsidiaries or other parties and did not have other significant contingent liabilities as at 31 December 2024 (as at 31 December 2023: nil).

CURRENCY RISK MANAGEMENT

The Group had significant amount of assets and liabilities denominated in Renminbi (“RMB”) as at 31 December 2024. The content production and online streaming and online gaming businesses are mainly carried out in RMB in Mainland China.

Therefore, the Group is exposed to the risk of significant fluctuation in RMB exchange rates. During the year ended 31 December 2024, the Group closely monitored the fluctuation and does not expect any material fluctuation of exchange rates in the near future, but will continue to monitor it.

SHARE-BASED PAYMENTS

2013 Share Option Scheme

The Company's former share option scheme (the “**2013 Share Option Scheme**”) adopted pursuant to a resolution passed by the shareholders on 31 October 2013 was terminated by a resolution passed in the annual general meeting of the Company held on 28 June 2023 (the “**2023 AGM**”). The purpose of the 2013 Share Option Scheme was to provide incentives to eligible participants.

No further options shall be granted under the 2013 Share Option Scheme upon termination but in all other respects, the provision of the 2013 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2013 Share Option Scheme and the options granted prior to the termination shall continue to be valid and exercisable in accordance with 2013 Share Option Scheme.

On 26 November 2021, the Company granted 181,917,000 share options pursuant to the 2013 Share Option Scheme and no further share options were granted pursuant to the 2013 Share Option Scheme up to the termination of the 2013 Share Option Scheme. For the year ended 31 December 2024, a total of 689,000 share options granted under the 2013 Share Option Scheme have lapsed. As at 31 December 2024, a total of 181,228,000 share options granted under the 2013 Share Option Scheme have not been exercised.

2023 Share Option Scheme

The Company adopted the current share option scheme (the “**2023 Share Option Scheme**”) pursuant to a resolution passed by the shareholders in the 2023 AGM. The purpose of the 2023 Share Option Scheme is to provide incentives to eligible participants. Since the adoption of the 2023 Share Option Scheme and up to the date of this announcement, the Company has not granted any share option under the 2023 Share Option Scheme or adopted any other share scheme. As at 31 December 2024, there were no outstanding options under the 2023 Share Option Scheme.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed approximately 553 employees. The remuneration policy of the Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Employee benefits include medical insurance coverage and mandatory provident fund, etc. Total staff costs for the year ended 31 December 2024, including directors' emoluments, amounted to approximately RMB269.6 million (for the year ended 31 December 2023: RMB205.9 million).

MATERIAL ACQUISITION AND DISPOSAL

On 7 May 2024, Beijing Nuverse Information Technology Co., Ltd.* (北京朝夕光年信息技术有限公司) and Beijing Youyi Technology Co., Ltd.* (北京游逸科技有限公司) (collectively, the **“C4-Games Vendors”**) as the vendors and Beijing Jingxiu, a controlled structured entity of the Company, as the purchaser entered into the equity transfer agreement (the **“C4-Games Equity Transfer Agreement”**), pursuant to which the C4-Games Vendors conditionally agreed to sell, and Beijing Jingxiu conditionally agreed to acquire, 100% equity of C4-Games at a consideration of RMB318 million (adjusted) (the **“C4-Games Equity Transfer”**). Upon completion of the C4-Games Equity Transfer, C4-Games has become an indirect wholly-owned subsidiary of the Company, and its financial results, assets and liabilities have been consolidated into the accounts of the Group.

Prior to the completion of the C4-Games Equity Transfer, C4-Games entered into an agreement dated 17 October 2021 (amended and supplemented by the supplemental agreements dated 1 November 2022, 13 December 2022 and 31 May 2023) (the **“Existing Transactions Agreement”**) with Shenzhen Tencent Computer Systems Company Limited and Shenzhen Tencent Tianyou Technology Company Limited (collectively, the **“Tencent Subsidiaries”**), which are the subsidiaries of Tencent Holdings Limited (**“Tencent Holdings”**), a shareholder indirectly holding more than 10% of the shares of the Company. C4-Games had been carrying out continuing transactions pursuant to the Existing Transactions Agreement, in relation to the transactions not yet completed as of the date of the C4-Games Equity Transfer Agreement between C4-Games and Tencent Subsidiaries for the exclusive distribution, operation and promotion services of the game “Red Alert Online” (《紅警OL》). Such transactions shall constitute continuing connected transactions of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **“Listing Rules”**) upon completion of the C4-Games Equity Transfer. Details are set out in the announcements of the Company dated 7 May 2024 and 9 July 2024.

Save as disclosed above, during the year ended 31 December 2024, there was no other material acquisition and disposal by the Company or any of its subsidiaries.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 31 December 2024) for the year ended 31 December 2024, and save as disclosed in the section headed "Event after the end of the Reporting Period" in this announcement, there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	3	3,670,760	3,627,247
Cost of revenue	4	<u>(1,760,345)</u>	<u>(2,466,264)</u>
Gross profit		1,910,415	1,160,983
Selling and marketing costs	4	(161,738)	(31,282)
Administrative expenses	4	(328,608)	(284,588)
Net impairment losses on financial assets	2.1(a)	(144,525)	(119,336)
Other income	5	11,693	16,960
Other (loss)/gain — net	6	<u>(1,222,041)</u>	<u>239,184</u>
Operating profit		65,196	981,921
Finance cost		(103,574)	(97,926)
Finance income		<u>110,244</u>	<u>92,896</u>
Finance income/(cost) — net	7	6,670	(5,030)
Share of losses of associates accounted for using the equity method		<u>(215)</u>	<u>(974)</u>
Profit before income tax		71,651	975,917
Income tax expenses	8	<u>(278,227)</u>	<u>(293,377)</u>
(Loss)/profit for the year, net of tax		<u>(206,576)</u>	<u>682,540</u>
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss:</i>			
Changes at fair value through other comprehensive (loss)/income		(7)	25
Currency translation difference		48,056	(10,786)
<i>Items that will not be reclassified to profit or loss:</i>			
Currency translation difference		<u>(73,247)</u>	<u>(9,061)</u>
Other comprehensive losses for the year, net of tax		<u>(25,198)</u>	<u>(19,822)</u>
Total comprehensive (loss)/income for the year		<u><u>(231,774)</u></u>	<u><u>662,718</u></u>

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
(Loss)/profit attributable to:			
— Equity holders of the Company		(190,533)	689,758
— Non-controlling interests		<u>(16,043)</u>	<u>(7,218)</u>
		<u>(206,576)</u>	<u>682,540</u>
Total comprehensive (loss)/income attributable to:			
— Equity holders of the Company		(215,731)	669,936
— Non-controlling interests		<u>(16,043)</u>	<u>(7,218)</u>
		<u>(231,774)</u>	<u>662,718</u>
(Loss)/earning per share for (loss)/profit attributable to the equity holders of the Company for the years: (expressed in RMB cents per share)			
— Basic (loss)/earning per share	9	<u>(1.570)</u>	<u>6.550</u>
— Diluted (loss)/earning per share	9	<u>(1.570)</u>	<u>5.968</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2024	31 December 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		92,177	44,145
Right-of-use assets		63,613	89,394
Goodwill		4,443,665	4,214,619
Film and television programmes rights	10	1,939,333	1,470,456
Other intangible assets		715,570	679,849
Deferred tax assets		40,424	10,106
Investments accounted for using equity method		33,799	34,014
Financial assets at fair value through profit or loss	13	3,117,420	3,403,547
Financial assets at fair value through other comprehensive income		516	512
Prepayments and other non-financial assets		195,773	35,124
Deposits	11	<u>6,106</u>	<u>5,533</u>
		<u>10,648,396</u>	<u>9,987,299</u>
Current assets			
Film and television programmes rights	10	1,809,113	1,259,849
Inventories		2,874	2,900
Prepayments and other non-financial assets		276,891	278,116
Other receivables and deposits	11	1,611,573	2,055,172
Trade and bills receivables	12	2,956,914	2,417,087
Financial assets at fair value through profit or loss	13	871,310	110,833
Cash and cash equivalents		<u>3,493,642</u>	<u>569,902</u>
		<u>11,022,317</u>	<u>6,693,859</u>
Total assets		<u><u>21,670,713</u></u>	<u><u>16,681,158</u></u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	14	273,444	222,761
Share premium	14	17,069,660	11,664,209
Other reserves		49,736	7,662
Accumulated losses		<u>(1,047,625)</u>	<u>(857,092)</u>
		16,345,215	11,037,540
Non-controlling interests		<u>(12,608)</u>	<u>(1,556)</u>
Total equity		<u><u>16,332,607</u></u>	<u><u>11,035,984</u></u>

		31 December 2024	31 December 2023
	<i>Notes</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		479,821	1,646,490
Lease liabilities		37,311	36,188
Deferred tax liabilities		459,022	510,886
Film and television programmes investment funds from investors		<u>—</u>	<u>30,640</u>
		<u>976,154</u>	<u>2,224,204</u>
Current liabilities			
Contract liabilities		18,232	8,820
Borrowings		1,221,043	108,908
Trade payables	15	835,888	357,418
Film and television programmes investment funds from investors		743,375	708,452
Other payables and accruals		832,924	479,475
Current income tax liabilities		682,124	412,616
Lease liabilities		28,366	22,448
Contingent consideration payable	16	<u>—</u>	<u>1,322,833</u>
		<u>4,361,952</u>	<u>3,420,970</u>
Total liabilities		<u>5,338,106</u>	<u>5,645,174</u>
Total equity and liabilities		<u>21,670,713</u>	<u>16,681,158</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and contingent consideration payable which are stated at fair value.

The preparation of financial statements in conformity with HKFRS 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.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024:

HKAS 1	Classification of Liabilities as Current or Non-current (amendments)
HKAS 1	Non-current Liabilities with Covenants (amendments)
HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)
HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)

The adoption of the above new and amended standards did not have any significant impact on the Group’s accounting policies and did not require retrospective adjustments.

(b) Amendments to existing standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027

**Effective for annual periods
beginning on or after**

HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective. Except that certain pervasive changes in the presentation and disclosure may be restated upon the adoption of HKFRS 18.

HKFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. The Group does not expect there to be a significant change in the information because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles.

(c) New accounting policies adopted by the Group's online gaming services

Gaming services as a publisher and a developer

The Group acted as a publisher of a number of mobile games developed by game developers. The Group licenses these mobile games from game developers and earns service revenue by making a localized version of the licensed games and publishing them to the game players through distribution channels, including various mobile application stores and software websites, as well as other game publishers with cooperation relationship with the Group (collectively referred to as "Distribution Channels"). The mobile games published by the Group are operated under a free-to-play model whereby game players can download the games free of charge and are charged for the purchase of in-game virtual items via payment channels, such as various mobile carriers and third-party internet payment systems (collectively referred to as "Payment Channels", Distribution Channels and Payment

Channels collectively referred to as “Platforms”). 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 these arrangements as stated below.

(i) *Game license arrangements where the Group acts as agent*

With respect to certain of the aforementioned Group’s game license arrangements, the Group’s primary responsibilities are the provision of market promotion and customer support services and considered itself as the agent of the game developers (i.e. the Group’s customers) given that the (i) game developers are responsible for providing the game products desired by the game players; (ii) the costs incurred by the developers to develop the games are more than the licensing costs and game localizations costs incurred by the Group; (iii) the hosting and maintenance of game servers for running the online mobile games is the responsibility of the developers; (iv) the developers have the right to review and approve the pricing of in-game virtual items and the specification, modification or update of the game made by the Group. Accordingly, the Group recognises its game publishing service revenue from these licensed games on a net basis, net of the amounts paid to the game developers and commission fees paid to the Distribution Channels and Payment Channels.

The Group considers it provides a series of distinct services that are substantially the same and have the same pattern of transfer to the game developers who simultaneously receive and consume the benefits provided by the Group’s services. As such, revenue is recognised in the month when related sales of in-game virtual items occur.

(ii) *Game license arrangements where the Group acts as principal*

With respect to certain of the aforementioned Group’s game license arrangements, the Group takes primary responsibilities of the game’s operation, including but not limited to determining distribution and payment channels, providing customer services, and controlling services specifications and pricing of in-game virtual items. Under this type of game license arrangement, the Group considered itself as a principal and is obligated to provide on-going services to the game players who purchased in-game virtual items to gain enhanced game-playing experiences over the average expected playing period of players (“**Player Relationship Period**”).

Accordingly, the Group recognises the revenues from the third-party licensed game on a gross basis ratably over the Player Relationship Period. Contract fulfilment costs, including but not limited to commission fees paid to Distribution Channels and Payment Channels, are recognised as cost of revenues through amortisation over the Player Relationship Period, which is consistent with the pattern of recognition of the associated revenues.

2. FINANCIAL RISK MANAGEMENT

2.1 Financial risk factors

(a) *Credit risk*

The Group is exposed to credit risk in relation to its financial asset at FVOCI, trade and other receivables and cash and cash equivalents.

The carrying amounts of financial asset at FVOCI, trade and other receivables and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) *Risk management*

As at 31 December 2024 and 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

As at 31 December 2024 and 2023, 56% and 52% of the total trade and bills receivables were due from the Group's five largest customers. The directors of the Company consider these counterparties with good credit worthiness based on their past repayment history. The directors closely monitor the subsequent settlement of the customers. The Group does not grant long credit period to the counterparties.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and bills receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Substantially all of the Group's bank deposits are deposited with major financial institutions incorporated in the PRC and Hong Kong, which management believes are of high credit quality without significant credit risk.

(ii) *Impairment of financial assets*

The Group has the following types of financial asset that is subject to the expected credit loss models:

- Cash and cash equivalents
- Financial assets at FVOCI
- Bills receivables
- Trade receivables

- Deposits and other receivables

While cash and cash equivalents, bills receivables and financial assets at FVOCI were also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. The Group measures the expected credit losses on a combination of both individual and collective basis.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

Measurement of expected credit loss on individual basis

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a prepayment plan with the Group, and a failure to make contractual payments. As at 31 December 2024, the balance of loss allowance in respect of these individually assessed receivables was approximately RMB62,616,000 (as at 31 December 2023: RMB63,853,000).

Measurement of expected credit loss on collective basis

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category, and applying the expected credit loss rates to the respective gross carrying amounts of the receivables.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped into below groups based on shared credit risk characteristics:

— State-owned companies and listed companies

For trade receivables from state-owned companies and/or listed companies and their subsidiaries, the management uses modelling approach that incorporated key parameters and assumptions, including probability of default, loss given default, exposure at default, with reference to external information from reputable external agencies such as Moody's.

— Other customers

For trade receivables from other customers being private companies that are neither state-owned or listed, the expected loss rates are based on the corresponding historical credit losses experienced, industry credit loss rates and aging profiles of trade receivables over a period of 36 months before 31 December 2024 or 1 January 2024 respectively within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and urban per capital disposable income of the PRC in which the Group sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in this factor.

As at 31 December 2024, the amount of loss allowance in respect of these collectively assessed receivables was approximately RMB234,188,000 (as at 31 December 2023: RMB98,874,000).

Impairment losses on trade receivables are presented as ‘net impairment losses on financial assets’ in the consolidated statement of profit or loss and other comprehensive income.

Deposits and other receivables

For deposits and other receivables, the expected credit loss is based on 12 months expected loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

The Directors consider the probability of default upon initial recognition of assets and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition.

Especially the following indicators are incorporated:

- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer’s ability to meet its obligations; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. Under such case, the other receivables are classified as stage 2 and subject to lifetime expected losses provision. When the other receivables became past due for more than 90 days, they are treated as credit-impaired and therefore classified as stage 3.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due.

Management uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Group's expected credit loss model on other receivables is as follows:

Category	The Group's definition of category	Basis for recognition of expected credit loss provision
Stage 1	Other receivables whose credit risk is in line with original expectations.	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage 2	Other receivables for which a significant increase has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are contractually past due less than 90 days.	Lifetime expected losses
Stage 3	Interest and/or principal repayments are more than 90 days contractually past due or it becomes probable that a customer will enter bankruptcy.	Lifetime expected losses

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward-looking macroeconomic data.

The loss allowance for trade and other receivables as at 31 December 2024 and 2023 reconcile to the opening loss allowance as follows:

	Trade receivables <i>RMB'000</i>	Deposits and other receivables <i>RMB'000</i>	Total <i>RMB'000</i>
Balance as at 1 January			
2023	98,400	17,685	116,085
Impairment provision	64,704	54,632	119,336
Exchange difference	<u>(377)</u>	<u>313</u>	<u>(64)</u>
Balance as at 31 December 2023	<u><u>162,727</u></u>	<u><u>72,630</u></u>	<u><u>235,357</u></u>
Balance as at 1 January			
2024	162,727	72,630	235,357
Impairment provision	134,472	10,053	144,525
Exchange difference	<u>(395)</u>	<u>252</u>	<u>(143)</u>
Balance as at 31 December 2024	<u><u>296,804</u></u>	<u><u>82,935</u></u>	<u><u>379,739</u></u>

The loss allowance on trade receivables as at 31 December 2024 and 2023 was determined as follows:

	Up to 3 months past due <i>RMB'000</i>	3 to 6 months past due <i>RMB'000</i>	6 to 12 months past due <i>RMB'000</i>	Over 1 year past due <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2024					
On collective basis					
Expected loss rate	1.34%	0.89%	1.87%	22.95%	7.34%
Gross carrying amount	1,471,437	95,301	755,185	869,179	3,191,102
Loss allowance provision	19,694	848	14,131	199,515	234,188
On individual basis					
Expected loss rate	—	—	—	100.00%	100.00%
Gross carrying amount	—	—	—	62,616	62,616
Loss allowance provision	—	—	—	62,616	62,616
Total					
Expected loss rate	1.34%	0.89%	1.87%	28.13%	9.12%
Gross carrying amount	1,471,437	95,301	755,185	931,795	3,253,718
Loss allowance provision	19,694	848	14,131	262,131	296,804
	Up to 3 months past due <i>RMB'000</i>	3 to 6 months past due <i>RMB'000</i>	6 to 12 months past due <i>RMB'000</i>	Over 1 year past due <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2023					
On collective basis					
Expected loss rate	0.34%	1.77%	5.75%	18.94%	4.32%
Gross carrying amount	1,367,985	281,930	238,253	398,793	2,286,961
Loss allowance provision	4,681	4,978	13,692	75,523	98,874
On individual basis					
Expected loss rate	—	—	—	100.00%	100.00%
Gross carrying amount	—	—	—	63,853	63,853
Loss allowance provision	—	—	—	63,853	63,853
Total					
Expected loss rate	0.34%	1.77%	5.75%	30.13%	6.92%
Gross carrying amount	1,367,985	281,930	238,253	462,646	2,350,814
Loss allowance provision	4,681	4,978	13,692	139,376	162,727

The loss allowance on deposits and other receivables as at 31 December 2024 and 2023 was determined as follows:

	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2024				
Gross carrying amount				
Receivables from investments				
in film and television				
programmes rights	1,010,450	4,488	49,206	1,064,144
Loans to third parties	436,857	—	—	436,857
Amounts due from related				
parties	57,083	—	—	57,083
Others	<u>126,351</u>	<u>—</u>	<u>16,179</u>	<u>142,530</u>
	<u>1,630,741</u>	<u>4,488</u>	<u>65,385</u>	<u>1,700,614</u>
Loss allowance				
Receivables from investments				
in film and television				
programmes rights	12,116	1,140	49,206	62,462
Loans to third parties	1,719	—	—	1,719
Amounts due from related				
parties	455	—	—	455
Others	<u>2,120</u>	<u>—</u>	<u>16,179</u>	<u>18,299</u>
	<u>16,410</u>	<u>1,140</u>	<u>65,385</u>	<u>82,935</u>
Expected credit loss rate	1.01%	25.40%	100.00%	4.88%

	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2023				
Gross carrying amount				
Receivables from investments				
in film and television				
programmes rights	1,120,626	55,206	—	1,175,832
Loans to third parties	820,208	—	—	820,208
Amounts due from related				
parties	10,318	—	—	10,318
Others	<u>111,443</u>	<u>—</u>	<u>15,534</u>	<u>126,977</u>
	<u><u>2,062,595</u></u>	<u><u>55,206</u></u>	<u><u>15,534</u></u>	<u><u>2,133,335</u></u>
Loss allowance				
Receivables from investments				
in film and television				
programmes rights	23,207	16,296	—	39,503
Loans to third parties	16,714	—	—	16,714
Amounts due from related				
parties	22	—	—	22
Others	<u>857</u>	<u>—</u>	<u>15,534</u>	<u>16,391</u>
	<u><u>40,800</u></u>	<u><u>16,296</u></u>	<u><u>15,534</u></u>	<u><u>72,630</u></u>
Expected credit loss rate	1.98%	29.52%	100.00%	3.40%

2.2 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

The following table presents the Group's financial assets measured and recognised at fair value as at 31 December 2024 and 2023 on a recurring basis:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024				
Financial assets				
Financial assets at FVPL (<i>Note 13</i>)				
— Film rights investments	—	—	120,265	120,265
— Investments in listed equity securities	28,592	—	—	28,592
— Investments in unlisted funds	—	348,462	859,156	1,207,618
— Investments in unlisted companies	—	2,540,804	55,510	2,596,314
— Investments in unlisted bonds	—	35,941	—	35,941
	<u>28,592</u>	<u>2,925,207</u>	<u>1,034,931</u>	<u>3,988,730</u>
Financial assets at FVOCI				
— Listed fund	<u>516</u>	<u>—</u>	<u>—</u>	<u>516</u>
	<u><u>29,108</u></u>	<u><u>2,925,207</u></u>	<u><u>1,034,931</u></u>	<u><u>3,989,246</u></u>
As at 31 December 2023				
Financial assets				
Financial assets at FVPL (<i>Note 13</i>)				
— Film rights investments	—	—	34,591	34,591
— Investments in listed equity securities	125,934	—	—	125,934
— Investments in unlisted funds	—	355,549	166,000	521,549
— Investments in unlisted companies	—	2,753,373	50,000	2,803,373
— Investments in unlisted bonds	—	28,933	—	28,933
	<u>125,934</u>	<u>3,137,855</u>	<u>250,591</u>	<u>3,514,380</u>
Financial assets at FVOCI				
— Listed fund	<u>512</u>	<u>—</u>	<u>—</u>	<u>512</u>
	<u><u>126,446</u></u>	<u><u>3,137,855</u></u>	<u><u>250,591</u></u>	<u><u>3,514,892</u></u>

During the year ended 31 December 2023, certain investments in unlisted bonds (level 2) of approximately RMB36,598,000 were converted into investments in listed equity securities (level 1) as a result of the restructuring plan of the underlying portfolio company listed on the Main Board of the Hong Kong Stock Exchange.

During the year ended 31 December 2024, there were no transfers between levels 1 and 2 for recurring fair value measurements.

Level 1	Level 2	Level 3	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

As at 31 December 2023

Financial liability

Contingent consideration payable

(Note 16)

<u>—</u>	<u>—</u>	<u>1,322,833</u>	<u>1,322,833</u>
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The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2024.

Financial instruments that are measured in the consolidated statement of financial position at fair value are disclosed by level of the following fair value measurement hierarchy:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where climate risk gives rise to a significant unobservable adjustment.

(ii) *Fair value measurements using significant unobservable inputs (level 3)*

The following table presents the changes in level 3 financial instruments of the Group for the years ended 31 December 2023 and 2024:

	Film rights investments	Investments in unlisted funds	Investments in an unlisted company	Contingent consideration payable (Note 16)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January					
2023	—	136,000	—	1,180,571	1,316,571
Additions	30,550	30,000	50,000	—	110,550
Changes in fair values	33,362	—	—	124,434	157,796
Currency exchange difference	—	—	—	17,828	17,828
Disposal	(29,321)	—	—	—	(29,321)
Balance as at 31 December 2023	<u>34,591</u>	<u>166,000</u>	<u>50,000</u>	<u>1,322,833</u>	<u>1,573,424</u>
Balance as at 1 January					
2024	34,591	166,000	50,000	1,322,833	1,573,424
Additions	121,625	946,956	—	—	1,068,581
Changes in fair values	29,452	71,763	5,510	1,121,447	1,228,172
Currency exchange difference	—	481	—	45,836	46,317
Disposal	(65,403)	(326,044)	—	—	(391,447)
Exercised during the year (Note 16)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,490,116)</u>	<u>(2,490,116)</u>
Balance as at 31 December 2024	<u>120,265</u>	<u>859,156</u>	<u>55,510</u>	<u>—</u>	<u>1,034,931</u>

3 SEGMENT INFORMATION

(a) Description of segments and principal activities

The CODM of the Group has been identified as the executive directors of the Company who is responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Certain costs and corporate expenses, other gains-net and finance cost — net are not included in the results for each operating segment.

The Group's three reportable segments now comprised (1) Content production business; (2) Online streaming and online gaming businesses; and (3) Other businesses.

(b) Segment profit/(loss)

The segment results and other segment items included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 are as follows:

	Content production business <i>RMB'000</i>	Online streaming and online gaming businesses <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Revenue				
Timing of revenue recognition				
At a point	121,570	1,390,470	36,330	1,548,370
Over time	5,473	2,116,917	—	2,122,390
	<u>127,043</u>	<u>3,507,387</u>	<u>36,330</u>	<u>3,670,760</u>
Segment (loss)/profit	<u>(242,050)</u>	<u>1,539,672</u>	<u>(1,931)</u>	1,295,691
Unallocated corporate expenses				(89,285)
Unallocated other losses				(1,091,299)
Unallocated finance costs-net				<u>(43,456)</u>
Profit before income tax				<u>71,651</u>
Depreciation of property, plant and equipment	9,438	6,029	341	15,808
Depreciation of right-of-use assets	21,352	8,051	3,041	32,444
Amortisation of other intangible assets	6	4,640	—	4,646
Amortisation of film and television programmes rights	99,132	767,478	—	866,610
Share of losses of associates accounted for using the equity method	<u>215</u>	<u>—</u>	<u>—</u>	<u>215</u>

During the year ended 31 December 2024, all of the segment revenue reported above was from external customers and there were no inter-segment sales.

The segment results and other segment items included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 are as follows:

	Content production business <i>RMB'000</i>	Online streaming and online gaming businesses <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Revenue					
Timing of revenue recognition					
At a point	2,219,108	340,644	30,976	—	2,590,728
Over time	8,000	1,036,519	—	(8,000)	1,036,519
	<u>2,227,108</u>	<u>1,377,163</u>	<u>30,976</u>	<u>(8,000)</u>	<u>3,627,247</u>
Segment profit/(loss)	<u>719,211</u>	<u>620,743</u>	<u>(8,502)</u>	<u>—</u>	<u>1,331,452</u>
Unallocated corporate expenses					(102,244)
Unallocated other losses					(216,219)
Unallocated finance costs-net					<u>(37,072)</u>
Profit before income tax					<u>975,917</u>
Depreciation of property, plant and equipment	1,603	1,094	206	—	2,903
Depreciation of right-of-use assets	7,259	6,683	1,544	—	15,486
Amortisation of other intangible assets	6	2,469	—	—	2,475
Amortisation of film and television programmes rights	1,520,408	460,241	—	—	1,980,649
Share of losses of associates accounted for using the equity method	<u>974</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>974</u>

(c) Segment assets and liabilities

Segment assets and liabilities as at 31 December 2024 are as follows:

	Content production business RMB'000	Online streaming and online gaming businesses RMB'000	Other businesses RMB'000	Consolidated RMB'000
ASSETS				
Segment assets	<u>7,769,095</u>	<u>5,561,489</u>	<u>27,273</u>	13,357,857
Unallocated property, plant and equipment				1,238
Unallocated right of use assets				5,376
Unallocated prepayments, other receivables and deposits				782,930
Financial assets at FVPL				3,988,730
Financial assets at FVOCI				516
Deferred tax assets				40,424
Cash and cash equivalents				<u>3,493,642</u>
Consolidated total assets				<u>21,670,713</u>
LIABILITIES				
Segment liabilities	<u>(1,577,392)</u>	<u>(1,150,187)</u>	<u>(18,167)</u>	(2,745,746)
Unallocated trade and other payables				(12,561)
Unallocated lease liabilities				(5,866)
Unallocated borrowings				(1,432,787)
Current income tax liabilities				(682,124)
Deferred tax liabilities				<u>(459,022)</u>
Consolidated total liabilities				<u>(5,338,106)</u>

Segment assets and liabilities as at 31 December 2023 are as follows:

	Content production business <i>RMB'000</i>	Online streaming and online gaming businesses <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Consolidated <i>RMB'000</i>
ASSETS				
Segment assets	<u>8,128,589</u>	<u>3,618,029</u>	<u>15,624</u>	11,762,242
Unallocated other receivables and deposits				824,016
Financial assets at FVPL				3,514,380
Financial assets at FVOCI				512
Deferred tax assets				10,106
Cash and cash equivalents				<u>569,902</u>
Consolidated total assets				<u>16,681,158</u>
LIABILITIES				
Segment liabilities	<u>(1,132,720)</u>	<u>(588,511)</u>	<u>(20,063)</u>	(1,741,294)
Unallocated other payables				(11,055)
Unallocated borrowings				(1,646,490)
Contingent consideration payable				(1,322,833)
Current income tax liabilities				(412,616)
Deferred tax liabilities				<u>(510,886)</u>
Consolidated total liabilities				<u>(5,645,174)</u>

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments, other than certain property, plant and equipment, prepayments, other receivables and deposits, right-of-use assets, financial assets at FVPL, financial assets at FVOCI, deferred tax assets and cash and cash equivalents; and
- all liabilities are allocated to reportable and operating segments, other than certain trade and other payables, lease liabilities, borrowings, contingent consideration payable, current income tax liabilities and deferred tax liabilities.

(d) Disaggregation of revenue from contracts with customers

Revenue of the Group is analysed as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Content production	127,043	2,219,108
Online streaming and advertising services	1,515,668	930,872
Online gaming services	1,991,719	446,291
Sales of goods	36,330	30,976
	<u>3,670,760</u>	<u>3,627,247</u>

(e) Geographical information

The Group's operations are located in the mainland China and Hong Kong for the years ended 31 December 2024 and 2023.

Information about the Group's revenue from external customers is presented based on the location at which the goods or services are delivered or provided.

The Group's total revenue from sales of goods and provision of services by geographical location is detailed below:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	3,600,630	3,600,163
Europe	15,937	14,237
Hong Kong	46,412	9,609
Others	7,781	3,238
	<u>3,670,760</u>	<u>3,627,247</u>

The Group's non-current assets excluding financial instruments and deferred tax assets by geographical location of the assets are detailed below:

	31 December	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	7,482,381	6,572,299
Hong Kong	7,655	835
	<u>7,490,036</u>	<u>6,573,134</u>

(f) Liabilities related to contracts with customers

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Contract liabilities (i)	<u>18,232</u>	<u>8,820</u>	<u>6,324</u>

- (i) The increase in contract liabilities in the current reporting period was mainly attributable to the new online gaming services.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior years.

	31 December 2024 RMB'000	31 December 2023 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
—Online streaming membership services	<u>6,943</u>	<u>5,578</u>

Unsatisfied performance obligations

Unsatisfied performance obligations are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

(g) Information about major customers

During the year ended 31 December 2024, there are four customers individually contributed more than 10% of the Group's revenue. The revenue from these customers during the year were approximately RMB547,654,000, RMB417,271,000, RMB382,967,000 and RMB377,358,000, accounting for 15%, 11%, 10% and 10% of the Group's revenue, respectively. (2023: one customer, approximately RMB628,176,000, accounting for 17% of the Group's revenue).

4 EXPENSES BY NATURE

Major expenses included in cost of revenue, selling and marketing costs and administrative expenses are analysed as follows:

	2024 RMB'000	2023 RMB'000
Employees benefit expenses (including directors' emoluments)	220,166	152,585
Share-based compensation expenses	67,272	82,295
Costs of gaming development, content revenue-sharing, distribution and promotion and payment handling fees	448,581	345,019
Cost of inventories sold	18,253	14,352
Amortisation		
— Film and television programmes rights (<i>Note 10</i>)	866,610	1,980,649
— Other intangible assets	4,646	2,475
Depreciation		
— Property, plant and equipment	15,808	2,903
— Right-of-use assets	32,444	15,486
Advertising and promotion costs	408,851	29,275
Bandwidth and server custody fees	41,970	44,515
Rental expense	3,980	5,985
Travelling expenses	7,165	3,086
Technical and development services fee	12,255	3,408
Auditor's remuneration		
— Audit services	5,500	5,500
— Non-audit services	2,000	1,499
Others	95,190	93,102
	<u>2,250,691</u>	<u>2,782,134</u>

5 OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government grants	11,661	13,590
Tax credit of input tax additional deduction	—	3,332
Dividend income from financial assets at FVOCI	32	38
	<u>11,693</u>	<u>16,960</u>

6 OTHER (LOSS)/GAIN — NET

	2024 RMB'000	2023 RMB'000
Fair value changes in contingent consideration payable (Note 16)	(1,121,447)	(124,434)
Net fair value changes in financial assets at FVPL (Note 13)	(156,927)	432,009
(Loss)/gain of disposals of property, plant and equipment	(5,684)	23
Gain on disposals of subsidiaries	175	—
Remeasurement of film and television programmes investment funds from investors	13,865	(66,619)
Remeasurement gain from modification of borrowing	55,140	—
Others	(7,163)	(1,795)
Other (loss)/gain — net	<u>(1,222,041)</u>	<u>239,184</u>

7 FINANCE INCOME/(COST) — NET

	2024 RMB'000	2023 RMB'000
Finance income:		
— Interest income on saving deposits	32,060	7,561
— Interest income on receivables from investments in film and television programme rights and loans to third parties and related parties	<u>78,184</u>	<u>85,335</u>
	<u>110,244</u>	<u>92,896</u>
Finance costs:		
— Interest expenses on borrowings	(14,303)	(14,561)
— Interest expenses on film and television programmes investment funds from investors	(3,386)	(2,940)
— Interest expenses on lease liabilities	(3,046)	(2,294)
— Imputed interest expenses	<u>(82,839)</u>	<u>(78,131)</u>
	<u>(103,574)</u>	<u>(97,926)</u>
Finance income/(cost) — net	<u>6,670</u>	<u>(5,030)</u>

8 INCOME TAX EXPENSES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current income tax		
— Provision for the year	370,394	224,176
Deferred income tax	(92,167)	69,201
Income tax expenses	<u>278,227</u>	<u>293,377</u>

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rates applicable to subsidiaries comprising the Group as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit before income tax	71,651	975,917
Tax calculated at the tax rates applicable to profits in the respective jurisdictions	52,002	248,316
Tax losses and temporary differences for which no deferred income tax asset was recognised	34,444	16,530
Expenses not deductible for tax purposes	207,382	43,480
Utilisation of tax losses previously not recognised	<u>(15,601)</u>	<u>(14,949)</u>
	<u>278,227</u>	<u>293,377</u>

Bermuda corporate tax

The Company is incorporated in the Bermuda under the Companies Act 1981 of Bermuda and, accordingly, are exempted from the Bermuda corporate tax.

Hong Kong profits tax

Under the two-tiered profits tax rates regime for the six months ended 30 June 2024 and 31 December 2023, the profits tax rate for the first HK\$2,000,000 of assessable profits is lowered to 8.25% (half of the rate specified in Schedule 8 to the Inland Revenue Ordinance). Assessable profits above HK\$2,000,000 continue to be subject to the rate of 16.5%. There is no assessable income for the year under Hong Kong profits tax.

PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25%, except for a subsidiary of the Group which are entitled to preferential tax rate applicable to advanced and new technology enterprises of 15% in 2024 (2023:15%) on the estimated assessable profit for the year, based on the existing legislation, interpretations and practices in respect thereof.

9 (LOSS)/EARNING PER SHARE

(a) Basic

Basic (loss)/earning per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
(Loss)/profit attributable to equity holders of the Company (RMB'000)	<u>(190,533)</u>	<u>689,758</u>
Weighted average number of ordinary shares in issue (thousands)	<u>12,138,635</u>	<u>10,531,428</u>
Basic (loss)/earning per share (RMB cents per share) for the year	<u><u>(1.570)</u></u>	<u><u>6.550</u></u>

(b) Diluted

During the year ended 31 December 2024, the Group incurred losses and the potential ordinary shares were not included in the calculation of the diluted loss per share as they are anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2024 is the same as basic loss per share.

During the year ended 31 December 2023, Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary share being (1) share warrants (Note 16); and (2) 918,750,000 placing shares that were not yet issued and the Company's share price as at 31 December 2023 exceeds the placing price (Note 14).

The share options granted by the Company should also have potential dilutive effect on the earnings per share. During the years ended 31 December 2024 and 2023, these share options have anti-dilutive effect to the Group's diluted earnings per share.

The number of shares that would have been issued assuming the exercise of the share warrants less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

The number of shares that would have been issued assuming the exercise of the remaining placing shares (Note 14) less the number of shares that could have been issued at fair value (determined as the average market price per share from the date of the placing shares announced through the year end of 2024). The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	2024	2023
Weighted average number of ordinary shares for calculation of basic earnings per share (thousands)	12,138,635	10,531,428
Adjustment for:		
— share warrants (thousands)	—	937,476
— effect of placing shares (thousands)	—	88,570
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>12,138,635</u>	<u>11,557,474</u>
	2024	2023
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(190,533)	689,758
Diluted (loss)/earning per share (RMB cents per share) for the year	<u>(1.570)</u>	<u>5.968</u>

10 FILM AND TELEVISION PROGRAMMES RIGHTS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Film and television programmes rights completed	790,785	503,432
Film and television programmes rights under production	2,163,047	1,787,553
Licensed film and television programmes rights	<u>794,614</u>	<u>439,320</u>
	3,748,446	2,730,305
Less: Current portion	<u>(1,809,113)</u>	<u>(1,259,849)</u>
	<u>1,939,333</u>	<u>1,470,456</u>

Movements in the Group's film and television programme rights were as follows:

	Film and television programmes rights completed <i>RMB'000</i>	Film and television programmes rights under production <i>RMB'000</i>	Licensed film and television programmes rights <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	1,376,159	1,918,815	766,010	4,060,984
Additions	240,025	276,394	132,482	648,901
Transfer from prepayment	—	—	1,069	1,069
Amortisation charge (<i>Note 4</i>)	(1,520,408)	—	(460,241)	(1,980,649)
Transfer	407,656	(407,656)	—	—
As at 31 December 2023	503,432	1,787,553	439,320	2,730,305
As at 1 January 2024	503,432	1,787,553	439,320	2,730,305
Additions	125,526	694,994	1,118,719	1,939,239
Transfer from prepayment	—	—	4,053	4,053
Amortisation charge (<i>Note 4</i>)	(99,132)	—	(767,478)	(866,610)
Disposal of subsidiaries	—	(58,541)	—	(58,541)
Transfer	260,959	(260,959)	—	—
As at 31 December 2024	790,785	2,163,047	794,614	3,748,446

11 OTHER RECEIVABLES AND DEPOSITS

	31 December 2024 <i>RMB'000</i>	31 December 2023 <i>RMB'000</i>
Amounts due from related parties	57,083	10,318
Receivables from investments in film and television programmes rights (<i>a</i>)	1,064,144	1,175,832
Loans to third parties (<i>b</i>)	436,857	820,208
Others	142,530	126,977
	1,700,614	2,133,335
Less: Impairment for other receivables and deposits (<i>Note</i> <i>2.1(a)</i>)	(82,935)	(72,630)
	1,617,679	2,060,705
Less: non-current portion	(6,106)	(5,533)
	1,611,573	2,055,172

(a) The receivables are unsecured, interest-bearing at fixed rates between 5% to 15%, and repayable within 12 months.

- (b) As at 31 December 2023 and 2024, the balances are interest-bearing at fixed rates of 8% and repayable within 12 months commencing from the date of the loans. Balances of RMB390,000,000 are secured with certain equity or assets and the remaining are unsecured.

12 TRADE AND BILLS RECEIVABLES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade receivables from third parties	1,959,897	1,648,450
Trade receivables from related parties	<u>1,293,821</u>	<u>842,364</u>
	3,253,718	2,490,814
Less: allowance for impairment of trade receivables (<i>Note 2.1(a)</i>)	<u>(296,804)</u>	<u>(162,727)</u>
	2,956,914	2,328,087
Bills receivables	<u>—</u>	<u>89,000</u>
	<u>2,956,914</u>	<u>2,417,087</u>

- (a) Trade and bills receivables were denominated in the following currencies:

	31 December 2024 RMB'000	31 December 2023 RMB'000
— RMB	2,940,058	2,413,832
— HK\$	13,509	—
— US\$	<u>3,347</u>	<u>3,255</u>
	<u>2,956,914</u>	<u>2,417,087</u>

- (b) Trade and bills receivables mainly arose from the provision of content production, online gaming and online streaming services. The following is an aging analysis of trade and bills receivables net of allowance for impairment, based on the recognition date at the end of the reporting period.

	31 December 2024 RMB'000	31 December 2023 RMB'000
Within 90 days	1,451,743	1,452,304
91 days to 180 days	94,453	276,952
181 days to 365 days	741,054	224,561
1 year to 2 years	441,263	273,447
Over 2 years	228,401	189,823
	<u>2,956,914</u>	<u>2,417,087</u>

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current assets		
Investments in unlisted funds	512,318	521,549
Investments in unlisted companies	2,596,314	2,803,373
Investments in listed equity securities	8,788	78,625
	<u>3,117,420</u>	<u>3,403,547</u>
Current assets		
Film rights investments	120,265	34,591
Investments in listed equity securities	19,804	47,309
Investments in unlisted bonds	35,941	28,933
Investment in unlisted funds	695,300	—
	<u>871,310</u>	<u>110,833</u>
	<u>3,988,730</u>	<u>3,514,380</u>

Movements in the Group's financial assets of fair value through profit or loss were as follows:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
At the beginning of the year	3,514,380	587,047
Additions	1,106,225	2,609,602
Disposal	(485,749)	(120,113)
Net fair value changes in financial assets at FVPL (<i>Note 6</i>)	(156,927)	432,009
Currency translation differences	10,801	5,835
	<u>3,988,730</u>	<u>3,514,380</u>
At the end of the year	<u>3,988,730</u>	<u>3,514,380</u>

14 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000
As at 1 January 2023	10,004,647,545	193,805	9,379,095
Issuance of ordinary shares (<i>a</i>)	<u>1,581,250,000</u>	<u>28,956</u>	<u>2,285,114</u>
As at 1 January 2024	11,585,897,545	222,761	11,664,209
Issuance of ordinary shares (<i>b</i>)	<u>2,753,029,307</u>	<u>50,683</u>	<u>5,405,451</u>
As at 31 December 2024	<u>14,338,926,852</u>	<u>273,444</u>	<u>17,069,660</u>

- (a) On 4 July 2023, the Company entered into share subscription agreements pursuant to which a maximum of 2,500,000,000 placing shares could be issued at the subscription prices of HK\$1.6 per share.

During the year ended 31 December 2023, the Company issued a total of 1,581,250,000 placing shares under the aforementioned subscription agreements at the subscription prices of HK\$1.6 per share with gross proceeds of approximately HK\$2,530,000,000 (equivalent to approximately RMB2,316,438,000). After netting off these gross proceeds with share issuance costs, the respective share capital amount was approximately RMB28,956,000 and share premium arising from the issuance was approximately RMB2,285,114,000. The share issuance costs mainly include lawyers' fees and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These share issuance costs were treated as a deduction against the share premium arising from the issuance.

- (b) During the year ended 31 December 2024, the Company issued the remaining 918,750,000 placing shares under the aforementioned subscription agreements at the subscription prices of HK\$1.6 per share, with gross proceeds of approximately HK\$1,470,000,000 (equivalent to approximately RMB1,337,627,000). After netting off these gross proceeds with share issuance costs, the respective share capital amount was approximately RMB16,720,000 and share premium arising from the issuance was approximately RMB1,319,519,000. The share issuance costs mainly include lawyers' fees and other related costs, which are incremental costs directly attributable to the issuance of the new shares and therefore treated as a deduction against the share premium arising from the issuance.

During the year ended 31 December 2024, warrants issued by the Company for the acquisition of Virtual Cinema at the beginning of 2021 were fully exercised in the FY2024. The Company issued 1,834,279,307 shares at the subscription prices of HK\$0.96 per share, with gross proceeds of approximately HK\$1,760,908,000 (equivalent to approximately RMB1,630,249,000) and transfer of contingent consideration payable amounting to approximately RMB2,490,116,000 (Note 16) from financial liabilities to equity. The derecognition of the liabilities and the transfer to equity caused the share premium to increase by approximately RMB2,490,116,000. After netting off these gross proceeds with share issuance costs, the respective share capital amount was approximately RMB33,963,000 and share premium arising from the issuance was approximately RMB1,595,816,000. Among the total net proceeds, approximately RMB1,589,504,000 were settled in 2024 and approximately RMB40,745,000 of receivables from Pumpkin Films Limited, a company controlled by Mr. Ke Liming ("Mr. Ke"), were subsequently settled in January 2025.

The directors do not recommend the payment of final dividend for the years ended 31 December 2023 and 2024.

15 TRADE PAYABLES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade payables to:		
— Third parties	769,099	356,997
— Related parties	<u>66,789</u>	<u>421</u>
	<u><u>835,888</u></u>	<u><u>357,418</u></u>

Trade payables were denominated in the following currencies:

	31 December 2024 RMB'000	31 December 2023 RMB'000
— RMB	777,114	270,705
— HK\$	1,016	312
— US\$	<u>57,758</u>	<u>86,401</u>
	<u><u>835,888</u></u>	<u><u>357,418</u></u>

The aging analysis of trade payables of the Group based on invoice date is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Within 60 days	194,854	330,995
61 days to 150 days	490,215	25,125
Over 151 days	150,819	1,298
	<u>835,888</u>	<u>357,418</u>

The carrying amounts of trade payables approximate their fair values as at 31 December 2024 and 2023.

16 CONTINGENT CONSIDERATION PAYABLE

On 20 January 2021 (“**acquisition date**”), the Group completed its acquisition (“Acquisition”) of 100% of all issued shares in Virtual Cinema, which, together with its subsidiaries and variable interest entities, are principally engaged in content production and online streaming business.

The consideration of the Acquisition was settled by a combination of (i) HK\$3,913,182,000 (approximately RMB3,260,985,000) of the consideration settled in 1,154,330,943 shares at the issue price of HK\$3.39; and (ii) a maximum of HK\$2,907,300,000 (approximately RMB2,422,750,000) of the consideration settled by way of allotment and issue at maximum 1,834,279,307 warrants at the initial warrants exercise price of HK\$0.96 per each warrant.

The warrants are divided into three tranches being 611,426,436 warrants for tranche 1, 611,426,436 warrants for tranche 2, and 611,426,435 for tranche 3.

The contingent consideration payable at maximum of 1,834,279,307 new shares are subject to the consolidated net profit after income tax of Virtual Cinema during the period of three years, being the years ended 31 December 2021 (“**FY2021**”), 2022 (“**FY2022**”) and 2023 (“**FY2023**”).

The actual number of warrants to be issued is subject to the net profit of Virtual Cinema in a specified time frame following the Acquisition.

Warrants Exercise Conditions under each tranche are the consolidated net profits after income tax (“**Net Profit**”) of Virtual Cinema for FY2021, FY2022 and FY2023 equally to or is more than RMB400,000,000, RMB500,000,000 and RMB600,000,000, respectively.

If the Tranche 1 Warrants Exercise Condition shall not be satisfied but the Net Profits for FY2021 and FY2022 in aggregate exceed RMB900,000,000, warrants can exercise the outstanding Tranche 1 Warrants and the Outstanding Tranche 2 Warrants.

If both the Tranche 1 Warrants Exercise Condition and the Tranche 2 Warrants Exercise Condition are not satisfied, but the Net Profits for FY2021, FY2022 and FY2023 in aggregate exceed RMB1,500,000,000, the Warrants can exercise the Outstanding Tranche 1 Warrants, the Outstanding Tranche 2 Warrants and the Outstanding Tranche 3 Warrants.

Notwithstanding anything provided above, if the Tranche 1 Warrants Exercise Condition or/and the Tranche 2 Warrants Exercise Condition is not satisfied, but the Net Profits for FY2021, FY2022 and FY2023 in aggregate exceed RMB1,200,000,000, warrants will entitled to exercise by proportion.

The Company issued an aggregate of 1,834,279,307 shares in December 2024 pursuant to the exercise of warrants given the consolidated Net Profit of Virtual Cinema for FY2021, FY2022 and FY2023 were satisfied with Warrants Exercise Conditions thereof. For details, refer to Note 14.

Based on the final purchase price allocation, the following table summarises the fair value movement of the consideration paid for Virtual Cinema:

	<i>RMB'000</i>	
As at 1 January 2023		1,180,571
Fair value change of the contingent consideration payable (<i>Note 2.2(a)</i>)		124,434
Currency translation differences		<u>17,828</u>
As at 31 December 2023		<u><u>1,322,833</u></u>
As at 1 January 2024		1,322,833
Fair value change of the contingent consideration payable (<i>Note 2.2(a)</i>)		1,121,447
Currency translation differences		45,836
Amounts exercised during the year (<i>Note 14</i>)		<u>(2,490,116)</u>
As at 31 December 2024		<u><u>—</u></u>
	31 December	31 December
Represented by	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current portion	<u><u>—</u></u>	<u><u>1,322,833</u></u>

The fair value of the contingent consideration arrangement as at 31 December 2023 was determined by using binomial option pricing model based on the valuation undertaken by an external independent valuer. The significant unobservable inputs into the model as at 31 December 2023 are as follows:

	31 December 2023
Stock price (HK\$)	1.73
Expected volatility (%)	48.18
Weighted probability to achieve performance target (%)	100

Fair value change of the contingent consideration payable during the year ended 31 December 2024 was primarily attributable to increase in stock price of the Company.

OTHER INFORMATION

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (for the year ended 31 December 2023: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES AND OTHER EQUITY FUNDRAISING ACTIVITIES

Issue of shares of the Company (the “Shares”) under general mandate and specific mandate

On 4 July 2023, the Company entered into separate share subscription agreements with each of Century Spirit Investments Limited (“**Century Spirit**”), Cubract Ventures Limited (“**Cubract Ventures**”), Fame Mountain Limited (“**Fame Mountain**”) and Million Succeed Development Limited (“**Million Succeed**”) (collectively, the “**Independent Subscriber Share Subscription Agreements**”), pursuant to which the Company agreed to allot and issue, and each of Century Spirit, Cubract Ventures, Fame Mountain and Million Succeed (collectively, the “**Independent Subscribers**”) agreed to subscribe 500,000,000 subscription shares (in aggregate 2,000,000,000 subscription shares) at HK\$1.60 per subscription share, on the respective terms thereunder (the “**Independent Subscriber Subscriptions**”).

On 4 July 2023, the Company entered into a share subscription agreement (the “**Water Lily Share Subscription Agreement**”) with Water Lily Investment Limited (“**Water Lily**”), pursuant to which the Company agreed to allot and issue, and Water Lily agreed to subscribe 500,000,000 subscription shares at HK\$1.60 per subscription share, on the terms of the Water Lily Share Subscription Agreement thereunder (the “**Water Lily Subscription**”, together with the Independent Subscriber Subscriptions, the “**2023 Share Subscriptions**”).

In respect of the Water Lily Subscription, the relevant subscription shares were allotted and issued on 10 October 2023 under the specific mandate sought from the independent shareholders at the special general meeting of the Company convened on 15 September 2023, raising an aggregate gross proceeds of HK\$800 million.

In respect of the Independent Subscriber Subscriptions, the subscription shares shall be issued under the general mandate granted by the shareholders at the annual general meeting of the Company held on 28 June 2023.

On 5 September 2023, 29 November 2023, 20 December 2023, 28 January 2024 and 3 April 2024, the Company entered into separate supplemental agreements with each of the Independent Subscribers pursuant to which the Company and each of the Independent Subscribers agreed to extend the longstop date and last issue date, being

the date when each of the Independent Subscribers shall complete the subscription of all the relevant subscription shares in one or multiple tranches to 31 May 2024 (or such later date as the Company and the relevant Independent Subscribers may agree). The aforesaid extensions were due to additional time required by the Independent Subscribers to arrange the remittance of funds to Hong Kong.

On 5 June 2024, the closing of the Independent Subscriber Share Subscription Agreements completed, pursuant to which an aggregate of 2,000,000,000 subscription shares were issued under the general mandate at the subscription price of HK\$1.60 each, raising an aggregate gross proceeds of HK\$3,200 million.

As at 31 December 2024, the aggregate net proceeds raised through the 2023 Share Subscriptions had been fully utilized in manner as disclosed in the circular of the Company dated 30 August 2023.

For further details of the 2023 Share Subscriptions, please refer to the announcements of the Company dated 4 July 2023, 7 September 2023, 29 November 2023, 28 January 2024, 31 January 2024, 3 April 2024 and 5 June 2024 and the circular of the Company dated 30 August 2023.

Issue of Shares pursuant to the exercise of warrants

The Company issued an aggregate of 1,834,279,307 Shares on 27 December 2024 and 31 December 2024 pursuant to the exercise of warrants in accordance with the warrant instrument of the Company dated 20 January 2021. For details, please refer to the announcements of the Company dated 26 October 2020, 27 October 2020, 18 January 2021 and 20 January 2021; the circular of the Company dated 31 December 2020; and the next day disclosure returns of the Company dated 30 December 2024 and 31 December 2024. The net proceeds raised from the aforementioned issue of new shares upon exercise of warrants were approximately HK\$1,760,908,000 and the entire amount of these net proceeds has not been utilized as at 31 December 2024. It is intended that the entire amount of these net proceeds be used for general corporate purposes as disclosed in the circular of the Company dated 31 December 2020.

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities and the Company had not conducted any other equity fundraising activities during the year ended 31 December 2024.

EVENT AFTER THE END OF THE REPORTING PERIOD

Acquisition of 30% equity interest in Beijing Yonghang and issue of Consideration Shares (as defined below) under specific mandate (the “Acquisition of Beijing Yonghang”)

On 13 January 2025, (i) Beijing Jingxiu and Virtual Cinema (as purchasers) (collectively, the “**Beijing Yonghang Purchasers**”); (ii) Tencent Digital (Shenzhen) Company Limited* (騰訊數碼(深圳)有限公司), Tencent Mobility Limited (“**Tencent Hong Kong**”), Guangxi Tencent Venture Capital Co., Ltd.* (廣西騰訊創業投資有限公司) and Tibet Yonghang Enterprise Management Partnership (Limited Partnership)* (西藏永航企業管理合夥企業(有限合夥)) (as vendors) (collectively, the “**Beijing Yonghang Vendors**”); (iii) Beijing Yonghang; and (iv) the Company (as the guarantor of the Beijing Yonghang Purchasers) entered into an equity transfer agreement (the “**Beijing Yonghang Equity Transfer Agreement**”), pursuant to which the Beijing Yonghang Vendors conditionally agreed to sell, and the Beijing Yonghang Purchasers conditionally agreed to acquire a total of 30% equity interest in Beijing Yonghang at a total consideration of RMB825 million, including (i) RMB742.5 million in cash, and (ii) 36,666,667 new shares (the “**Consideration Shares**”) to be allotted and issued by the Company to Tencent Hong Kong or its designated parties at the price of HK\$2.432 per Consideration Share.

Beijing Jingxiu is a controlled structured entity in which the Company has 100% beneficial interest, and Virtual Cinema is an indirect wholly-owned subsidiary of the Company. Each of the Beijing Yonghang Vendors is a wholly-owned subsidiary of Tencent Holdings. The core assets of Beijing Yonghang encompass “QQ Dance” (《QQ炫舞》), “QQ Dance II” (《QQ炫舞 2》), “QQ Dance Mobile” (《QQ炫舞手遊》), and other games.

The Consideration Shares will be allotted and issued pursuant to the specific mandate sought from the shareholders of the Company other than Water Lily, Mr. Yang Ming and their respective associates at the special general meeting of the Company convened on 26 March 2025.

For further details of the Acquisition of Beijing Yonghang, please refer to the announcement of the Company dated 13 January 2025 and the circular of the Company dated 7 March 2025.

(1) Subscription of new shares pursuant to the subscription agreements under general mandate and (2) placing of new shares pursuant to the placing agreement under general mandate

On 27 January 2025 (after trading hours), the Company (as the issuer) entered into two separate subscription agreements (the “**2025 Subscription Agreements**”) with each of Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司) and TFI Investment Fund SPC (collectively, the “**Subscribers**”), pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 1,144,514,767 subscription shares at the subscription price of HK\$2.37 per subscription share, upon the respective terms and subject to the respective conditions set out in the respective 2025 Subscription Agreements (the “**2025 Share Subscriptions**”). The gross proceeds from the 2025 Share Subscriptions amount to approximately HK\$2,712,499,998 (equivalent to approximately US\$350,000,000), while the net proceeds from the 2025 Share Subscriptions, after deducting the related expenses, are estimated to be approximately HK\$2,712,499,998.

On 27 January 2025 (after trading hours), the Company (as the issuer) entered into a placing agreement (the “**2025 Placing Agreement**”) with TFI Securities and Futures Limited (as the placing agent, the “**Placing Agent**”), pursuant to which the Placing Agent has conditionally agreed to act as agent of the Company to procure, on a best effort basis, not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 490,506,329 placing shares at the placing price of HK\$2.37 per placing share, upon the terms and subject to the conditions set out in the 2025 Placing Agreement (the “**2025 Placing**”). The gross proceeds from the 2025 Placing amount to approximately HK\$1,162,500,000 (equivalent to approximately US\$150,000,000) and the net proceeds from the 2025 Placing (after deducting the placing commission for the Placing and other relevant expenses) are approximately HK\$1,157,850,000.

The gross proceeds of the 2025 Share Subscriptions and the 2025 Placing, in aggregate, amount to approximately HK\$3,874,999,998 (equivalent to approximately US\$500,000,000). The aggregate net proceeds of the 2025 Share Subscriptions and the 2025 Placing, after the deduction of related fees and expenses for the 2025 Share Subscriptions and the 2025 Placing and placing commission for the 2025 Placing, amount to approximately HK\$3,870,349,998. The Company intends to apply the net proceeds from the 2025 Share Subscriptions and the 2025 Placing in the following manner: (a) approximately HK\$3,483,314,998 (or approximately 90%) for the growth and expansion of the business of the Group, including content production, purchase of drama script and copyright and purchase of copyright of films and TV programs, and

integrating upstream and downstream resources of the Group's businesses; and (b) approximately HK\$387,035,000 (or approximately 10%) for the Group's general working capital purposes.

In respect of the 2025 Placing, 160,280,000 placing shares and 330,226,329 placing shares were placed by the Placing Agent to not less than six placees on 14 February 2025 and 18 February 2025 respectively pursuant to the terms and conditions of the 2025 Placing Agreement and under the general mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 18 June 2024 (the **"2024 General Mandate"**).

In respect of the 2025 Share Subscriptions, 654,008,438 subscription shares were allotted and issued to Sunshine Life Insurance Corporation Limited under the 2024 General Mandate on 27 February 2025.

For further details of the 2025 Share Subscriptions and the 2025 Placing, please refer to the announcements of the Company dated 28 January 2025 and 14 February 2025 and the next day disclosure returns of the Company dated 14 February 2025, 18 February 2025 and 27 February 2025.

Save as disclosed above, the Group has no event after the end of the Reporting Period that needs to be brought to the attention of the shareholders of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board considers that good corporate governance practices are crucial to the smooth and effective operation of the Group and the safeguarding of the interests of the shareholders and other stakeholders of the Company. The Company has put in place internal policies to ensure the compliance and has adopted and complied with the code provisions set out in the Corporate Governance Code (the **"Code"**) contained in Appendix C1 to the Listing Rules during the year ended 31 December 2024 except for the following deviation from the Code:

- Code provision C.2.1 stipulated that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2024, the Company has no such title as chief executive officer. The overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operation and execution is vested in the Board itself. The Board believes that the current structure is conducive to strong and consistent leadership and oversight enabling the Group to operate efficiently.

COMPLIANCE WITH THE MODEL CODE

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. The Company, having made specific and cautious enquiries, confirmed that all Directors had complied with the Model Code for the year ended 31 December 2024.

REVIEW OF RESULTS

The Audit Committee of the Company consists of three of the independent non-executive Directors, namely Mr. Chau Shing Yim, David, Mr. Nie Zhixin and Mr. Chen Haiquan. The Audit Committee assists the Board in, among others, providing an independent review of the completeness, accuracy and fairness of the financial statements of the Group, as well as the efficiency and effectiveness of the Group’s operations and internal controls. The Audit Committee has reviewed the results of the Group for the year ended 31 December 2024.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the consolidated financial statements of the Group and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement of the results of the Group have been agreed by the auditor of the Company, PricewaterhouseCoopers, to the amounts set out in the Group’s consolidated financial statements for the year ended 31 December 2024. The work of PricewaterhouseCoopers in this respect, did not constitute an 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 will be expressed on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The annual results announcement for the year ended 31 December 2024 is also published on the Stock Exchange’s website (<https://www.hkexnews.hk>) and the Company’s website (<https://www.ryholdings.com>). The annual report of the Company for the year ended 31 December 2024 containing all information required by the Listing Rules will be published on websites of the Stock Exchange and the Company on or before 30 April 2025.

2025 ANNUAL GENERAL MEETING

As at the date of this announcement, the Company has not determined the date when the Company's 2025 annual general meeting will be held and the relevant book closure arrangement. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

FORWARD LOOKING STATEMENTS

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this announcement or any of the matters set out therein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

APPRECIATION

The Board would like to express its sincere gratitude to the Company's shareholders, investors, employees and business partners for their continuous support.

By order of the Board
China Ruyi Holdings Limited
Ke Liming
Chairman

** For identification purposes only*

Hong Kong, 31 March 2025

As at the date of this announcement, the executive directors of the Company are Mr. Ke Liming and Mr. Zhang Qiang; the non-executive director of the Company is Mr. Yang Ming; and the independent non-executive directors of the Company are Mr. Chau Shing Yim, David, Mr. Nie Zhixin, Mr. Chen Haiquan and Professor Shi Zhuomin.