iDreamSky

iDreamSky Technology Holdings Limited
创梦天地科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1119

ANNUAL REPORT 2024

Contents

Corporate Information

Board of Directors

Executive Directors

Mr. Chen Xiangyu *(Chairman of the Board and Chief Executive Officer)*
Mr. Guan Song
Mr. Jeffrey Lyndon Ko *(resigned on 27 March 2025)*
Mr. Yang Jialiang

Non-executive Directors

Mr. Zhang Han
Mr. Yang Ming

Independent Non-executive Directors

Ms. Yu Bin
Mr. Li Xintian
Mr. Zhang Weining
Mr. Mao Rui

Audit Committee

Mr. Zhang Weining *(Chairman)*
Mr. Zhang Han
Ms. Yu Bin
Mr. Li Xintian

Nomination Committee

Mr. Chen Xiangyu *(Chairman)*
Mr. Guan Song
Ms. Yu Bin
Mr. Li Xintian
Mr. Zhang Weining

Remuneration and Appraisal Committee

Ms. Yu Bin *(Chairman)*
Mr. Yang Jialiang
Mr. Li Xintian
Mr. Zhang Weining

Strategy Committee

Mr. Chen Xiangyu *(Chairman)*
Mr. Guan Song
Mr. Yang Ming
Mr. Zhang Weining
Mr. Mao Rui

AUTHORIZED REPRESENTATIVES

Mr. Guan Song
Ms. Ng Ka Man *(ACG, HKACG)*

JOINT COMPANY SECRETARIES

Ms. Tang Xu
Ms. Ng Ka Man *(ACG, HKACG)*

LEGAL ADVISOR

As to Hong Kong law:
Clifford Chance
27/F, Jardine House
1 Connaught Place
Central, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
10 Chater Road, Central, Hong Kong

REGISTERED OFFICE

The offices of Maples Corporate Services Limited
P.O. Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

HEADQUARTER

16/F, Unit 3, Block A
Kexing Science Park
15 Ke Yuan Road
Nanshan District
Shenzhen
Guangdong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Times Square
1 Matheson Street
Causeway Bay, Hong Kong

PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Shanghai Pudong Development Bank
Shenzhen Zhongxinqu Sub-branch
1/F and 2/F, Block B
International Chamber of Commerce Building
138 Fuhua Yi Road
Futian District
Shenzhen
Guangdong Province
PRC

Bank of China
Zhongxing Sub-branch
West Side, 1/F, ZTE R&D Building
13 Gaoxin South Road Four
Nanshan District
Shenzhen
Guangdong Province
PRC

COMPANY'S WEBSITE

www.idreamsky.com

STOCK CODE

1119

DATE OF LISTING

6 December 2018

Financial Highlights

	For the year ended 31 December				
	2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000* (Restated)	2023 *RMB'000*	**2024** ***RMB'000***
Revenues	3,212,118	2,637,637	2,594,528	1,916,473	**1,513,644**
Gross profit	1,335,764	1,103,341	400,460	673,461	**426,789**
Loss before income tax	(574,478)	(181,180)	(2,507,750)	(470,357)	**(574,117)**
Loss for the year	(564,996)	(155,930)	(2,521,578)	(456,830)	**(544,604)**
Adjusted profit/(loss) for the year	162,253	110,799	(576,152)	139,597	**(30,322)**

Note: In order to maintain data comparability, the data for 2023 and 2022 is limited to the scope of continuing operations only, excluding the discontinued operations (which was disposed in the first quarter of 2023). To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit/loss for the year as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. Our adjusted profit/loss for the year was derived from our profit/loss for the year from continuing operations excluding share-based compensation expenses, fair value gains or losses on financial assets, impairment of investments in associates accounted for using the equity method, fair value changes on financial liabilities at fair value through profit or loss, interest expense on convertible bonds, adjustment of amortized cost of convertible bonds due to early redemption, impairment provision of goodwill resulting from a business combination, impairment of intangible assets, impairment of financial assets, impairment of prepayments and net exchange gains/losses.

	As at 31 December				
	2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*	**2024** ***RMB'000***
Total assets	6,752,841	6,610,940	4,323,718	3,707,673	**3,590,220**
Total liabilities	3,037,000	2,401,698	2,529,176	1,964,446	**2,134,852**
Total equity	3,715,841	4,209,242	1,794,542	1,743,227	**1,455,368**

Dear investors and friends who may concern about iDreamSky,

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

BUILDING CAPABILITIES THROUGH PUBLISHING OF OVERSEAS HIGH-QUALITY PRODUCTS, ENABLING GROWTH BY DEVELOPING NEW PRODUCTS

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

In 2024, our classical games, such as "Subway Surfers (地鐵跑酷)", "Gardenscapes (夢幻花園)" and "Homescapes (夢幻家園)", continued to contribute revenue, newly launched products such as "War Robots (機甲戰隊)" and "Shop Titans (傳奇商店)" achieved brilliant results, becoming new evergreen games, and delivering momentum for the Company's sustained growth. Subway Surfers ranked in the top 10 of the Hot Lists on multiple channels. Its version payout rate increased by 40% to a 5-year high through optimization of in-game commercialization and tournament system. In addition, through IP crossovers with famous IPs such as Ultraman, and cross-industry cooperation with Shenzhen Metro and Wal-Mart, we have deepened the connection between brands and users. The revenue of Gardenscapes continued to grow, and the average revenue per daily active user increased by more than 10% year on year, both hitting record highs. War Robots achieved total cumulative worldwide revenue of USD1 billion. In 2024, its Chinese server version ranked among the top 5 of global mecha shooting games in terms of revenue. As the publisher of the Chinese server version, we helped achieve this brilliant result with our long-term commitment to the mecha culture enthusiasts and strategy competition fans. The Chinese server version of Shop Titans was launched in December 2024, with revenue far surpassing overseas for the same period, validating the innovative model of "tool empowerment — ecological back-feeding" and winning the recognition of overseas developers.

DRIVING GLOBAL DEPLOYMENT THROUGH SELF-DEVELOPMENT AND INNOVATION, BUILDING CORE BARRIER WITH MULTI-PLATFORM IPS

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

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

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

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

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

FANBOOK DRIVING IMPROVEMENT IN USER SERVICE, AI ENABLING ENHANCEMENT OF PRODUCTION, RESEARCH AND OPERATION EFFICIENCY

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

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

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

GAME INNOVATION FACILITATES THE GOING GLOBAL OF CHINESE CULTURE, SETTING STANDARDS TO PROPEL THE INDUSTRY FORWARD

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

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

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

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

Chairman
Chen Xiangyu
Shenzhen, the PRC, 27 March 2025

Management Discussion and Analysis

The following table sets forth the comparative figures for the years ended 31 December 2024 and 2023:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
Revenues	**1,513,644**	1,916,473
Cost of revenues	**(1,086,855)**	(1,243,012)
Gross profit	**426,789**	673,461
Selling and marketing expenses	**(196,485)**	(230,597)
General and administrative expenses	**(126,498)**	(109,111)
Research and development expenses	**(165,164)**	(239,953)
Impairment losses on intangible assets	**(9,972)**	(23,245)
Net impairment losses on financial assets	**(185,735)**	(232,323)
Other income	**12,409**	25,430
Other losses, net	**(19,304)**	(11,097)
Fair value losses on financial assets at fair value through profit or loss	**(81,400)**	(27,856)
Operating loss	**(345,360)**	(175,291)
Finance income	**3,861**	6,205
Finance costs	**(110,025)**	(295,979)
Finance costs, net	**(106,164)**	(289,774)
Share of results of investments accounted for using the equity method	**(17,097)**	14,067
Impairment of investments accounted for using the equity method	**(105,496)**	(19,359)
Loss before income tax	**(574,117)**	(470,357)
Income tax credit	**29,513**	13,527
Loss for the year from continuing operations	**(544,604)**	(456,830)
Discontinued operations		
Loss for the year from discontinued operations after income tax	**—**	(103,988)
Loss for the year	**(544,604)**	(560,818)
Adjusted (loss)/profit for the year	**(30,322)**	139,597

CONTINUING OPERATION

Revenues

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

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

Game revenue

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

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

Information service revenue

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

Cost of Revenues

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

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

Selling and Marketing Expenses

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

General and Administrative Expenses

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

Research and Development Expenses

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

Impairment Losses on Intangible assets

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

Net Impairment Losses on Financial Assets

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

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

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

Impairment of Investments in Associates Accounted for Using the Equity Method

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

Finance Costs, Net

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

Income Tax Credit

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

Loss for the Year

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

OTHER FINANCIAL INFORMATION

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

Notes:

(1) Our adjusted profit/loss for the year was derived from our profit/loss for the year from continuing operations excluding share-based compensation expenses, fair value gains or losses on financial assets, impairment of investments in associates accounted for using the equity method, fair value changes on financial liabilities at fair value through profit or loss, interest expense on convertible bonds, adjustment of amortized cost of convertible bonds due to early redemption, impairment of intangible assets, impairment of financial assets, impairment of prepayments and net exchange gains/losses.

(2) EBITDA is net income or loss before interest expenses, adjustment of amortized cost of convertible bonds due to early redemption, income tax credit, and depreciation and amortization.

(3) Adjusted EBITDA is calculated using adjusted profit for the year, adding back depreciation of property, plant and equipment, investment properties and right-of-use assets, amortization of intangible assets, income tax credit and adjustment of interest expenses.

Non-IFRS Financial Measure

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

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

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Reconciliation of loss for the year from continuing operations to adjusted profit/(loss) for the year:		
Loss for the year from continuing operations	**(544,604)**	(456,830)
Add: Fair value losses on financial assets at fair value through profit or loss	**81,400**	27,856
Add: Fair value losses on financial liabilities at fair value through profit or loss	**26,568**	10,986
Add: Share-based compensation expenses	**15,569**	10,508
Add: Impairment of investments in associates accounted for using the equity method	**105,496**	19,359
Add: Interest expenses on convertible bonds	**50,993**	78,563
Add: Adjustment of amortized cost of convertible bonds due to early redemption	**—**	130,594
Add: Impairment loss on intangible assets	**9,972**	23,245
Add: Net impairment losses on financial assets	**185,735**	232,323
Add: Impairment loss on prepayments	**32,738**	40,731
Add: Exchange losses, net	**5,811**	22,262
Adjusted (loss)/profit for the year	**(30,322)**	139,597
Reconciliation of loss for the year from continuing operations to EBITDA and adjusted EBITDA:		
Loss for the year from continuing operations	**(544,604)**	(456,830)
Add: Depreciation of property, plant and equipment, investment properties and right-of-use assets	**1,178**	12,390
Add: Amortization of intangible assets	**59,983**	102,166
Add: Income tax credit	**(29,513)**	(13,527)
Add: Interest expenses	**106,035**	146,710
Add: Adjustment of amortized cost of convertible bonds due to early redemption	**—**	130,594

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Secured bank borrowings	**1,055,075**	876,424
Secured other borrowings	**15,000**	90,000
	1,070,075	966,424

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

	As of 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	1,070,075	699,526
EUR	—	266,898
	1,070,075	966,424

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

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

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

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

CAPITAL EXPENDITURE

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

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

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

FOREIGN EXCHANGE RISK MANAGEMENT

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

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

USE OF PROCEEDS FROM THE SHARE PLACING

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

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

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

The Board is pleased to present its report together with the audited consolidated financial statements of the Company for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Analysis of the principal activities of the Group is set out in Management Discussion and Analysis.

BUSINESS REVIEW AND OUTLOOK

A review of our business, a discussion and analysis of our performance during the year, the material factors underlying our results and financial position, certain material events occurred during the year, and the future development of our business have been set out in the section headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 5 to 7 and 8 to 16 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

The events after the reporting period are disclosed in Note 40 to the consolidated financial statements

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is subject to various PRC laws and regulations in relation to its game publishing operations in the PRC, including, without limitation, in the aspects of value-added telecommunication services, game examination, publishing and operation, virtual currency, real-name registration, anti-addiction system, information security and censorship, and privacy protection.

As far as the Board is aware, during the Reporting Period, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects.

PRINCIPAL RISKS AND UNCERTAINTIES

We face various risks involved in our daily business operations, including risks that are specific to our game publishing business as well as the industry and regulatory landscape in the PRC. In particular, the commercial launch of our games is subject to specific pre-approval and post-filing requirements as required by the relevant competent regulatory authorities in China, which may change from time to time. For details, please refer to the section headed "Corporate Governance Report — Risk Management and Internal Control" on pages 70 to 73 in this annual report.

Due to the legal restrictions imposed by China on foreign investors to engage in value-added telecommunications services in China, the Group's member companies operate business according to Contractual Arrangements, and therefore the Group is also subject to the risks relating to the Contractual Arrangements. For details, please refer to the "Contractual Arrangements — Risks relating to the Contractual Arrangements" on page 44 of this section.

ENVIRONMENTAL PERFORMANCE AND POLICIES

The Group is a digital entertainment platform that publishes games through mobile apps and websites. Its business operation involves minimum direct discharge of pollutants or hazardous waste to the environment. However, the Group is committed to minimizing the impact on the environment from our business activities. In particular, the Group adheres to green, low-carbon office concept and encourages its employees to participate in resource conservation during their daily work at the office. Further details are set out in the 2024 Environmental, Social and Governance Report of the Company.

RELATIONSHIP WITH STAKEHOLDERS

We value stakeholders' concerns and opinions on our business performance and progress, and strive to maintain effective communication with our stakeholders, including our shareholders, employees, customers, suppliers, business partners, users, media and the public through a range of communication channels, such as our WeChat official account, official website, results presentation and emails to maintain a close and harmonious relationship with them. The details are set out in the 2024 Environmental, Social and Governance Report of the Company.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on pages 84 to 85 of this annual report.

FINAL DIVIDENDS

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

FINANCIAL SUMMARY

A summary of the Company's results, assets and liabilities for the last five financial years are set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended 31 December 2024, revenue generated from the Group's five largest customers accounted for 7.4% (2023: 7.2%) of the Group's total revenue and our largest customer, accounted for 5.5% (2023: 5.4%) of the Group's total revenue. Tencent entered the Group's top five customers in 2024 and ranked first, and is also one of the major shareholders of the Company.

Major Suppliers

For the year ended 31 December 2024, the Group's five largest suppliers accounted for 70.3% (2023: 67.7%) of the Group's total purchases and our single largest supplier accounted for 28.9% (2023: 27.6%) of the Group's total purchases.

Save as disclosed above, during the year ended 31 December 2024, none of the Directors or any of their close associates or any shareholders who, to the best knowledge of the Directors, is interested in more than 5% of the number of issued Shares (excluding treasury shares) had any interest in the Company's five largest customers or suppliers.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company as at 31 December 2024 are set out in Note 28 to the consolidated financial statements.

HUMAN RESOURCES

As at 31 December 2024, the Group had 852 employees (2023: 797). The total remuneration expenses, excluding share-based compensation expense, for the year ended 31 December 2024 were RMB189 million, representing a decrease of 11.50% as compared to the year ended 31 December 2023. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group for the year ended 31 December 2024 are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company for the year ended 31 December 2024 are set out in Note 25 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group for the year ended 31 December 2024 are set out in Note 26 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Group did not have any distributable reserves (2023: nil).

TAXATION

Tax position of the Group for the year ended 31 December 2024 is set out in Note 12 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during the Reporting Period and as at the date of this annual report are:

Executive Directors

Mr. Chen Xiangyu *(Chairman of the Board and Chief Executive Officer)*
Mr. Guan Song
Mr. Jeffrey Lyndon Ko *(resigned on 27 March 2025)*
Mr. Yang Jialiang

Non-executive Directors

Mr. Zhang Han
Mr. Yang Ming

Independent Non-executive Directors

Ms. Yu Bin
Mr. Li Xintian
Mr. ZhangWeining
Mr. Mao Rui

In accordance with the Memorandum and Articles of Association, Mr. Chen Xiangyu, Ms. Yu Bin, Mr. Li Xintian and Mr. Mao Rui shall retire by rotation, and being eligible, have offered themselves for re-election at the forthcoming AGM. Details of the Directors to be re-elected at the AGM are set out in the circular to the shareholders.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 49 to 54 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to the factors as set out in Rule 3.13 of the Listing Rules from each of the independent non-executive Directors, and the Company considers such Directors continue to be independent.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company. Pursuant to the contracts, they agreed to act as executive Directors for a term of three years with effect from the date of their appointments or renewal of the service contract (subject always to re-election as and when required under the Memorandum and Articles of Association). Either party has the right to give not less than three months' written notice to terminate the contract.

Each of the non-executive Directors has entered into a service contract with the Company. Their term of office shall commence from the date of their appointments or renewal of the service contract and shall continue for three years (subject always to re-election as and when required under the Memorandum and Articles of Association), until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one month's written notice.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company. Their term of office shall be three years from the date of their appointments or the renewal of the letter of appointment (subject always to re-election as and when required under the Memorandum and Articles of Association), until terminated in accordance with the terms and conditions of the letter of appointment or by either party giving to the other not less than three months' written notice.

None of the Directors has a service contract or a letter of appointment which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

EMOLUMENT POLICY

The remuneration and appraisal committee of the Company is responsible for reviewing the remuneration policy and structure of the Directors regarding to the Company's operating results, Directors' individual performance and comparable market practices. Independent non-executive Directors are not entitled to any equity-linked compensation with performance-related elements and are not permitted to participate in the share award scheme. None of the Directors should be involved in deciding his/her own remuneration.

Details of the Directors' and CEO's remuneration for the year ended 31 December 2024 are set out in Note 10 to the consolidated financial statements.

Remuneration for Senior Management falls within the following range:

	Number	
	Year ended 31 December	
	2024	2023
HKD0 to HKD10,000,000	**5**	6
Over HKD10,000,000	**—**	—
	5	6

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

None of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Company to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

RIGHTS AND INTERESTS OF DIRECTORS ON COMPETING BUSINESSES

Our executive Director, Mr. Chen Xiangyu, is the founder and the largest Shareholder of our Company. Mr. Chen has held interests as a limited partner in certain venture capital funds and/or angel investment funds which may from time to time invest in technology companies, and his economic interest in such funds was insignificant.

Mr. Yang Ming, a non-executive Director, holds directorships in certain companies which are principally or partially engaged in online game services within the consolidated scope of Tencent and participates in the daily management and operation of such companies. In addition to the above, Mr. Yang Ming also holds directorships in certain other companies which are principally or partially engaged in online game services and/or internet community services (not within the consolidated scope of Tencent), but Mr. Yang Ming is not involved in the daily management and operation of such companies.

Notwithstanding the aforesaid interests, having considered that (i) Mr. Yang Ming is a non-executive Director of the Company, the business of the Company is principally operated and managed by the executive Directors and senior management of the Company together, and the Company and the aforesaid companies of which Mr. Yang Ming is a director are independent of each other in respect of the operation and management of the team, (ii) the Board of the Company currently has four independent non-executive Directors in order to strike a balance among the Directors who may have interests and to provide fair and objective advice to safeguard the interests of the Company and the shareholders as a whole, and (iii) Mr. Yang Ming is aware of and has been discharging his fiduciary duties as a director under the Listing Rules and has always acted in the best interests of the Company and the shareholders as a whole, and as such, the Board considers that the Group is capable of carrying on its business fairly and independently of competing businesses.

Save as disclosed above, for the year ended 31 December 2024, none of the Directors or their associates has any competing interests in the businesses which compete or are likely to compete, directly or indirectly, with our Group or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 December 2024.

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

Ms. Yu Bin, the independent non-executive Director of the Company, has been serving as an independent non-executive director of DPC Dash Ltd since December 2024.

Save as disclosed above, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules for the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the HKEX pursuant to the Model Code were as follows:

(a) Interest in Shares and underlying Shares

Name of Directors	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of interest in the Company[1]
Mr. Chen Xiangyu ("**Mr. Chen**")[2]	Beneficial owner	27,947,600 (L)	1.65%
	Interest of controlled corporation	239,154,722 (L)	14.15%
Mr. Guan Song ("**Mr. Guan**")[3]	Beneficial owner	15,378,000 (L)	0.91%
	Interest of controlled corporation	19,016,020 (L)	1.13%
Mr. Jeffrey Lyndon Ko ("**Mr. Ko**")[4]	Beneficial owner	400,000 (L)	0.02%
	Interest of controlled corporation	3,492,000 (L)	0.21%
Mr. Yang Jialiang ("**Mr. Yang**")	Beneficial owner	1,412,000 (L)	0.08%

Notes:

(1) The percentages are calculated on the basis of 1,689,850,345 Shares in issue as at 31 December 2024.

(2) Brilliant Seed Limited is wholly owned by Mr. Chen, who is therefore deemed to be interested in the Shares held by Brilliant Seed Limited.

(3) Bubble Sky Limited is wholly owned by Mr. Guan, who is therefore deemed to be interested in the Shares held by Bubble Sky Limited.

(4) Shipshape Holdings Limited is wholly owned by Mr. Ko, who is therefore deemed to be interested in the Shares held by Shipshape Holdings Limited. On 27 March 2025, Mr. Ko has resigned as a Director of the Company due to work reallocation, with a view to concentrating on handling overseas business matters of the Group.

(5) The percentage figures have been subject to rounding adjustments. Accordingly, figures shown in totals may not be an arithmetic aggregation of the figures preceding them.

(6) The letter "L" denotes the person's long position in such Shares.

(b) Interest in Associated Corporation

Name of Director	Associated Corporation	Capacity/Nature of Interest	Number of Shares held	Approximate Percentage of Interest in the Associated Corporation
Mr. Chen	Shenzhen Mengyu Technology Co., Ltd.	Beneficial owner	500,000 (L)	5.00%

Save as disclosed above, as at 31 December 2024, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the HKEX pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares Held[6]	Approximate percentage of interest in the Company[1][5]
Brilliant Seed Limited[2]	Beneficial owner	239,154,722 (L)	14.15%
Mr. Chen[2]	Beneficial owner	27,947,600 (L)	1.65%
	Interest of controlled corporation	239,154,722 (L)	14.15%
Tencent Mobility Limited[3]	Beneficial owner	249,141,192 (L)	14.74%
Tencent Holdings Limited[3]	Interest of controlled corporation	249,141,192 (L)	14.74%
iDreamSky Technology Limited[4]	Beneficial owner	110,842,927 (L)	6.56%
Dream Investment Holdings Limited[4]	Interest of controlled corporation	110,842,927 (L)	6.56%
Dream Technology Holdings Limited[4]	Interest of controlled corporation	110,842,927 (L)	6.56%

Notes:

(1) The percentages are calculated on the basis of 1,689,850,345 Shares in issue as at 31 December 2024.

(2) Brilliant Seed Limited is wholly owned by Mr. Chen. Under the SFO, Mr. Chen is deemed to be interested in the Shares held by Brilliant Seed Limited.

(3) Tencent Mobility Limited is a wholly owned subsidiary of Tencent Holdings Limited. Under the SFO, Tencent Holdings Limited is deemed to be interested in the Shares held by Tencent Mobility Limited.

(4) iDreamSky Technology Limited is wholly owned by Dream Investment Holdings Limited, which is an exempted company incorporated with limited liabilities in the Cayman Islands and is in turn wholly owned by Dream Technology Holdings Limited. None of the shareholders of Dream Technology Holdings Limited hold one-third or more of the equity interest of Dream Technology Holdings Limited. Under the SFO, Dream Investment Holdings Limited and Dream Technology Holdings Limited are deemed to be interested in the Shares held by iDreamSky Technology Limited.

(5) The percentage figures have been subject to rounding adjustments. Accordingly, figures shown in totals may not be an arithmetic aggregation of the figures preceding them.

(6) The letter "L" denotes the person's long position in such Shares.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE SCHEME

Pre-IPO RSU Scheme

As approved by the Board, the Company adopted a restricted share unit (the "**RSU**") scheme (the "**Pre-IPO RSU Scheme**") on 18 May 2018, and the Board may, at its discretion, grant restricted share units to any participant subject to the provisions and conditions of the Pre-IPO RSU Scheme.

Purpose

The purpose of the Pre-IPO RSU Scheme is to reward the Group's employees for their contribution to the Group and to provide incentives to attract the best available personnel to maintain and further promote the success of the Group's business.

Eligible participants and maximum entitlement of each participant

Persons eligible to participate in the Pre-IPO RSU Scheme include but are not limited to full-time employees (including directors) of the Group. The maximum entitlement of each eligible participant is at the sole discretion of the administrator of the Pre-IPO RSU Scheme.

Scheme period and the remaining validity period

The Pre-IPO RSU Scheme shall be valid and effective for a period of ten years commencing from the adoption date, after which no further awards will be granted but the awards granted during the Pre-IPO RSU Scheme shall continue to be valid and exercisable in accordance with the terms of the grant. As of the Latest Practicable Date, the remaining validity period of the Pre-IPO RSU Scheme is more than three years, and the Board has the right to terminate the Pre-IPO RSU Scheme before the expiration of the term.

Maximum number of shares

As at the effective date of the Pre-IPO RSU Scheme, the total number of RSUs available for issue under the Pre-IPO RSU Scheme shall not exceed 8,627,045 (the "**RSU Limit**"), representing 8,627,045 ordinary shares of the Company. On the Listing Date, the total share capital of the Company was increased from 500,000,000 shares to 5,000,000,000 shares and the authorized share capital was increased by ten times (for details, please refer to the Prospectus and announcement of the Company dated 16 October 2020). As a result, the number of RSU Limit shall be changed to 86,270,450 shares accordingly, representing 86,270,450 ordinary shares of the Company (representing 5.18% of the issued shares of the Company (excluding treasury shares) as of the Latest Practicable Date).

Vesting period and exercise period

The Pre-IPO RSU Scheme does not define a vesting period and there is no minimum holding period limit. The actual vesting period is based on the terms and conditions agreed with each grantee, normally ranging from 12 months to 48 months from the date of grant.

Consideration upon acceptance

Consideration payable by a Participant upon acceptance of an award granted under the Pre-IPO RSU Scheme and the term of payment shall be determined at the absolute discretion of the administrator of the scheme.

Details of the RSUs granted, vested, cancelled and lapsed by the Group to the employee participants under the Pre-IPO RSU Scheme during the year ended 31 December 2024 are as follows:

	RSUs					
	Not vested as at 1 January 2024	**Granted during the year**	**Vested during the year[2]**	**Cancelled during the year**	**Lapsed during the year**	**Not vested as at 31 December 2024**
Mr. Yang Jialiang	490,000	—	210,000	—	—	280,000
Five highest paid individuals[1]	—	—	—	—	—	—
Other employees	5,572,191	—	5,454,953	—	—	117,238
Total	**6,062,191**	**—**	**5,664,953**	**—**	**—**	**397,238**

Notes:

(1) For the year ended 31 December 2024, the five highest paid individuals included one director, namely Mr. Yang Jialiang, and therefore only the data of RSUs for the remaining four individuals are presented herein.

(2) During the year ended 31 December 2024, there was no purchase consideration for all vested RSUs. The weighted average closing price of the Shares immediately before the vesting of the RSUs was HKD2.38 per Share.

For details of the accounting policies adopted for the Pre-IPO RSU Scheme and the total expenses thereunder, please refer to Note 2.2(k) and Note 27 to the consolidated financial statements.

2023 Share Incentive Scheme

As approved by the Board, the Company has adopted a 10-year share incentive scheme on 18 May 2023 (the "**2023 Share Incentive Scheme**") which is solely satisfied by existing shares. The Board may accordingly make an offer of options and/or grant RSUs to any eligible participants. Please refer to the announcement of the Company dated 18 May 2023 for the principal terms of the 2023 Share Incentive Scheme.

Purpose

The purposes of the 2023 Share Incentive Scheme are to (i) recognize the contributions by the participants with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the participants to maximize the value of the Group for the benefits of both the participants and the Group, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the participants directly to the shareholders through ownership of Shares.

Eligible participants and maximum entitlement of each participant

The participants for the 2023 Share Incentive Scheme include any employee (whether full time or part time), executive or officer, director and consultant of any member of the Group, subject to provisions of the Share Incentive Scheme. The maximum number of Shares which may be awarded to any one participant under the 2023 Share Incentive Scheme in any 12-month period may not exceed 1% of the issued Shares as at the scheme adoption date.

Scheme period and the remaining validity period

The 2023 Share Incentive Scheme shall be valid and effective for a period of ten years commencing on the adoption date, after which no awards will be granted, but the provisions of the Share Incentive Scheme shall in all other respects remain in full force and effect and the awards granted during the term of the Share Incentive Scheme may continue to be valid, vested and exercisable in accordance with their respective terms of grant. As of the Latest Practicable Date, the remaining validity period of the 2023 Share Incentive Scheme exceeds eight years, and the Board has the right to terminate the scheme before the expiry of the scheme term.

Maximum number of shares

The total number of Shares subject to the exercise of all options and/or RSUs granted under the 2023 Share Incentive Scheme shall not in aggregate exceed 28,207,966 Shares, representing 1.67% of the total issued share capital of the Company (excluding treasury shares) as of the Latest Practicable Date. The options and/or RSUs granted under the 2023 Share Incentive Scheme are only satisfied with existing Shares and do not involve the issue of new Shares.

Vesting period and exercise period

The Board will determine the vesting period in accordance with the terms of the 2023 Share Incentive Scheme, the specific terms and conditions applicable to each option and award, but in any event shall not be less than 12 months. In addition, all options will automatically lapse and expire no later than the last day of the ten-year period after the date of grant. Unless the options have been withdrawn and cancelled or forfeited in whole or in part and subject to the provisions of the Share Incentive Scheme, the grantee may exercise his/her rights under the Share Incentive Scheme in accordance with the vesting schedule as set out in the relevant grant letter.

Amount payable upon acceptance and purchase price

On and subject to the terms of the 2023 Share Incentive Scheme, the Board has the discretion to make an offer of options to the eligible participants by way of a grant letter. The grantee who receives an offer of an option must pay RMB1.00 to the Company within the period specified in the relevant offer to accept the offer of an option, which payment shall not be refundable and shall not be deemed to be a partial payment of the subscription price. The subscription price and the payment term of the option shall be determined by the Board in its absolute discretion and in any event shall not be less than the market purchase price on or before the date of grant.

On and subject to the terms of the 2023 Share Incentive Scheme, the Board shall be entitled at any time during the term of the Share Incentive Scheme to grant RSUs to any participant as the Board may in its absolute discretion determine. The consideration (if any) payable by a selected participant to the Company for the acceptance of the RSUs under the 2023 Share Incentive Scheme and the payment terms shall be determined by the Board at its absolute discretion.

Details of grant

As at 1 January 2024 and 31 December 2024, the number of shares available for future grants under the 2023 Share Incentive Scheme was 28,207,966 (excluding shares from lapsed or cancelled awards under the Scheme). The Company did not grant any options or RSUs under the 2023 Share Incentive Scheme during the year ended 31 December 2024.

No RSUs were granted or vested to any Director under the 2023 Share Incentive Scheme during the year ended 31 December 2024. For details of the accounting policies adopted for the 2023 Share Incentive Scheme, please refer to Note 27 to the consolidated financial statements.

2023 New Share Option Scheme

The Company adopted a 10-year share option scheme (the "**2023 New Share Option Scheme**") by an ordinary resolution at the annual general meeting of the Company dated 30 June 2023. The Board may accordingly grant options to any employee (whether full-time or part-time), executive or officer and director of any member of the Group under the 2023 New Share Option Scheme. Please refer to the circular of the Company dated 8 June 2023 for a summary of the principal terms of the 2023 New Share Option Scheme.

Purpose

The purposes of the 2023 New Share Option Scheme are to (i) recognize the contributions by the participants and give them an opportunity to acquire a proprietary interest in the Company; (ii) continue to encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional awards for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the participants to maximize the value of the Group for the benefits of both the participants and the Group, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the participants directly to the shareholders through ownership of Shares.

Eligible participants and maximum entitlement of each participant

Eligible participants include any employee (whether full time or part time), executive or officer and Directors (excluding independent non-executive Directors) of any subsidiary of the Group, subject to the terms of the 2023 New Share Option Scheme. No option may be granted to any eligible participant if the exercise in full of the option would result in the total number of Shares issued and to be issued under all options granted or to be granted to any eligible participant under the 2023 New Share Option Scheme, options in respect of new Shares and awards in respect of new Shares (including options exercised, cancelled and outstanding) exceeding, in aggregate, 1% of the issued share capital of the Company during the 12-month period ending on the date of grant of the relevant new grant (including the date).

Scheme period and the remaining validity period

The 2023 New Share Option Scheme shall be valid and effective for a period of ten years commencing on the adoption date, after which period no further options will be granted but the options which have been granted during the term of the 2023 New Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of grant. As of the Latest Practicable Date, the remaining validity period of the 2023 New Share Option Scheme exceeds eight years, and the Board has the right to terminate the scheme before the expiry of the scheme term.

Maximum number of shares

The total number of Shares which may be issued upon exercise of all options to be granted under the 2023 New Share Option Scheme shall not in aggregate exceed 56,415,933 Shares, representing 3.34% of the total issued share capital of the Company (excluding treasury shares) as of the Latest Practicable Date.

Vesting period and exercise period

The vesting period shall be determined at the discretion of the Board or the Chairman, but in any event the vesting period shall not be less than 12 months or such period as may be required or permitted under the Listing Rules.

The Board may specify in the grant letter the exercise period of the options and in all cases, all options shall expire and automatically lapse not later than the last day of the ten-year period after the date of grant. Unless the options have been withdrawn and cancelled or forfeited in whole or in part, subject to the terms of the 2023 New Share Option Scheme, the grantee may exercise his/her rights under the 2023 New Share Option Scheme in accordance with the vesting schedule as set out in the relevant grant letter.

Amount payable upon acceptance and exercise price

On and subject to the terms of the Listing Rules and the 2023 New Share Option Scheme, the Board shall be entitled at its discretion to make an offer of an option to an eligible participant by letter in such form as the Board may from time to time determine. The grantee who receives an offer of an option must pay RMB1.00 to the Company within the period specified in the relevant offer to accept the offer of an option, which payment shall not be refundable and shall not be deemed to be a partial payment of the exercise price.

The exercise price shall be such price as determined by the Board and notified to any grantee (subject to any adjustments made pursuant to the 2023 New Share Option Scheme) and shall not be less than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) an amount equivalent to the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant, provided that in the event of fractional prices, the exercise price per Share shall be rounded upwards to the nearest whole cent.

Details of grant

Details of the share options granted, exercised, cancelled and lapsed by the Group to the eligible participants under the 2023 New Share Option Scheme during the year ended 31 December 2024 are as follows:

	Options
As at 1 January 2024	**8,880,000**
Granted during the year	25,159,900
Exercised during the year	—
Cancelled during the year	—
Lapsed during the year	4,250,000
As at 31 December 2024	**29,789,900**

As at 1 January 2024, the Group had 8,880,000 unexercised share options granted under the 2023 New Share Option Scheme, with details as follows:

Name of grantee or category of grantee	Date of grant	Number of outstanding share options	Vesting date	Exercise period[(1)]	Exercise price *HKD*
Mr. Yang Jialiang[(2)]	28 July 2023	212,000	28 July 2024	10 years	3.78
Other employee participants[(3)]	28 July 2023	1,618,000	28 July 2024	10 years	3.78
		1,550,000	28 July 2024	10 years	4.92
		1,800,000	28 July 2026	10 years	3.58
		3,700,000	28 July 2027	10 years	3.58

Notes:

(1) The exercise period is counted from the date of grant.

(2) Mr. Yang Jialiang was not yet appointed as an executive Director of the Company as at the date of grant.

(3) Save as disclosed above, the grantees of the share options granted at 28 July 2023 were all other employee participants, (i) no options were granted under the 2023 New Share Option Scheme to any Directors, chief executives or substantial shareholders or their associates (as defined in the Listing Rules); (ii) none of the grantees has been granted options and awards under the 2023 New Share Option Scheme beyond the 1% individual limit; and (iii) no options were granted to related entity participants (as defined in the Listing Rules) and service providers under the 2023 New Share Option Scheme.

Details of the share options granted by the Group to Directors under the 2023 New Share Option Scheme during the year ended 31 December 2024 are as follows:

Name of director	Date of grant	Number of options granted *(shares)*	Vesting date	Exercise period[(1)]	Exercise price *HKD*	Performance targets *Yes/No*
Mr. Jeffrey Lyndon Ko[(4)]	25 January 2024	400,000	15 April 2025	10 years	1.592[(2)]	Yes[(3)]
Mr. Guan Song	25 January 2024	400,000	15 April 2025	10 years	1.592[(2)]	Yes[(3)]
Mr. Yang Jialiang	25 January 2024	500,000	15 April 2025	10 years	1.592[(2)]	Yes[(3)]

Notes:

(1) The exercise period is counted from the date of grant.

(2) The closing price of the Shares immediately before the date of such grant was HKD1.59 and the closing price of the Shares on the date of grant was HKD1.57.

(3) The performance appraisal is mainly based on the growth rate of the Group's revenue and profit in 2024, and comprehensively considers the level of contribution to overseas business expansion. The vesting percentage of the grantee's share options is adjusted based on his/her consolidated performance score.

(4) On 27 March 2025, Mr. Jeffrey Lyndon Ko has resigned as a Director of the Company due to work reallocation, with a view to concentrating on handling overseas business matters of the Group.

Details of the share options granted by the Group to other employee participants under the 2023 New Share Option Scheme during the year ended 31 December 2024 are as follows:

Date of grant	**Number of options granted** *(shares)*	**Vesting date/period**	**Exercise period**[(1)]	**Exercise price** *HKD*	**Performance targets** *Yes/No*
25 January 2024[(2)]	15,281,400	Indefinite[(3)]	10 years	1.592	Yes[(4)]
6 June 2024[(5)]	8,278,500	Indefinite[(6)]	10 years	3.01	Yes[(4)]
12 September 2024[(7)]	300,000	To be vested within 2 years from the date of grant, but not be less than 12 months from the date of grant.	10 years	2.04	Yes[(4)]

Notes:

(1) The exercise period is counted from the date of grant.

(2) The closing price of the Shares immediately before the date of such grant was HKD1.59 and the closing price of the Shares on the date of grant was HKD1.57.

(3) Among them, the vesting date of 14,901,400 share options is 15 April 2025, and the vesting period of the remaining 380,000 share options is within 3 years from 2025 to 2027, but shall not be less than 12 months from the date of grant.

(4) Each year is an assessment period. Two performance appraisals will be conducted during each assessment period and the results of each performance appraisal will be included in the annual consolidated performance score. The percentage of vesting of the grantee's share options in each assessment period is adjusted based on his/her annual consolidated performance score.

(5) The closing price of the Shares immediately before the date of grant was HKD2.98 and the closing price of the Shares on the date of grant was HKD2.90.

(6) Among them, the vesting date of 4,139,250 share options is 6 June 2025, while the vesting date of the remaining 4,139,250 share options is 6 June 2026.

(7) The closing price of the Shares immediately before the date of grant was HKD2.01 and the closing price of the Shares on the date of grant was HKD2.00.

Save as disclosed in this section, during the year ended 31 December 2024, (i) no options were granted under the 2023 New Share Option Scheme to any Directors, chief executives or substantial shareholders or their associates (as defined in the Listing Rules); (ii) none of the grantees has been granted options and awards under the 2023 New Share Option Scheme beyond the 1% individual limit; and (iii) no options were granted to related entity participants (as defined in the Listing Rules) and service providers under the 2023 New Share Option Scheme.

During the year ended 31 December 2024, the number of the lapsed share options was 4,250,000. On top of that, during the year ended 31 December 2024, there were no exercised, cancelled and lapsed share options.

As at 31 December 2024, the Group had 29,789,900 unexercised share options granted under the 2023 New Share Option Scheme, with details as follows:

Name of grantee or category of grantee	Date of grant	Number of outstanding share option *(shares)*	Vesting date/period	Exercise period[1]	Exercise price *HKD*
Mr. Jeffrey Lyndon Ko[4]	25 January 2024	400,000	15 April 2025	10 years	1.592
Mr. Guan Song	25 January 2024	400,000	15 April 2025	10 years	1.592
Mr. Yang Jialiang	28 July 2023	212,000	28 July 2024	10 years	3.78
	25 January 2024	500,000	15 April 2025	10 years	1.592
Other employee participants	28 July 2023	1,618,000	28 July 2024	10 years	3.78
	28 July 2023	1,550,000	28 July 2024	10 years	4.92
	28 July 2023	1,800,000	28 July 2026	10 years	3.58
	28 July 2023	3,700,000	28 July 2027	10 years	3.58
	25 January 2024	15,281,400	Indefinite(2)	10 years	1.592
	6 June 2024	8,278,500	Indefinite(3)	10 years	3.01
	12 September 2024	300,000	To be vested with in 2 years from the date of grant, but not be less than 12 months from the date of grant.	10 years	2.04
Total		**29,789,900**			

Notes:

(1) The exercise period is counted from the date of grant.

(2) Among them, the vesting date of 14,901,400 share options is 15 April 2025, and the vesting period of the remaining 380,000 share options is within 3 years from 2025 to 2027, but shall not be less than 12 months from the date of grant.

(3) Among them, the vesting date of 4,139,250 share options is 6 June 2025, while the vesting date of the remaining 4,139,250 share options is 6 June 2026.

(4) On 27 March 2025, Mr. Jeffrey Lyndon Ko has resigned as a Director of the Company due to work reallocation, with a view to concentrating on handling overseas business matters of the Group.

(5) Save as disclosed in this section, (i) no options were granted under the 2023 New Share Option Scheme to any Directors, chief executives or substantial shareholders or their associates (as defined in the Listing Rules); (ii) none of the grantees has been granted options and awards under the 2023 New Share Option Scheme beyond the 1% individual limit; and (iii) no options were granted to related entity participants (as defined in the Listing Rules) and service providers under the 2023 New Share Option Scheme.

Please refer to Note 2.2k to the consolidated financial statements for details of the accounting standard policy adopted for the 2023 New Share Option Scheme and the fair value of the share option as of the date of grant.

As at 1 January 2024, the number of options available for grant under the Company's share option scheme was 47,535,933 shares. As at 31 December 2024, the number of options available for grant under the Company's share option scheme was 26,626,033 shares. During the year ended 31 December 2024, the number of shares that may be issued upon the exercise of the share options and awards granted under all the schemes of the Company was 25,159,900 shares, dividing by the weighted average number of the shares issued during the year (excluding treasury shares) is 1.55%.

EQUITY-LINKED AGREEMENTS

Save as the 2023 New Share Option Scheme described in the previous section and the Placing Agreement dated 23 July 2024 described in the section headed "Management Discussion and Analysis — Securities Issuance and Use of Proceeds" in pages 16 to 17 of this annual report, during the Reporting Period, the Company did not enter into or have any equity-linked agreements, and there were no provisions that would or might result in the issue of shares by the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

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

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

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Memorandum and Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

NON-COMPETITION UNDERTAKING

Mr. Chen Xiangyu has executed a power of attorney (the "**Power of Attorney**") on 10 May 2018, under which Mr. Chen has undertaken that, without the prior written consent of the WFOE, he will not use any information obtained from Shenzhen iDreamSky to engage in any business which competes or potentially competes with Shenzhen iDreamSky or its affiliates. The Company has received an annual confirmation from Mr. Chen Xiangyu that he has complied with the non-competition undertaking from the date of signing the Power of Attorney to 31 December 2024 for disclosure in this annual report. For details on non-competition undertaking, please refer to the section headed "Relationship with our Single Largest Shareholder" in the Prospectus.

The independent non-executive Directors have reviewed the performance of the non-competition undertaking from the date of the Power of Attorney to 31 December 2024 based on the information provided and/or confirmed by Mr. Chen, and are satisfied that Mr. Chen has complied with the non-competition undertaking.

CONNECTED TRANSACTIONS

During the Reporting Period, the Company had no connected transactions which are not exempt under Rule 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Tencent is one of the substantial shareholders of the Company and holds shares in the Company through its wholly-owned subsidiary. Tencent Computer and Tencent Technology are subsidiaries of Tencent. The Group has entered into a number of continuing connected transaction agreements with Tencent Group in respect of business.

Summary of the Continuing Connected Transaction Agreement

As at the date of this report, the following transactions of our Group constitute the continuing connected transactions of the Company for the year ended 31 December 2024.

2024 Advertising Cooperation Framework Agreement

On 10 November 2023, Shenzhen iDreamSky entered into the 2024 Advertising Cooperation Framework Agreement with Tencent Computer (the "**2024 Advertising Cooperation Framework Agreement**"), pursuant to which Shenzhen iDreamSky and Tencent Computer agreed to conduct cooperation in respect of, inter alia, the following: (a) Shenzhen iDreamSky to provide advertising of products or services to Tencent Computer and/or its associates through the platform operated or participated by Shenzhen iDreamSky in exchange for the service fees payable by Tencent Computer to the Group; and (b) acting as an intermediary to link the user traffic of third parties with the advertising services provided by Tencent Group. Our Group will conduct collective negotiations with Tencent Group in respect of the advertising services offered by Tencent Group in exchange for the service fees payable by relevant third parties to the Group.

The 2024 Advertising Cooperation Framework Agreement also provided for the proposed annual caps for the advertising service fees payable by Tencent Group to the Group for the three years ending 31 December 2026. For the proposed annual caps and the actual transaction amounts for the three years ended 31 December 2024, please refer to the "Review of the Annual Caps for the Continuing Connected Transactions" on page 39 of this section.

(a) Reasons for the Transactions

The Company believes, according to the 2024 Advertising Cooperation Framework Agreement, that the cooperation with Tencent Group will enable both parties to fully leverage on each other's competitive advantages and further promote the growth of the Group's advertising service business.

(b) Listing Rules Implications

Tencent Computer is a subsidiary of Tencent Group, a substantial shareholder of the Company, and thus a connected person of the Company. As the highest applicable percentage ratio (defined as Rule 14.07 of the Listing Rules) for the annual caps for the proposed advertising transactions under the 2024 Advertising Cooperation Framework Agreement exceeds 0.1% but is below 5% on an annual basis, the proposed transactions under the 2024 Advertising Cooperation Framework Agreement shall be subject to the reporting, announcement, and annual review requirements under Chapter 14A of the Listing Rules, but be exempt from the independent shareholder approval requirement.

For further details, please refer to the Company's announcement on 10 November 2023.

2024 Payment Service Framework Agreement

On 10 November 2023, Shenzhen iDreamSky entered into the 2024 Payment Service Framework Agreement with Tencent Computer (the "**2024 Payment Service Framework Agreement**"). Pursuant to which, Tencent Computer agreed to provide payment services to the Group through the payment channels of Tencent Group for the purpose of enabling the Group's users to conduct online transactions. In exchange for the payment services provided, the Group shall pay a payment service fee to Tencent Group.

The 2024 Payment Service Framework Agreement also provided for the proposed annual caps for the payment service fee payable by the Group to Tencent Group for the three years ending 31 December 2026. For the proposed annual caps and the actual transaction amounts for the three years ended 31 December 2024, please refer to the "Review of the Annual Caps for the Continuing Connected Transactions" on page 39 of this section.

(a) *Reasons for the Transactions*

The Company considers that the leading position of Tencent Group in the PRC online payment service industry and our users' profile where many of our users are existing users of Tencent Group's online payment services, the 2024 Payment Service Framework Agreement would enable the Group to provide our users access to payment channels of Tencent Group and thus enhance our users' satisfactions with the Group's services.

(b) *Listing Rules Implications*

Tencent Computer is a subsidiary of Tencent Group, a substantial shareholder of the Company, and thus a connected person of the Company. As the highest applicable percentage ratio (defined as Rule 14.07 of the Listing Rules) for the annual caps for the proposed advertising transactions under the 2024 Payment Service Framework Agreement exceeds 0.1% but is below 5% on an annual basis, the proposed transactions under the 2024 Payment Service Cooperation Framework Agreement shall be subject to the reporting, announcement, and annual review requirements under Chapter 14A of the Listing Rules, but be exempt from the independent shareholder approval requirement.

For further details, please refer to the Company's announcement on 10 November 2023.

2024 Products and Services Purchasing Framework Agreement

On 10 November 2023, Shenzhen iDreamSky entered into the 2024 Products and Services Purchasing Framework Agreement with Tencent Computer (the "**2024 Products and Services Purchasing Framework Agreement**"). Pursuant to which, Tencent Computer (or through its designated company) agreed to provide comprehensive services and products to our Group, including but not limited to the following technical products and services: (i) cloud services, cloud storage, cloud service related technical support; and (ii) SMS channel service, CDN network acceleration service, domain name resolution acceleration service.

The 2024 Products and Services Purchasing Framework Agreement also provided for the proposed annual caps for the procurement fees payable by the Group to Tencent Group for the three years ending 31 December 2026. For the proposed annual caps and the actual transaction amounts for the three years ended 31 December 2024, please refer to the "Review of the Annual Caps for the Continuing Connected Transactions" on page 39 of this section.

(a) *Reasons for the Transactions*

Tencent is a leading provider of Internet value added service in the PRC, and offers a wide range of high-quality products and services. The Group has migrated the majority of our servers and computing infrastructure to Tencent Cloud and the Group became one of the few game publishers in China fully integrating cloud technology into game infrastructure. The Directors believe that the procurement of high-quality services and products from Tencent, especially technological products and services, will provide us with the necessary technologies to further develop our business, and the Company can leverage on the wide spectrum of products and services offered by Tencent to reduce unnecessary costs in reconciling and integrating the differences between different systems.

In addition, the Group also purchases virtual products and peripheral gaming products from Tencent Group as part of our digital entertainment offering for our users in our marketing events, taking into account the popularity of those virtual and physical gaming products among our users.

(b) *Listing Rules Implications*

Tencent Computer is a subsidiary of Tencent Group, a substantial shareholder of the Company, and thus a connected person of the Company. As the highest applicable percentage ratio (defined as Rule 14.07 of the Listing Rules) for the annual caps for the proposed advertising transactions under the 2024 Products and Services Purchasing Framework Agreement exceeds 0.1% but is below 5% on an annual basis, the proposed transactions under the 2024 Products and Services Purchasing Framework Agreement shall be subject to the reporting, announcement, and annual review requirements under Chapter 14A of the Listing Rules, but be exempt from the independent shareholder approval requirement.

For further details, please refer to the Company's announcement on 10 November 2023.

2024 Game Cooperation Framework Agreement

On 10 November 2023, Shenzhen iDreamSky entered into the 2024 Game Cooperation Framework Agreement with Tencent Computer (the "**2024 Game Cooperation Framework Agreement**"). Pursuant to which, our Group and Tencent Group agreed to (i) license the games of our Group for the distribution and operations on the platforms of Tencent Group; and (ii) license the games of Tencent Group for the distribution and operations on our platforms. The specific methods, scope, subjects, commission rate, applicable payment channels of the relevant cooperation and other details of the arrangement shall be agreed between the relevant parties separately.

The 2024 Game Cooperation Framework Agreement also provided for the proposed annual caps for the distribution fee and license fee payable by the Group to Tencent Group and the license fee payable by Tencent Group to the Group in the form of revenue sharing under the 2024 Game Cooperation Framework Agreement for the three years ending 31 December 2026. For the proposed annual caps and the actual transaction amounts for the three years ended 31 December 2024, please refer to the "Review of the Annual Caps for the Continuing Connected Transactions" on page 39 of this section.

(c) *Reasons for the Transactions*

Tencent Group owns a large amount of top-rated game products and game platforms, and our Group has been dedicated to the production and operation of popular games. It is expected that Tencent Group and our Group could leverage on each other's competitive advantages in products and platforms and the game development capabilities to improve the popularity of games owned by each other and increase the number of platform users.

(d) *Listing Rules Implications*

Tencent Computer is a subsidiary of Tencent Group, a substantial shareholder of the Company, and thus a connected person of the Company. As the highest applicable percentage ratio (defined as Rule 14.07 of the Listing Rules) for the annual caps for the proposed distribution transitions under the 2024 Game Cooperation Framework Agreement exceeds 5% on an annual basis, the proposed transactions under the 2024 Game Cooperation Framework Agreement shall be subject to the reporting, announcement, annual review and independent shareholder approval requirements under Chapter 14A of the Listing Rules.

For further details, please refer to the Company's announcement dated 10 November 2023 and circular dated 11 December 2023.

Review of the Annual Caps for the Continuing Connected Transactions

A summary of the proposed annual caps and the actual transaction amounts of the above continuing connected transactions for the year ended 31 December 2024 is set out as follows:

Continuing Connected Transactions	**Proposed Annual Cap for 2024** *RMB'000*	**Actual Transaction Amount in 2024** *RMB'000*
2024 Advertising Cooperation Framework Agreement (Revenue-based)		
Advertising service fee payable by Tencent Group to our Group	11,470	10,317
2024 Payment Service Framework Agreement (Expense-based)		
Payment service fee payable by our Group to Tencent Group	3,600	1,364
2024 Products and Services Purchasing Framework Agreement (Expense-based)		
Purchasing service fee payable by our Group to Tencent Group	34,200	22,833
2024 Game Cooperation Framework Agreement		
Distribution fee and licensing fee payable by our Group to Tencent Group (Expense-based)	61,800	17,553
Licensing fee payable by Tencent Group to our Group in the form of revenue sharing (Revenue-based)	303,400	73,515

Annual Review by our Independent Non-Executive Directors and Auditor

For the year ended 31 December 2024, the independent non-executive Directors have reviewed the aforesaid continuing connected transactions and confirmed that the transactions have been entered into:

1. in the ordinary and usual course of business of the Company;

2. on normal commercial terms or better; and

3. in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole.

For the year ended 31 December 2024, the auditor of the Company has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions of the Group in accordance with Practise Statement 740 and Rule 14A.56 of the Listing Rules, an extract of which is as follows:

1. the transactions have been approved by the Board;

2. the transactions were, in all material respects, in accordance with the pricing policies of the Company;

3. the transactions were entered into in accordance with the relevant agreements governing the transactions; and

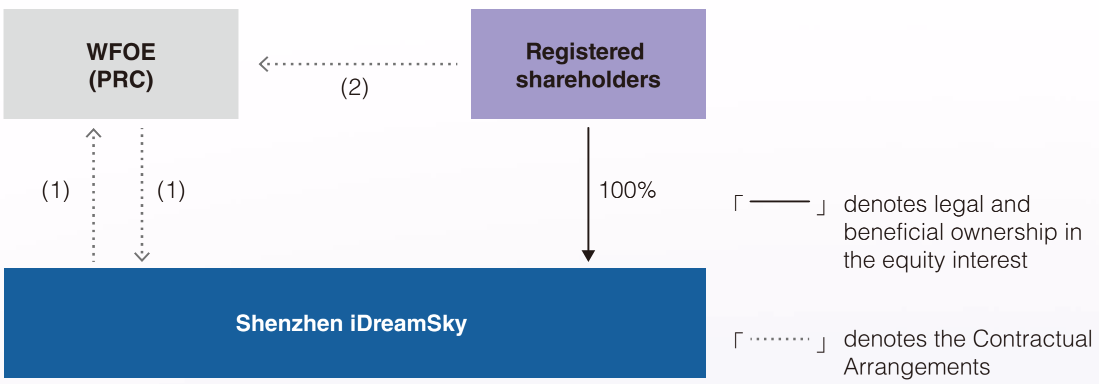
4. the aggregate amounts of the transactions have not exceeded the relevant caps.

Details of the related party transactions carried out in the normal course of business are set out in Note 37 to the consolidated financial statements. Save as disclosed above, none of these related party transactions constitutes a connected transaction or continuing connected transaction as defined under the Listing Rules, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

CONTRACTUAL ARRANGEMENTS

Our Company has entered into a series of Contractual Arrangements with the WFOE and our PRC Consolidated Affiliated Entities, pursuant to which our Company would gain effective control over, and receive all the economic benefits generated by, the businesses operated by our PRC Consolidated Affiliated Entities. Accordingly, through the Contractual Arrangements, the results of operations and assets and liabilities of Shenzhen iDreamSky and its subsidiaries are consolidated into our results of operations and assets and liabilities under IFRS as if they were subsidiaries of our Group. The total revenue of our PRC Consolidated Affiliated Entities during the year ended 31 December 2024 was approximately RMB1,491.2 million, and the total assets of our PRC Consolidated Affiliated Entities as at 31 December 2024 was approximately RMB3,018.9 million.

The following simplified diagram illustrates the flow of economic benefits from our PRC Consolidated Affiliated Entities to our Group as stipulated under the Contractual Arrangements:



Notes:

(1) WFOE provides business support, technical support, consulting services and other services in exchange for service fees from Shenzhen iDreamSky. Please refer to the paragraph headed "Summary of the Contractual Arrangements" below.

(2) The registered shareholders of Shenzhen iDreamSky, namely Mr. Chen Xiangyu, Mr. Guan Song, Ningbo Meishan Free Trade Zone iDream Tonghui Investment Partnership (Limited Partnership) (寧波梅山保稅港區築夢同輝投資管理合夥企業(有限合夥)), Mr. Lei Junwen, Mr. Su Meng, Linzhi Yongjin Information Technology Co., Ltd. (林芝永進信息科技有限公司) and Hengqin Chuangmeng Ruitong Equity Investment (Limited Partnership) (橫琴創夢瑞通股權投資企業(有限合夥)) are collectively referred to as "Registered Shareholders". Mr. Chen Xiangyu, Mr. Guan Song, Mr. Lei Junwen and Mr. Su Meng are referred to as the "Relevant Individual Shareholders".

The Registered Shareholders executed exclusive option agreement, powers of attorney and equity pledge agreements, and the spouse of each of the Relevant Individual Shareholders executed an undertaking, in favor of WFOE. Please refer to the paragraph headed "Summary of the Contractual Arrangements" below.

(3) In addition to the restricted and/or prohibited business of our Company, Shenzhen iDreamSky also holds investments in certain entities in the PRC (the "**Relevant Entities**"), each of which (i) is engaged in business subject to foreign ownership restriction; (ii) is engaged in business subject to foreign ownership prohibition; or (iii) does not currently carry out business operations that are subject to foreign investment restrictions under the Negative List; however, (a) the Relevant Entity intends to invest or engage in potential businesses that are subject to foreign investment restrictions and has expressly rejected our Company's proposed transfer of interest in the Relevant Entity held by our Group to WFOE, (b) the transfer of interest in the Relevant Entity is expressly prohibited pursuant to the relevant requirement under the PRC laws, and/or (c) based on our Company's communication with the other stakeholders in the Relevant Entity, it would be impracticable to obtain the consent and/or assistance from all of the relevant stakeholders required for our Company's proposed transfer of interest in the Relevant Entity held by our Group to WFOE. For further details of these Relevant Entities, please refer to pages 213 to 224 of the Prospectus.

Summary of the Contractual Arrangements

A brief description of each of the specific agreements that comprise the Contractual Arrangements is set out as follows:

Exclusive Business Cooperation Agreement

On 10 May 2018, WFOE and Shenzhen iDreamSky entered into the exclusive business cooperation agreement (the "**Exclusive Business Cooperation Agreement**"), pursuant to which Shenzhen iDreamSky agreed to engage WFOE as its exclusive service provider to provide, including but not limited to, technical support, development, maintenance and update of software, business management consultation, marketing and promotion services, leasing, assignment or disposal of equipment or properties, and other services. In exchange for these services, Shenzhen iDreamSky shall pay a service fee, which shall consist of 100% of the total consolidated profit of Shenzhen iDreamSky, after deducting any accumulated deficit of Shenzhen iDreamSky and its affiliated entities in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions. During the term of the Exclusive Business Cooperation Agreement, WFOE enjoys all the economic benefits in relation to Shenzhen iDreamSky's business operation. The Exclusive Business Cooperation Agreement also provides that WFOE has the exclusive and proprietary ownership, rights and interests in all intellectual properties arising out of or created during the performance of the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement shall remain effective unless terminated (a) in accordance with the provisions of the Exclusive Business Cooperation Agreement; (b) in writing by WFOE; or (c) renewal of the business operation term of either the WFOE or Shenzhen iDreamSky is not approved or consented by the relevant government authorities, at which time the Exclusive Business Cooperation Agreement will terminate upon expiry of that business operation term.

Exclusive Option Agreement

On 10 May 2018, WFOE, Shenzhen iDreamSky and the Registered Shareholders entered into the exclusive option agreement (the "**Exclusive Option Agreement**"), pursuant to which WFOE has the irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, from the Registered Shareholders all or any part of their equity interests in Shenzhen iDreamSky at any time and from time to time at WFOE's sole and absolute discretion to the extent permitted by PRC laws.

The Exclusive Option Agreement shall remain effective unless terminated in the event that the entire equity interests held by the Registered Shareholders in Shenzhen iDreamSky have been transferred to WFOE or its appointee(s).

Equity Pledge Agreement

On 10 May 2018, WFOE, Shenzhen iDreamSky and the Registered Shareholders entered into the equity pledge agreement (the "**Equity Pledge Agreement**"), pursuant to which the Registered Shareholders agreed to pledge all of their respective equity interests in Shenzhen iDreamSky to WFOE as collateral security for any and all of the secured indebtedness under the Contractual Arrangements and for securing the performance of their obligations under the Contractual Arrangements. During the pledge period, WFOE was entitled to receive any dividends or other distributable benefits arising from the equity interests in Shenzhen iDreamSky held by the Registered Shareholders.

The pledge in favor of WFOE under the Equity Pledge Agreement shall remain valid until all the contractual obligations of the Registered Shareholders and Shenzhen iDreamSky under the Contractual Arrangements have been fully performed and all the secured indebtedness of the Registered Shareholders and Shenzhen iDreamSky under the Contractual Arrangements have been fully paid.

Powers of Attorney

On 10 May 2018, the Registered Shareholders executed powers of attorneys (the "**Powers of Attorney**"), pursuant to which the Registered Shareholders irrevocably appointed WFOE and its appointees (including but not limited to the directors of WFOE and their successors and liquidators replacing the directors but excluding those non-independent directors or who may give rise to conflict of interests) as their exclusive agents and attorneys-in-fact to act on their behalf on all matters concerning Shenzhen iDreamSky and to exercise all of their respective rights as a Registered Shareholder of Shenzhen iDreamSky in accordance with the PRC laws and the memorandum and articles of association of Shenzhen iDreamSky.

The Powers of Attorney shall be irrevocable and remain effective for so long as each Registered Shareholder holds equity interest in Shenzhen iDreamSky.

Spouse Undertakings and Confirmations from the Relevant Individual Shareholders

The spouse of each of the Relevant Individual Shareholders, where applicable, has signed an undertaking (the "**Spouse Undertakings**") to the effect that (i) the respective Relevant Individual Shareholder's interests in Shenzhen iDreamSky (together with any other interests therein) do not fall within the scope of communal properties; and (ii) the spouse has no right to or control over such interests of the respective Relevant Individual Shareholder and will not have any claim on such interests.

Each of the Relevant Individual Shareholders has also confirmed to the effect that (i) his/her spouse is aware of the Exclusive Option Agreement, the Equity Interest Pledge Agreement and the respective Power of Attorney; (ii) his shareholding is his personal property and does not constitute joint property; (iii) his/her spouse agrees that he has the right to claim any interests, handle his shareholding at his sole discretion without consent of his/her spouse and to enjoy the rights and perform the obligations under the Exclusive Option Agreement, the Equity Interest Pledge Agreement and the respective Power of Attorney by himself. If he/she and his/her spouse get divorced, the equity interest in the domestic company held by him/her is his/her personal property and does not constitute a joint property of him/her and his/her spouse, and he/she will take measures to ensure the performance of the Exclusive Option Agreement, the Equity Interest Pledge Agreement and the respective Power of Attorney and will not take any actions in violation of the Exclusive Option Agreement, the Equity Interest Pledge Agreement and the respective Power of Attorney; and (iv) in the event of his/her death, incapacity or any other event which causes his/her inability to exercise his/her shareholder's rights in Shenzhen iDreamSky, his/her successors will inherit all his/her rights and obligations under the Power of Attorney.

Reasons for adopting the Contractual Arrangements

Our principal businesses involve publication and operation of games through mobile apps and websites and are subject to foreign investment restrictions in accordance with the Guidance Catalog of Industries for Foreign Investment. In view of such PRC regulatory background, after consultation with our PRC legal advisers, we determined that it was not viable for our Company to hold our PRC Consolidated Affiliated Entities directly through equity ownership. For further details of the foreign investment restrictions relating to the Contractual Arrangements, please refer to the sections headed "Contractual Arrangements — PRC Regulatory Background — Overview" and "Contractual Arrangements — Development in the PRC Legislation on Foreign Investment" on pages 211 to 212 and pages 239 to 246 of the Prospectus.

Risks relating to the Contractual Arrangements

There are certain risks that are associated with the Contractual Arrangements, including:

1. If the PRC government determines that the Contractual Arrangements do not comply with the applicable regulations, our business could be materially and adversely affected;
2. If the PRC government determines that our ownership structure does not comply with restrictions contained in the NPPA Notice, we would be subject to severe penalties;
3. Our Contractual Arrangements with Shenzhen iDreamSky and its Registered Shareholders may not be as effective in providing control as direct ownership. Shenzhen iDreamSky and its Registered Shareholders may fail to perform their obligations under these Contractual Arrangements;
4. Our ability to enforce the share pledge agreements may be subject to limitations based on PRC laws and regulations;
5. The Registered Shareholders of Shenzhen iDreamSky have potential conflicts of interest with us, which may adversely affect our business;
6. We may lose the ability to use and enjoy the benefits of the assets held by Shenzhen iDreamSky that are important to the operations of our business if such entity goes bankrupt or becomes subject to dissolution or liquidation proceeding;
7. Our Contractual Arrangements with Shenzhen iDreamSky may result in adverse tax consequences; and
8. Substantial uncertainties exist with respect to enactment timetable, interpretation and implementation of the draft PRC Foreign Investment Law and how it may impact the viability of our current cooperate structure, corporate governance and business operations.

For further details of these risks, please refer to the section headed "Risk Factors — Risks Related to Our Contractual Arrangements" on pages 51 to 58 of the Prospectus. Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

1. major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion as and when they arise;
2. our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
3. our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and
4. our Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance with WFOE and our PRC Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Listing Rules Implications and Waivers from the HKEX

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions for our Company pursuant to Chapter 14A of the Listing Rules. As such, we have applied to the HKEX, and the HKEX has granted, a waiver from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; and (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, for so long our Shares are listed on the HKEX, subject, however, to the following conditions:

1. no change to the Contractual Arrangements will be made without independent non-executive Directors' approval;
2. no change to the Contractual Arrangements will be made without independent shareholders' approval;
3. on the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and our PRC Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon expiry of the existing arrangements or in relation to any existing or new WFOE or operating company (including branch companies) engaging in the same business as that of our Group which our Group may wish to establish when justified by business expediency, without obtaining the approval of the shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements; and
4. we will disclose details relating to the Contractual Arrangements on an ongoing basis.

Annual Review by our Independent Non-Executive Directors and Auditor

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

1. the transactions carried out during the year ended 31 December 2024 had been entered into in accordance with the relevant provisions of the Contractual Arrangements;
2. no dividends or other distributions had been made by our PRC Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group;
3. other than the Contractual Arrangements, no new contracts had been entered into, renewed and/or reproduced between our Group and the PRC Consolidated Affiliated Entities during the year ended 31 December 2024; and
4. the Contractual Arrangements had been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable so far as our Group is concerned, and in the interest of our Company and its shareholders as a whole.

Our Auditor has confirmed in a letter to our Board that the transactions under the Contractual Arrangements have been approved by our Board, the transactions carried out during the year ended 31 December 2024 had been entered into in accordance with the relevant provisions of the Contractual Arrangements, and that no dividends or other distributions had been made by our PRC Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.

SOCIAL RESPONSIBILITY

During the Reporting Period, the Company has been fulfilling corporate social responsibilities and actively exploring diversified public welfare models. Through public welfare projects such as village revitalization, education assistance and tree planting, the Company has contributed to the sustainable development of the society through practical actions, and contributed its corporate strength to the construction of a better society.

In May 2024, the Guangdong Provincial Party Committee Network Information Office (廣東省委網信辦) and the Provincial Internet Industry Party Committee (省互聯網行業黨委) held a Party-Day activity with theme of "Definitely Enriches afforest and Beauty of Guangdong (為綠美廣東添彩)" in Meizhou, aiming to promote green development. IDreamSky and its "Gardenscapes" project team actively participated in and worked together with the participants to plant 1,100 saplings worth nearly RMB400,000, making contributions to the afforest and Beauty of ecological construction in Guangdong and the "Billion Projects (百千萬工程)" in the Internet industry through concrete actions. It not only demonstrated the Company has always been actively responding to the government's call and fulfilling its corporate social responsibility, but reflected our firm support for green ecological construction.

In June 2024, IDreamSky and 48 other digital publishing companies participated in the "PomegranateSeed plan (石榴籽計劃)" public welfare donation activity directed by China Audio-Video and Digital Publishing Association (中國音像與數字出版協會) and supported by the Xinjiang Uygur Autonomous Region Party Committee Propaganda Department. Three schools in Yopurga County, Kashi Prefecture were selected in this activity to donate books, art supplies, music equipment and other donated materials with a total value of more than RMB1.1 million. As a representative, the Company donated the intangible cultural heritage "Chinese Dragon (中國龍)" to Yopurga County No. 1 Middle School, providing kids with the opportunity to experience and understand traditional culture in a practical way, and making them "witnesses" and even "participants" in cultural inheritance.

In September 2024, the "Go together (一塊走)" donation step and education public welfare project was jointly launched by the Company together with 9 September social welfare and Changsha Mango Public Welfare Service Center, inviting caring people from all walks of life to ues Wechat sport app to record their steps, and exchange the corresponding public welfare funds and donate to the public welfare project, lighting up the path of growth for students in need. A total of 1,870 caring people were invited to participate enthusiastically in this activity, and the Company's employees also actively participated in it. The Company donated RMB99,000 in public welfare funds to help students improve their living conditions and stimulate the public's enthusiasm for public welfare, making it easier for more people to participate in public welfare.

For details, please refer to the 2024 Environmental, Social and Governance Report of the Company.

ISSUANCE OF DEBENTURES

During the Reporting Period, no issuance of debentures was made by the Company.

SIGNIFICANT LEGAL PROCEEDINGS

During the Reporting Period, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the directors to be pending or threatening against the Company.

PERMITTED INDEMNITY PROVISION

Under the Memorandum and Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office; be indemnified and secured harmless out of the assets of the Company; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty.

The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

EMPLOYEES AND THEIR REMUNERATION POLICIES, RETIREMENT PLANS AND TRAINING PROGRAMS

As at 31 December 2024 and 2023, we had 852 and 797 full-time employees, respectively. Substantially all of our employees are located in the PRC, and a small number of employees are located in Hong Kong.

Our success depends on our ability to attract, retain and motivate qualified personnel. We provide employees with competitive remuneration packages to achieve the Group's talent strategic objectives. In addition to basic salary, we also provide employees with diversified remuneration policies such as performance bonus and share awards. Details of the remuneration of employees are set out in Note 10 to the consolidated financial statements in this annual report. We also purchase commercial health and accident insurance for our employees. We have granted, and plan to continue to grant in the future, share award schemes to our employees to incentivize their contributions to our development.

The Group and its employees in the PRC participate in various social security plans and housing funds in accordance with the laws and regulations of the PRC and the requirements of the relevant authorities where the PRC employees are located. Among them, post-employment benefit plans are basic pension insurance organized and implemented by the Ministry of Human Resources and Social Security of the People's Republic of China (the "**Social Security Department**"), which belong to the category of defined contribution plans. These insurance plans shall be calculated as a percentage of the employees' basic salaries and make monthly contributions, which are charged to profit or loss on an accrual basis. The Social Security Department is responsible for the payment of the basic social pension to the retired employees upon their retirement in the PRC. We also make contributions for our Hong Kong employees at the statutory mandatory contribution rates jointly borne by the Company and the employees within the statutory limits prescribed by the Mandatory Provident Fund Schemes Ordinance.

During the year ended 31 December 2024, no forfeited contributions were used to offset employers' contributions and no forfeited contributions were available to reduce the contributions payable in the future years.

We provide talent management training programs for our senior management to help them enhance their strategic vision and leadership skills. We also provide employees with job-specific trainings, such as customer service training and compliance management training, as well as various theme-specific trainings such as Techtalk activities, induction training for fresh graduates and employee sharing activities. Through these trainings, we help employees improve their professional skills and comprehensive qualities.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the section Corporate Governance Report on pages 55 to 76 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares (excluding treasury shares), the prescribed minimum percentage of public float approved by the HKEX and permitted under the Listing Rules, were held by the public at all times during the Reporting Period and as of the Latest Practicable Date.

AUDITOR

PricewaterhouseCoopers was appointed as the Auditor during the Reporting Period. The accompanying financial statements prepared in accordance with IFRS(s) have been audited by PricewaterhouseCoopers.

PricewaterhouseCoopers shall retire at the forthcoming AGM and, being eligible, will offer itself for reappointment. A resolution for the re-appointment of PricewaterhouseCoopers as Auditor will be proposed at the AGM.

During the past three years, the Company has not changed auditors.

On behalf of the Board
Chen Xiangyu
Chairman
Shenzhen, the PRC, 27 March 2025

Directors

Executive Directors

Mr. Chen Xiangyu (陳湘宇), aged 42, is an executive Director, Chairman of the Board and Chief Executive Officer of our Company. Mr. Chen has more than fifteen years of experience in mobile games, telecommunication, technology and management and is fully responsible for overseeing the Company's strategy, business and management. Mr. Chen is a co-founder and also serves as the chief executive officer and a director of Shenzhen iDreamSky, a director of Shenzhen Mengyu and a director of Chuangyi Shikong. Mr. Chen has received numerous awards and recognitions for his entrepreneurship and industry expertise, including being listed as one of the "40 Elite Individuals in Business Under the age of 40 in the PRC" (中國40位40歲以下的商界精英) in years 2014 and 2016 by Fortune Magazine (Chinese edition), being listed as one of the "Top 10 PRC Entrepreneurs Born in 1980s" (中國十大八零後創業家) by the Hurun Report (胡潤百富) in 2016, being listed as one of the "100 Most Innovative Individuals in PRC Business of 2016" (2016中國商業最具創意人物100) by the Fast Company Magazine, being awarded the Young Individual in Technology Award (青年科技獎) by the Shenzhen Science and Technology Association (深圳市科學技術協會) in 2017 and being selected as "Remarkable Young Entrepreneur of the Year in Shenzhen" (深圳青年創業年度風雲人物). In 2016, Mr. Chen was appointed as "Ambassador of Innovative Entrepreneurship of Nanshan District" (南山區創新創業形象大使) by the government of Nanshan District, Shenzhen, the PRC. In July 2017, he was nominated to the position of committee member of the Youth Association of Shenzhen (深圳市青年聯合會委員). Mr. Chen received his bachelor's degree in computer science and technology from the Central South University in the PRC in July 2000.

Mr. Guan Song (關嵩), aged 43, is an executive Director and Chief Technology Officer of our Company. Mr. Guan is also a co-founder and the chief technology officer of Shenzhen iDreamSky. Mr. Guan has more than fifteen years of experience in the telecommunications, technology and Internet, and is fully responsible for supervising the Company's business core technology deposition, international cutting-edge technology application research. Mr. Guan is the joint inventor of a Chinese invention patent and led the development of more than ten game software products Mr. Guan is certificated for High-Level Professional in Shenzhen by Human and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局). Mr. Guan received a bachelor's degree in software engineering from Zhejiang University in the PRC in June 2004.

Mr. Yang Jialiang (楊佳亮), aged 42, is the chief human resources officer of the Company and was appointed as Executive Director in August 2023. Mr. Yang has extensive experience in human resources management and is fully responsible for the Company's human resources and administrative management. Since serving as chief human resources officer, he has made outstanding contributions to the Company's organizational change and the introduction of outstanding talents. Prior to joining the Company, Mr. Yang Jialiang worked at Tencent where he served as the recruitment manager for the Corporate Development Group and the consulting director successively from September 2013 to March 2022. From August 2010 to September 2013, he worked at Huawei Technologies Co., Ltd., where he served as the global high-end recruitment manager for its software department. Mr. Yang Jialiang obtained a Bachelor's degree of Arts in Journalism from Zhejiang University in the PRC in 2005 and a Master's degree of Law in political science from Zhejiang University in the PRC in 2007.

Non-executive Directors

Mr. Zhang Han (張涵), aged 44, was appointed as a non-executive Director of our Company in April 2020. Mr. Zhang is currently a partner of Sequoia Capital China. Prior to that, Mr. Zhang served as a partner of Redpoint China Ventures (紅點中國創業投資基金) from 2017 to 2021, Mr. Zhang served as a partner of Redpoint Ventures (紅點創業投資基金) from 2010 to 2016 and a market engineer at Infineon Technologies (China) Co., Ltd. (英飛淩科技(中國)有限公司), a global leading semiconductor company, from 2006 to 2009. Mr. Zhang was selected as one of the top 40U40 investors in CY Zone in 2018. He was also selected as one of the top 50 China Mid-Generation Investors in 36Kr, one of the F40 China Young Investors in Investment World and one of the of 70 Youth Leader GP30 of the generation born in the 70s in FOF Weekly in 2019. Mr. Zhang obtained his bachelor's degree in automation and master's degree in vehicle engineering in Tsinghua University in the PRC in 2002 and 2005, respectively.

Mr. Yang Ming (楊明), aged 42, serves as the head of domestic game distribution line at Interactive Entertainment Group of Tencent. He was appointed as a non-executive Director of our Company in August 2023. Since Mr. Yang Ming joined Tencent in 2006, he has been in responsible for several key businesses successively. He has led the game product "League of Legends" to rapidly grow to a nationwide e-sports game, and led the team of game product "Dungeon & Fighter" to win Tencent Major Business Breakthrough Award for several times. In addition to the position aforementioned, Mr. Yang Ming has been a non-executive director of China Ruyi Holdings Limited (whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 0136) since June 2023. Mr. Yang Ming holds a master's degree in management from Wuhan University in the PRC.

Independent Non-executive Directors

Ms. Yu Bin (余濱), aged 55, was appointed as independent non-executive Director of our Company in May 2018. Ms. Yu has extensive industry experience in financial management. In addition to her position in our Group, Ms. Yu has been an independent non-executive director of DPC Dash Ltd since December 2024, an independent non-executive director of ZERO2IPO Holdings Inc. (清科創業控股有限公司) since December 2020, and an independent director of GDS Holdings Ltd. since November 2016. Before that, Ms. Yu has been an independent director of Kuke Music Holding Limited from January 2021 to June 2023, an independent director of Baozun Inc. from May 2015 to May 2023, an independent non-executive director of Tian Ge Interactive Holdings Limited (天鴿互動控股有限公司) from July 2014 to January 2021. In addition, Ms. Yu has served as the chief financial officer of Lingochamp Inc. from October 2017 to January 2020, as the chief financial officer of InnoLight Technology Corp. from January 2015 to April 2017, as the chief financial officer of Star China Media Limited (星空華文傳媒集團) from May 2013 to January 2015, as a senior vice president of Youku Tudou Inc. from August 2012 to April 2013, as the chief financial officer of Tudou Holdings Limited from January 2012 to April 2013, and as the vice president of finance of Tudou Holdings Limited from July 2010 to December 2011.

Ms. Yu obtained a bachelor's degree in English literature from Xi'an Foreign Language University in the PRC in July 1992, a master's degree in accounting from the University of Toledo in the United States in May 1999, and a Tsinghua-INSEAD EMBA degree from Tsinghua University and INSEAD in January 2013. She has been a member of the American Institute of Certified Public Accountants since November 2013 and a member of Chartered Global Management Accountant since December 2013.

Mr. Li Xintian (李新天), aged 59, was appointed as independent non-executive Director in May 2018. In addition to his position in our Group, Mr. Li has been serving as a professor in the University of Wuhan since November 2005. Prior to that, Mr. Li has been teaching in the Office of Teaching and Research of Civil Commercial Law of the Department of Law of the University of Wuhan (武漢大學法學院民商法教研室) since September 1992, where he has held the position of lecturer and became an associate professor on June 2000. In addition, Mr. Li has been an independent director of Sunshine Lake Pharma Co., Ltd. (廣東東陽光藥業股份有限公司) since October 2023, an independent director of Huachangda Intelligent Equipment Group Co., Ltd. (華昌達智能裝備集團股份有限公司) from November 2013 to February 2015, an independent director of Hubei Century Network Technology Co., Ltd. (湖北盛天網絡技術股份有限公司) from May 2012 to November 2015 and an independent director of Guangdong Hec Technology Holding Co., Ltd. (廣東東陽光科技控股股份有限公司) from May 2008 to May 2014. He was admitted by the Ministry of Justice of Hubei (湖北省司法廳) as a lawyer in July 1993. Mr. Li obtained his bachelor's degree in law in July 1989 from the Wuhan University in the PRC and his doctorate degree in law from the Wuhan University in the PRC in June 2002.

Mr. Zhang Weining (張維寧), aged 46, was appointed as independent non-executive Director in May 2018. In addition to his position in our Group, Mr. Zhang has been serving as an associate professor of Cheung Kong Graduate School of Business (長江商學院) since May 2015. Before that, Mr. Zhang served as assistant professor in Business School of National University of Singapore from August 2010 to December 2011. He has been a director of Transino Technology Corp., Ltd. (北京時代正邦科技股份有限公司) since September 2016, and holds approximately 0.15% of the share capital therein. Mr. Zhang has been serving as an independent nonexecutive director of Grandshores Technology Group Limited (雄岸科技集團有限公司) from June 2018 to May 2022. Mr. Zhang has been a director of Guangzhou Topcomm Media Advertising Co., Ltd. (廣州尚思傳媒廣告股份有限公司) from June 2013 to May 2018, and holds approximately 4.32% of the share capital therein. Mr. Zhang has been a director of Sichuan Tianyi Science & Technology Co., Ltd. (四川天一科技股份有限公司) from August 2012 to November 2015. Mr. Zhang obtained his bachelor's degree in accounting in Southwestern University of Finance and Economics in the PRC in July 2001 and his doctorate's degree in management in the University of Texas in the United States in August 2010.

Mr. Mao Rui (毛睿), aged 49, was appointed as independent non-executive Director of our Company in August 2020. In addition to his position in our Group, Mr. Mao has joined Shenzhen University as an associate professor of College of Computer Science and Software Engineering in 2010, and currently serves as a Changjiang Scholars Special Position professor of College of Computer Science and Software Engineering, primarily responsible for scientific research and foreign affairs. His research primarily focuses on big data management and high-performance computing.

Mr. Mao also serves as an executive dean of Shenzhen Institute of Computing Sciences, deputy director of National Engineering Laboratory for Big Data System Computing Technology, director of Guangdong Provincial Key Laboratory of popular High-Performance Computing, director of Guangdong Provincial Engineering Technology Research Center of Domestic High-Performance Data Computing System, and director of Shenzhen Key Laboratory of Service Computing and Application. He is also a distinguished member of China Computer Federation (CCF), and a deputy director on expert panel of Big Data, and is on expert panel of Database.

Mr. Mao obtained a bachelor's degree and a master's degree in Computer Science from University of Science and Technology of China in 1997 and 2000, respectively. He further obtained a master's degree in Statistics and a doctorate's degree in Computer Science from the University of Texas at Austin in the United Sates in 2006 and 2007, respectively.

Senior Management

Mr. Lei Junwen (雷俊文), aged 41, was appointed as Chief Financial Officer of our Company since May 2018 and is primarily responsible for overseeing the overall financial management, investment and financing, capital market and strategic development of our Group. Mr. Lei also serves as the chief financial officer of Shenzhen iDreamSky and a director of Horgos iDreamSky. Mr. Lei has extensive industry experience in the financial management, accountancy and consultancy industries, including experience in KPMG from August 2006 to May 2010, where he was eventually promoted to audit assistant manager, as senior manager of Vermillion Partners Limited (銀硃合夥人有限公司) from June 2010 to November 2013 and as chief financial officer of XDK Communication Equipment (Huizhou) Co., Ltd. (訊達康通訊設備(惠州)有限公司) from December 2010 to November 2013. Mr. Lei is a Certified Public Accountant in the PRC. Mr. Lei obtained his bachelor's degree in accounting from Zhejiang University in the PRC in June 2005, and he also obtained an EMBA degree from PBC School of Finance, Tsinghua University in June 2023.

Mr. Ho, Mario Yau Kwan (何猷君), aged 30, was appointed as Chief Marketing Officer of our Company since May 2018 and is primarily responsible for marketing and promotions, Esports related business and augmented reality games. Mr. Ho also serves as the chief marketing officer of Shenzhen iDreamSky and chairman/co-CEO of NIP Group. Mr. Ho has been the first Chairperson of the Macau E-sports Federation since April 2018. Mr. Ho was appointed as the members of 13th Hubei Provincial Committee of the Chinese People's Political Consultative Conference since January 2023. Mr. Ho obtained his bachelor's degree in management science in June 2016 from the Massachusetts Institute of Technology.

For biographical details of Mr. Chen Xiangyu, Mr. Guan Song and Mr. Yang Jialiang, who form part of our senior management team, please refer to the section above on pages 49 to 50.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance to safeguard the interests of the shareholders and stakeholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. Save as disclosed in this report, the Company has complied with all applicable code provisions under the CG Code during the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

The basis on which the Company generates or preserves value over the longer term and the strategy for delivering the Company's objectives are set out in the section headed "Chairman's Statement" on pages 5 to 7 and the section headed "Management Discussion and Analysis" on pages 8 to 16 of this annual report.

BOARD OF DIRECTORS

Board Responsibilities

The Board is responsible for the overall leadership of the Company, oversees the Company's strategic decisions and monitors business and performance. To ensure high efficient operation and flexible and fast decision making, the Board has delegated the authority and responsibility for day-to-day management and operation of the Company to the senior management of the Company. The senior management team meets as frequent as necessary to formulate policies and make recommendations to the Board. The senior management team administers, enforces, interprets and supervises compliance with the internal rules and operational procedures of the Company as well as its subsidiaries and conducts regular reviews, recommends and advises on appropriate amendments to such rules and procedures. The senior management team reports to the Board on a regular basis and communicates with the Board whenever required.

To oversee particular aspects of the Company's affairs, the Board delegates certain matters requiring particular time, attention and expertise to the Board committees with the support of independent oversight and experts, which are more appropriate for the Board committees to deal with. As such, the Board has established four Board committees to take charge of these matters and to assist the Board in making appropriate decision. These four Board committees include the audit committee (the "**Audit Committee**"), the remuneration and appraisal committee (the "**Remuneration and Appraisal Committee**"), the nomination committee (the "**Nomination Committee**") and the strategy committee (the "**Strategy Committee**") of the Company (together, the "**Board Committees**"). Each of the committees has its written terms of reference which clearly specify its powers and authorities. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The daily management, administration and operation of the Company are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of the Directors but may delegate some corporate governance duties to the Board Committees. The corporate governance functions of the Board include:

1. to develop and review the Company's policies and practices on compliance with corporate governance;
2. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
3. to develop, review and monitor the code of conduct and compliance manual applicable to the Directors and employees;
4. to assign the Audit Committee to review and monitor the effectiveness of the Company's risk management and internal control systems, evaluate and manage the risks faced by the Company, and review and monitor the whistleblowing policy and its compliance;
5. to assign the Nomination Committee to review and monitor the Board Diversity Policy and continuous professional development of Directors;
6. to review the Shareholders' Communication Policy to enhance effective communication between the Company and the shareholders; and
7. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board reviews the Company's corporate governance policies at least annually. The regular key concerns of the Board include but are not limited to: significant risks faced by the Group, the effectiveness of the internal control system, the review of the Memorandum and Articles of Association and the decision-making authority and authorization system of the Board and senior management of the Company. During the Reporting Period, the Board and relevant Board Committees have performed the duties under code provision A.2.1 of the CG Code.

At the Board meeting dated 27 March 2025, the Board has reviewed and approved the Corporate Governance Report of the Company for the year 2024 and authorized for issue. For details of risk management and internal control in 2024, please refer to the section headed "Risk Management and Internal Control" on pages 70 to 73 of this report.

Mechanisms for the Board to obtain independent views and opinions

All Directors of the Company received a comprehensive induction on the first occasion of their appointment, through training and reading on relevant materials, so as to ensure that they understand the business and operations of the Group and are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Company continues to provide the Directors with information and materials related to the updates of the Listing Rules, listing regulatory information, and directors' training materials relevant to the performance of their duties, so that the Directors can continue to obtain professional development and perform their duties in accordance with the Listing Rules and relevant laws and regulations.

Each Director is entitled to seek advice from the Company's management, company secretary or relevant departments of the Company regarding the Company's relevant circumstances, and to seek independent professional advice on any matters relating to the performance of his/her duties at the Company's expense. The Company has purchased liability insurance for Directors and senior management in respect of legal risks that may be faced by the Directors and senior management in the performance of their duties to ensure that the Directors and senior management can contribute independent views and opinions to the Company.

During the Reporting Period, the Board has reviewed the implementation of the mechanism and reviewed and considered that the mechanism remains effective.

Board Diversity Policy

The Company recognizes the benefits of having a diverse Board and recognizes that maintaining diversity at Board, senior management team and employee is an essential element in maintaining and enhancing the Company's competitive advantage. The Company is committed to promoting gender diversity at the Board and throughout the Group.

The Company has adopted a board diversity policy (the "**Board Diversity Policy**"), which is available on the website of the Company, to ensure that the Company will consider board diversity in terms of, among other things, age, cultural and educational background, professional and industry experience, special skills, knowledge, perspectives and other contributions that can be made to the Board when selecting candidates to join the Board, with a focus on gender as one of the factors in achieving board diversity of the Company.

The Board Diversity Policy of the Company requires that the number of independent non-executive Directors shall account for at least one-third of the Board, and there shall be at least one female Director and one independent non-executive Director with financial related background. During the Reporting Period, the Board has reviewed the Board Diversity Policy and is of the view that the current Board composition has fully complied with the aforesaid requirements. We aim to maintain at least the current level of female representation on our Board. The Nomination Committee will continue to monitor suitable candidates for potential female Directors, including but not limited to appointment of executive Directors within the Group and/or appointment of non-executive Directors externally. The Board will also consider to further increase the proportion of its female members when suitable candidates are available in the future.

When selecting suitable candidates for senior management and employees, the Group not only considers the experience and ability of the candidates, but also resolutely opposes gender discrimination. As at 31 December 2024, the number of female employees of the Group accounted for approximately 37.56% of the total number of employees. The Board considers that the Group has achieved gender diversity at the employee level, and is not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Nomination Policy for Directorship

In light of article 16.2 of the articles of association of the Company, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board but the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting of the Company. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his/her appointment and be eligible for re-election at such meeting.

Subject to the provisions of the Memorandum and Articles of Association and the Cayman Companies Act, upon the resolutions proposed by a majority of the Directors, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

The majority of the members of the Board shall consist of citizens of the People's Republic of China (the "**PRC Nationals Requirement**"). The shareholders of the Company may by ordinary resolution at any time remove any Director (including a managing director or other executive Director but without prejudice to any claim for damages under any contract) before the expiration of his period of office notwithstanding anything in the Memorandum and Articles of Association or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any such change shall be subject to the aforementioned PRC Nationals Requirement. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed. The Nomination Committee is bound to follow the PRC Nationals Requirement.

Nomination Committee's Role and its Selection Process and Criteria

The Nomination Committee shall review the said information and documents provided by the nominated candidate and conduct the following process (in accordance with the following criteria) with a view to assessing and evaluating whether such candidate is suitably qualified to be appointed as a director of the Company before making recommendations to the Board:

1. to assess such candidate's qualifications, skills, knowledge, ability and experience and also potential time commitment and attention to perform director's duties under common law, legislation and applicable rules, regulations and guidance (including without limitation the Listing Rules and the "Guidance for Boards and Directors" published by the HKEX (the "**Guidance for Boards**")), with reference to the corresponding professional knowledge and industry experience which may be relevant to the Company and also the potential contributions that such candidate could bring to the Board (including potential contributions in terms of qualifications, skills, experience, independence and gender diversity);

2. in addition and without prejudice to Paragraph 1 above, to assess such candidate's personal ethics, integrity and reputation (including without limitation to conduct appropriate background checks and other verification processes against such candidate);
3. with reference to the Company's Board Diversity Policy (as adopted and amended by the Board from time to time), to take into account the then current structure, size and composition (including without limitation the balancing of the age, gender, cultural and educational background, professional and industry experience, skills and knowledge, and diversity of perspectives appropriate to the requirements of the Company's business) of the Board and the Company's strategy, with due regard for the benefits of the appropriate diversity of the Board and also such candidate's potential contributions thereto;
4. to consider board succession planning considerations and the long-term needs of the Company;
5. in case of a candidate for an independent non-executive Director of the Company, to assess: (i) the independence of such candidate with reference to, among other things, the independence criteria as set out in Rule 3.13 of the Listing Rules; and (ii) the guidance and requirements relating to independent nonexecutive Directors set out in code provision B.3.4 of the CG Code and in the Guidance for Boards; and
6. to consider any other factors and matters as the Nomination Committee may consider appropriate.

Board's Decision

The Board shall consider the recommendations from the Nomination Committee and make a decision as to whether the nominated candidate shall be eligible to be appointed as a director of the Company.

Board Composition

As of the Latest Practicable Date, the Board comprises three executive Directors, two non-executive Directors and four independent non-executive Directors as follows:

Executive Directors

Mr. Chen Xiangyu *(Chairman of the Board and Chief Executive Officer)*
Mr. Guan Song
Mr. Yang Jialiang

Non-executive Directors

Mr. Zhang Han
Mr. Yang Ming

Independent Non-executive Directors

Ms. Yu Bin
Mr. Li Xintian
Mr. Zhang Weining
Mr. Mao Rui

The biographies of the Directors are set out under the section headed "Directors and Senior Management" on pages 49 to 54 of this annual report. To the knowledge of the Board, save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationships (including financial, business, family or other material or relevant relationship) with any other Directors.

For the Reporting Period, the Board has met at all times the requirements under Rules 3.10 and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Director with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and relating to the appointment of independent non-executive Directors representing at least one-third of the Board. As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, the Company considers each of them to be independent.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company. Pursuant to the contracts, they have agreed to act as executive Directors for a term of three years with effect from the date of their appointments or renewal of the service contract (subject always to re-election as and when required under the Memorandum and Articles of Association). Either party has the right to give not less than three months' prior notice in writing to terminate the relevant agreement.

Each of the non-executive Directors has entered into a service contract with the Company. The term of their office shall be three years from the date of their appointments or renewal the service contract (subject always to re-election as and when required under the Memorandum and Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company. The term of their office shall be three years from the date of their appointments or renewal of the letter of appointment subject always to re-election as and when required under the Memorandum and Articles of Association until terminated in accordance with the terms and conditions of the letter of appointment or by either party giving to the other not less than three months' prior notice in writing.

None of the Directors has a service contract or an appointment letter which is not determinable by the Company within one year without paying compensation (other than statutory compensation).

The procedures and process of appointment, re-election and removal of Directors are set out in the Memorandum and Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

In accordance with the Memorandum and Articles of Association, at every AGM of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to article 16.2 or article 16.3 of the articles of association of the Company shall not be taken into account in determining which Directors are to retire by rotation. A retiring Director shall retain office until the close of the general meeting at which he retires and shall be eligible for re-election thereat. The Company at any AGM at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

In accordance with the Memorandum and Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board but the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting of the Company. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting.

In accordance with the Memorandum and Articles of Association, the Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but the number of Directors shall not be less than two. Subject to the provisions of the Memorandum and Articles of Association and the Cayman Companies Act, upon the resolutions proposed by a majority of the Directors, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

Chairman and Chief Executive Officer

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

At present, the roles of the chairman of the Board and the chief executive officer of the Company are performed by Mr. Chen Xiangyu. Owing to his background, qualification and experience in relation to the Company, Mr. Chen Xiangyu is regarded as the best candidate for assuming the dual roles. The Board considers Mr. Chen Xiangyu's assumption of the dual roles enables the Company to maintain the consistency of the Company's policies and the stability and efficiency of the Company's operations, which is proper and in the best interests of the Company.

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

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

Continuous Professional Development of Directors

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a Director. Each Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each director to discharge their duties. The Company also organizes related training programs for the directors from time to time to provide directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors and senior management team also meet a periodically or as necessary to discuss issues such as operation of the Group, corporate governance policies, and regulatory compliance.

For the year ended 31 December 2024, all Directors had participated in the continuous professional development relating to relevant directors' duties and responsibilities and the latest regulatory information and business of the Group:

Name of Directors	**Participation in continuous professional development** *Yes/No*
Executive Directors:	
Mr. Chen Xiangyu	Yes
Mr. Guan Song	Yes
Mr. Jeffrey Lyndon Ko	Yes
Mr. Yang Jialiang	Yes
Non-executive Directors:	
Mr. Zhang Han	Yes
Mr. Yang Ming	Yes
Independent non-executive Directors:	
Ms. Yu Bin	Yes
Mr. Li Xintian	Yes
Mr. Zhang Weining	Yes
Mr. Mao Rui	Yes

Note:

On 27 March 2025, Mr. Jeffrey Lyndon Ko has resigned as a Director of the Company due to work reallocation, with a view to concentrating on handling overseas business matters of the Group.

Participation in continuous professional development includes attending the trainings/seminars/meetings arranged by the Company or other external parties, or reading materials relevant to corporate governance, Listing Rules, latest regulatory information and other regulatory requirements, and the Group's businesses.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year for Board meetings, and at approximately quarterly intervals. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

The Chairman of the Board also focuses on the communication with the independent non-executive Directors and holds at least one meeting with the independent non-executive Directors annually without the presence of other Directors.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying Board documents are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the joint company secretaries with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

Five Board meetings and one general meeting (i.e., annual general meeting dated 28 June 2024) were held during the Reporting Period. The attendance of each Director at the Board meetings and the general meeting is set out in the table below:

Directors	Number of meetings attended/eligible to attend: Board of Directors	Number of meetings attended/eligible to attend: General meeting
Executive Directors:		
Mr. Chen Xiangyu	5/5	1/1
Mr. Guan Song	5/5	1/1
Mr. Jeffrey Lyndon Ko	5/5	1/1
Mr. Yang Jialiang	5/5	1/1
Non-executive Directors:		
Mr. Zhang Han	5/5	1/1
Mr. Yang Ming	5/5	1/1
Independent non-executive Directors:		
Ms. Yu Bin	5/5	1/1
Mr. Li Xintian	5/5	1/1
Mr. Zhang Weining	5/5	1/1
Mr. Mao Rui	5/5	1/1

Note:

On 27 March 2025, Mr. Jeffrey Lyndon Ko has resigned as a Director of the Company due to work reallocation, with a view to concentrating on handling overseas business matters of the Group.

BOARD COMMITTEES

As described above, the Board has established four Board Committees, each of which has been delegated responsibilities and reports back to the Board: Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Strategy Committee. The roles and functions of these committees are set out in their respective terms of reference. The terms of reference of each of these committees will be revised from time to time to ensure that they continue to meet the needs of the Company and to ensure compliance with the CG Code. The terms of reference of the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy Committee are available on the Company's website and the HKEX's website.

Audit Committee

The Audit Committee comprises four members, three independent non-executive Directors, namely Mr. Zhang Weining (Chairman), Ms. Yu Bin, Mr. Li Xintian, and one non-executive Director, Mr. Zhang Han.

The principal duties of the Audit Committee are as follows:

1. Being primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and considering any questions of its resignation or dismissal;
2. Monitoring the integrity of the Group's financial statements, annual reports and accounts, half year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them;
3. Reviewing the Group's financial controls, risk management and internal control systems; and
4. Discussing the risk management and internal control systems with the senior management, and ensuring that the senior management has performed its duties to have effective systems and to review annually the effectiveness, adequacy and appropriateness of those systems. This review should include the adequacy of resources, staff qualifications and experience, training programs and budgets of the Group's accounting and financial reporting functions.

The code provision D.3.3(e)(i) of the CG Code provides that the terms of reference of the Audit Committee shall have the terms that the members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet at least twice a year with the Company's Auditor. The Company has complied with the code provision D.3.3(e)(i) of the CG Code during the Reporting Period.

The Audit Committee has fully complied with its terms of reference. During the Reporting Period, three Audit Committee meetings were held, the attendance of members of the Audit Committee at the meetings is set out in the following table:

Directors	Attended/Eligible to Attend
Mr. Zhang Weining *(Chairman)*	3/3
Ms. Yu Bin	3/3
Mr. Li Xintian	3/3
Mr. Zhang Han	3/3

During the Reporting Period, the Audit Committee discussed and considered the following matters:

1. Reviewed the Group's annual results for the year ended 31 December 2023 and the audit report prepared by the Company's auditor relating to accounting issues and major findings during the audit process;
2. Reviewed the financial reporting system, risk management and internal control systems (including the adequacy of resources, staff qualifications and experience, and the sufficiency of training programmes and related budgets);
3. Discussed the re-appointment arrangement of the Company's Auditor and reviewed the auditor's fees;
4. Discussed, reviewed, and approved the engagement of the auditor to provide non-audit services and considered authorising the Company's management to decide and handle non-audit service matters with a single total service amount not exceeding RMB1 million;
5. Discussed and reviewed the unaudited interim financial statements for the six months ended 30 June 2024; and
6. Planned to convene a meeting covering the engagement with external auditor, and the nature and scope of the audit and reporting responsibilities before the annual audit commences.

Nomination Committee

The Nomination Committee currently comprises five members, including two executive Directors, namely Mr. Chen Xiangyu (Chairman) and Mr. Guan Song, and three independent non-executive Directors, namely Ms. Yu Bin, Mr. Li Xintian and Mr. Zhang Weining.

The principal duties of the Nomination Committee are as follows:

1. Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. Making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive. The Nomination Committee shall make recommendations on appointment of Directors with due regard to the Board Diversity Policy of the Company and in accordance with the challenges and opportunities faced by the Company;
3. Identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;
4. Assessing the independence of independent non-executive Directors; and
5. Before making any appointment recommendations to the Board, evaluating the balance of Directors based on (including but not limited to) gender, age, cultural and educational background, professional and industry experience, and, in the light of such evaluation preparing a description of the roles and capabilities required for a particular appointment.

The Nomination Committee assesses the candidate or incumbent on criteria such as character, integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendation of the Nomination Committee will then be put to the Board for decision.

The Nomination Committee has fully complied with its terms of reference. During the Reporting Period, one Nomination Committee meeting was held, the attendance of members of the Nomination Committee at the meeting is set out in the following table:

Directors	Attended/Eligible to Attend
Mr. Chen Xiangyu *(Chairman)*	1/1
Mr. Guan Song	1/1
Ms. Yu Bin	1/1
Mr. Li Xintian	1/1
Mr. Zhang Weining	1/1

The following is a summary of the work performed by the Nomination Committee for the Reporting Period:

1. reviewed size, structure and composition of the Board and made recommendations to the Board on re-election of Directors;
2. reviewed the Board Diversity Policy; and
3. reviewed the independence of the independent non-executive Directors.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee currently comprises four members, including three independent non-executive Directors, namely Ms. Yu Bin (Chairman), Mr. Li Xintian and Mr. Zhang Weining, and one executive Director, namely Mr. Yang Jialiang.

The principal duties of the Remuneration and Appraisal Committee include the following:

1. to make recommendations to the Board on the Company's remuneration policy and structure and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. to evaluate the performance of the Directors and senior management and determine their remuneration packages (including benefits in kind, pension rights and compensation payments), with delegated responsibility;
3. to consider salaries paid by comparable companies, time and responsibilities involved and employment conditions elsewhere in the Group in respect of specific positions;
4. to review and make recommendations to the Board on the adoption and amendment of the share award scheme of the Company; and
5. to review and/or approve the matters related to the share scheme as mentioned in Chapter 17 of the Listing Rules.

The Remuneration and Appraisal Committee has fully complied with its terms of reference. During the Reporting Period, one Remuneration and Appraisal Committee meeting was held, and the attendance of members of the Remuneration and Appraisal Committee at the meeting is set out in the following table:

Directors	Attended/Eligible to Attend
Ms. Yu Bin *(Chairman)*	1/1
Mr. Li Xintian	1/1
Mr. Zhang Weining	1/1
Mr. Jeffrey Lyndon Ko	1/1
Mr. Yang Jialiang	1/1

Note:

On 27 March 2025, Mr. Jeffrey Lyndon Ko has resigned as a Director of the Company due to work reallocation, with a view to concentrating on handling overseas business matters of the Group.

The following is a summary of the work performed by the Remuneration and Appraisal Committee for the Reporting Period:

1. reviewed the remuneration policy of the Group;
2. reviewed and made recommendations to the Board on the remuneration packages of the Directors and senior management; and
3. reviewed the Pre-IPO RSU Scheme of the Company, 2023 Share Incentive Scheme, and 2023 New Share Option Scheme, considered the consistency between the purpose of such schemes and the development objectives of the Group, and reviewed their implementation.

Strategy Committee

The Strategy Committee currently comprises five members, including two executive Directors, namely Mr. Chen Xiangyu (Chairman) and Mr. Guan Song, one non-executive Director, namely Mr. Yang Ming, and two independent non-executive Directors, namely Mr. Zhang Weining and Mr. Mao Rui.

The principal duties of the Strategy Committee include the following:

1. researching and making recommendations to the Board on the long-term development strategies and plans of the Company;
2. researching and making recommendations to the Board on the major financing plans of the Company and other major strategic issues influencing the development of the Company; and
3. reviewing the implementation of the above matters.

The Strategy Committee is responsible to the Board and shall submit its proposals to the Board for examination and decision.

The Strategy Committee has fully complied with its terms of reference. During the Reporting Period, one Strategy Committee meeting was held, and the attendance of members of the Strategy Committee at the meeting is set out in the following table:

Directors	Attended/Eligible to Attend
Mr. Chen Xiangyu *(Chairman)*	1/1
Mr. Guan Song	1/1
Mr. Jeffrey Lyndon Ko	1/1
Mr. Yang Ming	1/1
Mr. Zhang Weining	1/1
Mr. Mao Rui	1/1

Note:

On 27 March 2025, Mr. Jeffrey Lyndon Ko has resigned as a Director of the Company due to work reallocation, with a view to concentrating on handling overseas business matters of the Group.

The following is a summary of the work performed by the Strategy Committee for the Reporting Period:

1. reviewed the implementation of the development strategies and plans of the Company for 2023; and
2. discussed the development strategies and plans of the Company for 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2024 which give a true and fair view of the affairs of the Company and of the Company's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. During the Reporting Period, the Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by the Auditors regarding their reporting responsibilities on the audited consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 77 to 83 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and continuously monitoring the effectiveness of the Company's risk management and internal control systems, including but not limited to material risks relating to environmental, social and governance, to safeguard the Company's assets and shareholders' interests.

To ensure the effectiveness of the risk management and internal control systems, the Company has adopted the "Three Lines of Defence" for internal control, and established organization structure of risk management and internal control based on the actual facts of the Company and under the supervision and guidance of the Board.

First line of defence

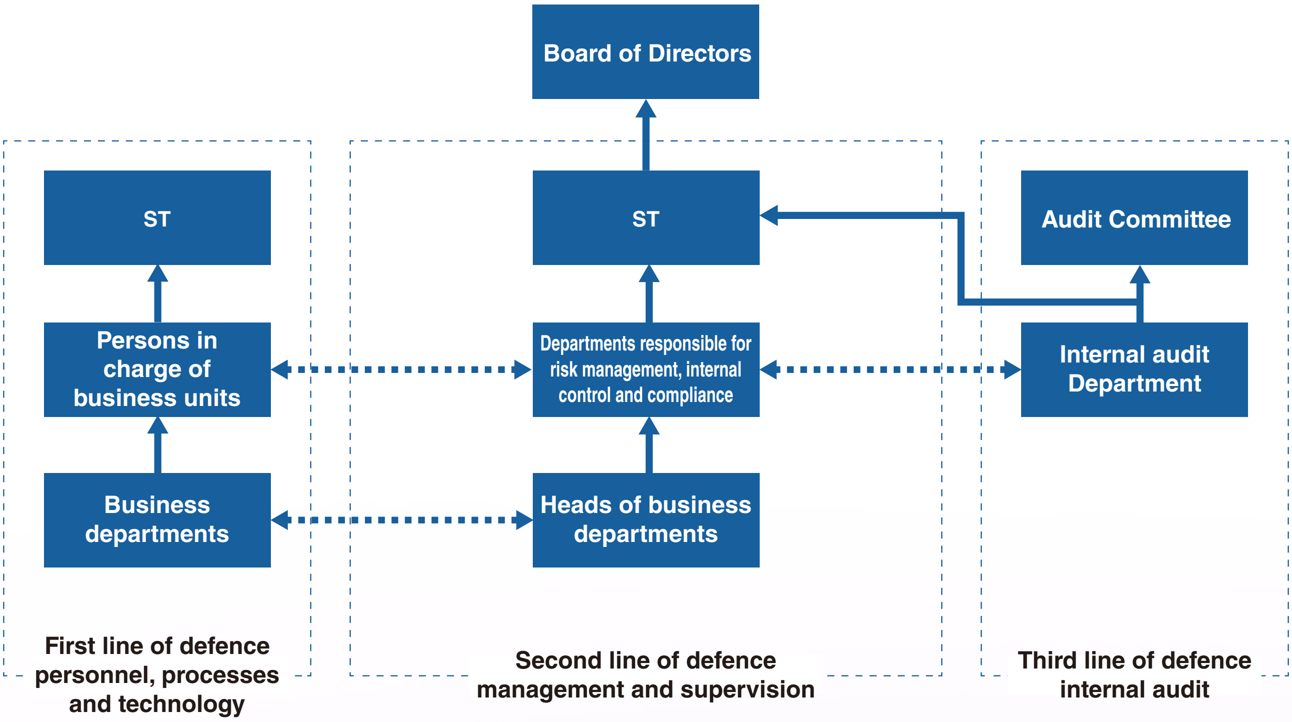
The first line of defence consists of various business lines/business departments at the grassroots level of the Company, which are responsible for designing and implementing relevant controls to cope with risks, and the heads of various departments report to the ST (senior management).

Second line of defence

The second line of defence is mainly composed of the departments responsible for risk management, internal control and compliance and heads of each business department, who shall report to the ST (senior management) and accept the supervision and management of the ST (senior management) to ensure the effective implementation of the risk management and internal control work of the first line of defence.

Third line of defence

The third line of defence is composed of the Internal Audit Department, which is responsible for collecting business process information from the General Office and the Compliance Committee, and carrying out corresponding audit work on major risks to evaluate the effectiveness of the Company's risk management and internal control systems. The Internal Audit Department reports to the Audit Committee and the ST (senior management) in a two-way and independent manner, and is highly independent.



The "Three Lines of Defence" model is designed to manage the risk of failure to achieve business objectives, not completely eliminate the risk of failure to achieve our business strategy, and to provide reasonable but not absolute assurance against material misstatement or loss.

Through the implementation of the "Three Lines of Defence" model, the Company instils a management and mindset in all employees by incorporating risk management and internal control elements in their daily duties to promote their risk management awareness.

The Board and the management attach great importance to the Company's risk management and internal control systems. In 2024, the Company continued to improve the internal management system and promote the implementation of the system to enhance the risk management and internal control system and ensure the soundness and effectiveness of the internal control system.

During the year ended 31 December 2024, the Board has reviewed and confirmed that the Company's risk management and internal control systems are sound and effective at least annually. The review covered key controls, including financial, operational, compliance controls, risk management and ESG-related functions. At the same time, the Group's internal audit function continues to adopt a risk-oriented audit approach to ensure that the audit scope takes into account major concerns and major risks, and formulates improvement plans for identified loopholes and follows up regularly to ensure that improvement measures are implemented.

The Company has formulated policies to promote and support anti-corruption laws and regulations. The Internal Audit Department is responsible for receiving reports through multiple channels, following up and investigating suspected fraud cases in a timely manner, and also assisting the management to carry out cultural publicity related to anti-corruption and integrity.

MATERIAL RISKS

With the changes in the external environment and the development of the Company's business, through the following risk management processes, the key risks concerned by the management in 2024 include the risk related to games going global and expansion, the risk related to new product introduction and long-term product innovation and cash liquidity risk.

1. Risk Identification	2. Risk Assessment	3. Responses to Risks	4. Risk Reporting
Identify the risks faced by the Company by risk types including strategy, market, operation, finance and legal, environmental, social and governance.	Understand and evaluate the impact and possibility of risks in response to the Company's risks, and design questionnaires to assess the adequacy of the Company's policies and controls.	Provide optimisation suggestions for the identified risks and assist the business departments or relevant persons in charge to make corresponding rectification.	Report to the Board and senior management and implement relevant rectification.

The Audit Committee, on behalf of the Board, monitors the overall risk profile of the Company and evaluates the changes in the nature and severity of the Company's key risks. The Audit Committee is of the view that appropriate measures have been taken by the management to address and manage the key risks to a level acceptable to the Board.

The key risks currently faced by the Company and the risk response measures implemented are summarised below.

1. Risk related to games going global and expansion

In 2024, the Company accelerated its strategy of globalizing self-developed games. Strinova PC version was successfully released worldwide, covering North America, Japan and Korea, Europe, Southeast Asia and South America. To realize going global of games, we meet the demands of target markets and users for game content and payment methods, and comply with local game-related laws, regulations, policies and guidelines, so as to avoid the adverse impact of global political and economic fluctuations, cultural differences, laws, regulations and policy restrictions on the effectiveness of games going global.

The Company has formulated diversified overseas strategies for its games to meet different challenges in different target markets. Through the research on the compliance requirements of target markets and in-depth study of players' preferences, the Company will differentiate the version settings, embed the compliance requirements into the games, and incorporate local cultural elements into the games. In addition, we have set up a professional compliance assessment team for overseas publishing of games to carry out compliance assessment before the games are launched, covering game content, character settings, data security and other aspects.

2. *Risk related to new product introduction and long-term product innovation*

Continuous innovation and R&D are crucial to the extension of the product life cycle and the long-term development of the Company. The Company needs to establish a sound innovation and R&D mechanism and invest sufficient resources to ensure continuous innovation and R&D and maintain product activity.

Upholding the concept of long term operation, the Company is committed to long term operation of classic games through content innovation, IP association and community operation. In addition, through comprehensive user study and product R&D mechanism, we conduct regular research on the market and users, continuously optimise game functions and innovates game gameplay, and adjust product distribution and promotion strategies in a timely manner. The Company actively embraces AI capabilities, uses AI technologies to improve the efficiency of content innovation, and continuously improves the quality of games and user experience. The Company also continued to improve the talent density by recruiting professionals, and focused on the development and iteration of key products to ensure that the resources invested can support the continuous innovation and iteration of products.

3. *Cash liquidity risk*

The R&D cycle of game products is long and costly, and stable capital support is required for the long-term refinement and overseas distribution of games. The Company pays attention to cash liquidity and continuously monitors cash flow to provide continuous cash support and security for the long-term operating concept.

Based on a prudent financial management policy, the Company has established a cash flow monitoring mechanism, dynamically analyzing its revenue, cost, expense and expenditures through rolling capital budgets and capital plans. By optimizing the business model and implementing risk prevention measures at business end, we aim to reduce the proportion of receivables and safeguard a healthy and high quality cash flow.

The Board believes that the Company's accounting, financial reporting and ESG performance and reporting functions have been performed by staff with appropriate qualifications and experience, and such staff have received appropriate and sufficient training and development. Based on the work report from the Audit Committee, the Board also believes that the Company's internal audit function is adequately resourced and has sufficient budget. The relevant employees have appropriate qualifications and experience, and have obtained sufficient training and development.

Inside Information Internal Control

The Company has put in place procedures for disclosure of inside information. The Capital Market Department is responsible for identifying and evaluating any material information in a timely manner. If the material information is identified as inside information, the Capital Market Department shall promptly report to the Board and propose to disclose such information as soon as possible in accordance with the relevant provisions of the SFO and the Listing Rules, and take appropriate measures to keep the inside information confidential until the inside information is appropriately disclosed.

DIVIDEND POLICY

Subject to the Cayman Companies Act and the Memorandum and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

The dividends, interests and bonuses and any other benefits and advantages in the nature of income receivable in respect of the Company's investments, and any commissions, trusteeship, agency, transfer and other fees and current receipts of the Company shall, subject to the payment thereout of the expenses of management, interest upon borrowed money and other expenses which in the opinion of the Board are of a revenue nature, constitute the profits of the Company available for distribution.

AUDITOR'S REMUNERATION

The remuneration for the services provided by the Auditor to the Company for the year ended 31 December 2024 is approximately as follows:

Type of Services	**Amount** *(RMB)*
Audit services	4,550,000
Non-audit services	
— Agreed-upon procedures services for results announcement	5,000
— Auditors' letter on the Group's continuing connected transactions for 2024	5,000
— Consultation services for the ESG report of the Group for 2024	260,000
— Hong Kong profits tax compliance service	23,537
Total	293,537
Total	**4,843,537**

JOINT COMPANY SECRETARIES

Ms. Tang Xu ("**Ms. Tang**") has been appointed as a joint company secretary, and is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

For the year ended 31 December 2024, in order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Ng Ka Man ("**Ms. Ng**"), a senior manager of TMF Hong Kong Limited (a company secretarial service provider), as another joint company secretary to assist Ms. Tang to discharge her duties as a company secretary of the Company. Her primary corporate contact person at the Company is Ms. Tang.

For the year ended 31 December 2024, each of Ms. Tang and Ms. Ng has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' COMMUNICATION POLICY

To promote effective communication with shareholders, the Company has adopted a Shareholders' Communication Policy which is available on the Company's website. Under the policy, the Company communicates with its shareholders in a timely and effective manner through various channels. Corporate Communications in electronic form are available at the HKExnews website of the HKEX and the Company's website at any time. In addition to regular reports, the Company also makes announcements from time to time, including voluntary announcements on business progress in response to shareholders' concerns on business progress.

The Company regards the AGM as an important opportunity for direct communication with the shareholders. The Chairman of the Company and the chairmen of the Board Committees of the Company will attend the AGMs to answer shareholders' questions. The Auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. The Company encourages the shareholders to attend to AGMs and other general meetings, which allow the shareholders to communicate with the Board, and exercise their right to vote.

To safeguard the interests of the shareholders as a whole, the Company has adopted an inside information management policy which sets out the procedures and internal control systems for the handling and dissemination of inside information. The policy provides guidelines to the Directors, senior management and all employees to ensure that inside information is not disseminated in advance and individually by adopting necessary confidentiality measures and procedures. The Company also pays close attention to the news reports on the Company in the market and clarifies false information in a timely manner.

The effectiveness of the Shareholders' Communication Policy is reviewed on a regular basis. As at the date of this report, the Board has reviewed the implementation of the Shareholders' Communication Policy for the Reporting Period and confirmed that it remains effective.

INVESTOR RELATIONS

The Company considers that effective communication with the investors is essential for enhancing investor relations and understanding the Company's business, performance and strategies. The Company also believes in timely and non-selective disclosure of information, which will enable shareholders and investors to make the informed investment decisions.

Investors may access the Company's corporate communications on the HKExnews website and the "Investor Relations" section of the Company's official website. In addition, the Company holds results announcement activities after the publication of annual results and interim results announcement each year. Some Directors and senior management will attend the launch event to communicate directly with shareholders and investors.

The Company has also set up an investor contact email: ir@idreamsky.com. Investors, stakeholders and the public are welcome to provide valuable advice and make enquiries.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the HKEX and the Company in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Memorandum and Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (calculated on the basis of one vote per share in the share capital of the Company) shall at all times have the right, by written requisition to the Board or any one of the Joint Company Secretaries of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitions(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitions(s) as a result of the failure of the Board shall be reimbursed to the requisitions(s) by the Company.

As regards proposing a person for election as a Director by shareholders, the procedures are available on the website of the Company.

Right of enquiry

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Joint Company Secretary of the Company whose contact details are as follows: 16/F, Unit 3, Block A, Kexing Science Park, Ke Yuan North Road, Nanshan, Shenzhen, the PRC.

Shareholders could post their enquiries about their shareholdings to the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has adopted the amended Memorandum and Articles of Association that were considered and approved at the Board meeting dated 30 March 2023. During the Reporting Period, there were no changes to the Memorandum and Articles of Association.

To the Shareholders of iDreamSky Technology Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of iDreamSky Technology Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 84 to 208, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.2(c) to the consolidated financial statements, which indicates that during the year ended 31 December 2024, the Group reported a net loss of RMB544,604,000. As of 31 December 2024, the Group's current liabilities exceeded its current assets by RMB168,878,000, and the Group had total borrowings amounting to RMB1,070,075,000, out of which RMB946,746,000 will be due for repayment within the next twelve months. As at 31 December 2024 the Group had unrestricted cash and cash equivalents amounted to RMB196,926,000.

These conditions, along with other matters described in Note 1.2(c), indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition — estimation of lifespan of in-game virtual items
- Recoverability of intangible assets — game intellectual properties and licenses and prepayments — prepaid revenue sharing to content providers

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition — estimation of Player Relationship Period Refer to notes 2.2(l), 4(a) and 6 to the consolidated financial statements. For the year ended 31 December 2024, the Group's revenue from game business amounted to RMB1,455,942,000, representing 96% of the Group's total revenues. The revenue was mainly derived from the sales of in-game virtual items. The Group recognizes the revenue from sales of in-game virtual items ratably over the lifespan of in-game virtual items determined by management with reference to the average expected playing period of paying players ("**Player Relationship Period**") for Role-Playing Game mobile games and certain casual mobile games. We focus on this area due to the fact that management applied significant judgements in determining the Player Relationship Period. These judgements included (i) the determination of key assumptions applied in the calculation of Player Relationship Period, including historical users' consumption patterns, churn rates, reactivity on marketing activities and game life-cycle; (ii) the identification of events that may trigger changes in the expected Player Relationship Period.	Our procedures performed in relation to the estimation of lifespan of in-game virtual items included: — We obtained an understanding of management's internal control over assessment process of the estimation of the lifespan of in-game virtual items, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and change. — We evaluated and tested, on a sample basis, the key controls in respect of the estimation of lifespan of in-game virtual items, including management's review and approval of (i) determination of the estimated Player Relationship Period; and (ii) changes in the estimated Player Relationship Period based on periodic reassessment on any indications triggering such changes. We also assessed, with the involvement of our IT specialist, the integrity of data generated from the Group's information system supporting the management's review, including testing the information system logic for generation of reports, and checking, on a sample basis, the monthly computation of revenue recognized on selected games based on reports generated from the Group's information system.

Key Audit Matter	How our audit addressed the Key Audit Matter
	— We assessed, with the involvement of our IT specialist, the reasonableness of the expected Player Relationship Period adopted by management by testing, on a sample basis, the reliability of the data generated from the information systems regarding the historical users' consumption patterns and checking the calculation of the churn rates. We also evaluated the consideration made by management in determining the reactivity of marketing activities and game life-cycle for expected Player Relationship Period with reference to historical operating and marketing data of the relevant games. We also assessed, on a sample basis, the historical accuracy of the management's estimation by comparing the actual Player Relationship Period for the mobile games for the current year against the original estimation of Player Relationship Period of those games made in the prior years. — We understood the process for which management identified events that might trigger changes in the expected Player Relationship Period, and assessed if those changes have been reflected in management's Player Relationship Period estimation in the current year. Based on the above, we considered that the significant judgments and estimates made by management were supportable by the evidence obtained and procedures performed.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of intangible assets — game intellectual properties and licenses and prepayments — prepaid revenue sharing to content providers Refer to notes 2.2(c), 4(d), 4(e), 17 and 22 to the consolidated financial statements. As of 31 December 2024, the net book value of the Group's intangible assets — game intellectual properties and licenses and prepayments — prepaid revenue sharing to content providers (namely, the "**Game Related Intangible Assets**") amounted to RMB1,085,166,000 and RMB450,004,000, respectively. An impairment loss of RMB9,972,000 and RMB19,251,000, respectively, was recognized during for the year ended 31 December 2024. Management exercised significant judgment in assessing the impairment of the Game Related Intangible Assets. In making such assessment, management considered all factors that may affect the future development and launch plans, and exercised judgment in developing its expectation for the future cash flows from these games. We focus on auditing the impairment of Game Related Intangible Assets because the estimation of the recoverable amount is subject to significant assumptions used including the estimated revenue, channel costs and other related expenses.	Our procedures performed in relation to the impairment assessment of intangible assets — game intellectual properties and licenses and prepayments — prepaid revenue sharing to content providers included: — We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias. — We understood and evaluated the internal controls over the impairment assessment of Game Related Intangible Assets, including the determination of appropriate impairment approaches, valuation models and assumptions and the calculation of impairment provisions. — For games already launched and operated, we evaluated the historical accuracy of impairment assessment to assess the effectiveness of management's estimation process by comparing the expected cashflow in the prior period against the respective actual performance during the year, insuring material differences identified were already considered in the current impairment assessment when applicable. — For games for which the development is yet to be completed, we examined the contracts to check the validity of the purchased Game Related Intangible Assets, discussed with the management to understand their future development and launch plans.

Key Audit Matter	How our audit addressed the Key Audit Matter
	— We discussed with management to understand the basis of the estimated cash flow projections and evaluated the reasonableness of the estimated revenue, channel costs and other related expenses prepared by management. — We tested the mathematical accuracy of the calculations of the estimated future net cash flows of games. — We assessed the adequacy of the disclosures related to impairment assessment of Game Related Intangible Assets. Based on the above, we considered that the significant judgments and estimates made by management were supportable by the evidence obtained and procedures performed.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Cecilia, Lai Ting Yau.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2025

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Continuing operations			
Revenues	6	**1,513,644**	1,916,473
Cost of revenues	7	**(1,086,855)**	(1,243,012)
Gross profit		**426,789**	673,461
Selling and marketing expenses	7	**(196,485)**	(230,597)
General and administrative expenses	7	**(126,498)**	(109,111)
Research and development expenses	7	**(165,164)**	(239,953)
Impairment losses on intangible assets	7	**(9,972)**	(23,245)
Net impairment losses on financial assets	3.1 & 21	**(185,735)**	(232,323)
Other income	8	**12,409**	25,430
Other losses, net	9	**(19,304)**	(11,097)
Fair value losses on financial assets at fair value through profit or loss	20	**(81,400)**	(27,856)
Operating loss		**(345,360)**	(175,291)
Finance income	11	**3,861**	6,205
Finance costs	11	**(110,025)**	(295,979)
Finance costs, net	11	**(106,164)**	(289,774)
Share of results of investments accounted for using the equity method	19	**(17,097)**	14,067
Impairment of investments accounted for using the equity method	19	**(105,496)**	(19,359)
Loss before income tax		**(574,117)**	(470,357)
Income tax credit	12	**29,513**	13,527
Loss for the year from continuing operations		**(544,604)**	(456,830)
Discontinued operations			
Loss for the year from discontinued operations after income tax		**—**	(103,988)
Loss for the year		**(544,604)**	(560,818)
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
— Currency translation differences		**30,894**	27,208
Items that may be reclassified to profit or loss			
— Currency translation differences		**(12,238)**	(19,147)
Total comprehensive loss for the year		**(525,948)**	(552,757)

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Loss for the year attributable to owners of the Company			
— from continuing operations		**(528,827)**	(453,381)
— from discontinued operations		**—**	(102,966)
Loss for the year attributable to owners of the Company		**(528,827)**	(556,347)
Loss for the year attributable to non-controlling interests			
— from continuing operations		**(15,777)**	(3,449)
— from discontinued operations		**—**	(1,022)
Loss for the year attributable to non-controlling interests		**(15,777)**	(4,471)
		(544,604)	(560,818)
Total comprehensive loss attributable to:			
— Owners of the Company		**(510,171)**	(548,286)
— Non-controlling interests		**(15,777)**	(4,471)
		(525,948)	(552,757)
Losses per share			
From continuing operations			
— Basic losses per share *(in RMB)*	*13*	**(0.33)**	(0.32)
— Diluted losses per share *(in RMB)*	*13*	**(0.33)**	(0.32)
From discontinuing operations			
— Basic losses per share *(in RMB)*	*13*	**—**	(0.07)
— Diluted losses per share *(in RMB)*	*13*	**—**	(0.07)
From continuing and discontinued operations			
— Basic losses per share *(in RMB)*	*13*	**(0.33)**	(0.39)
— Diluted losses per share *(in RMB)*	*13*	**(0.33)**	(0.39)

The notes on pages 91 to 208 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Note	As of 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	132,118	98,354
Intangible assets	17	1,085,942	965,535
Investment properties	16	6,075	6,515
Right-of-use assets	15	79,672	96,236
Investments accounted for using the equity method	19	187,755	330,033
Financial assets at fair value through profit or loss	20	296,661	325,743
Prepayments and other receivables	22	121,960	72,620
Deferred tax assets	34	113,000	110,539
		2,023,183	2,005,575
Current assets			
Trade receivables	21	158,414	369,260
Prepayments and other receivables	22	1,070,195	983,871
Contract costs	33	49,143	47,288
Financial assets at fair value through profit or loss	20	27,180	73,145
Restricted cash	24	65,179	38,105
Cash and cash equivalents	23	196,926	190,429
		1,567,037	1,702,098
Total assets		3,590,220	3,707,673
Equity attributable to owners of the Company			
Share capital, share premium and treasury shares	25	3,968,136	3,745,616
Reserves	26	971,254	936,373
Accumulated losses		(3,565,735)	(3,036,252)
		1,373,655	1,645,737
Non-controlling interests		81,713	97,490
Total equity		1,455,368	1,743,227

	Note	As of 31 December 2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	28	123,329	123,526
Lease liabilities	15	—	9,539
Convertible bonds	29	275,608	237,297
		398,937	370,362
Current liabilities			
Borrowings	28	946,746	842,898
Lease liabilities	15	7,753	13,269
Trade payables	30	378,765	273,415
Other payables and accruals	31	157,305	152,117
Financial liabilities at fair value through profit or loss	32	126,201	99,633
Contract liabilities	33	107,469	170,751
Current income tax liabilities		11,676	42,001
		1,735,915	1,594,084
Total liabilities		2,134,852	1,964,446
Total equity and liabilities		3,590,220	3,707,673

The notes on pages 91 to 208 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 84 to 208 were approved by the Board of Directors on 27 March 2025 and were signed on its behalf.

Chen Xiangyu
Director

Guan Song
Director

Consolidated Statement of Changes in Equity

		Attributable to owners of the Company								
	Note	Share capital, share premium and treasury shares RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000	Translation differences RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024		**3,745,616**	**261,455**	**103,444**	**75,057**	**496,417**	**(3,036,252)**	**1,645,737**	**97,490**	**1,743,227**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(528,827)**	**(528,827)**	**(15,777)**	**(544,604)**
Other comprehensive loss										
— Currency translation differences	26	**–**	**–**	**–**	**18,656**	**–**	**–**	**18,656**	**–**	**18,656**
Total comprehensive loss for the year		**–**	**–**	**–**	**18,656**	**–**	**(528,827)**	**(510,171)**	**(15,777)**	**(525,948)**
Transactions with owners										
Profit appropriation to statutory reserves	26	**–**	**–**	**656**	**–**	**–**	**(656)**	**–**	**–**	**–**
Share-based compensation expenses	27	**–**	**–**	**–**	**–**	**15,569**	**–**	**15,569**	**–**	**15,569**
Issuance of ordinary shares	25	**232,571**	**–**	**–**	**–**	**–**	**–**	**232,571**	**–**	**232,571**
Acquisition of treasury shares	25	**(10,051)**	**–**	**–**	**–**	**–**	**–**	**(10,051)**	**–**	**(10,051)**
Cancellation of shares	25	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total transactions with owners		**222,520**	**–**	**656**	**–**	**15,569**	**(656)**	**238,089**	**–**	**238,089**
Balance at 31 December 2024		**3,968,136**	**261,455**	**104,100**	**93,713**	**511,986**	**(3,565,735)**	**1,373,655**	**81,713**	**1,455,368**
Balance at 1 January 2023		3,291,884	16,100	96,062	66,996	621,827	(2,472,523)	1,620,346	174,196	1,794,542
Loss for the year		–	–	–	–	–	(556,347)	(556,347)	(4,471)	(560,818)
Other comprehensive loss										
— Currency translation differences	26	–	–	–	8,061	–	–	8,061	–	8,061
Total comprehensive loss for the year		–	–	–	8,061	–	(556,347)	(548,286)	(4,471)	(552,757)
Transactions with owners										
Profit appropriation to statutory reserves	26	–	–	7,382	–	–	(7,382)	–	–	–
Share-based compensation expenses	27	–	–	–	–	10,508	–	10,508	–	10,508
Repurchase of 2025 convertible bonds	29(a)	–	245,355	–	–	(262,620)	–	(17,265)	–	(17,265)
Equity component of 2028 convertible bonds issued	29(b)	–	–	–	–	126,702	–	126,702	–	126,702
Issuance of ordinary shares	25	456,916	–	–	–	–	–	456,916	–	456,916
Acquisition of treasury shares	25	(3,184)	–	–	–	–	–	(3,184)	–	(3,184)
Disposal of a subsidiary	5	–	–	–	–	–	–	–	(72,235)	(72,235)
Total transactions with owners		453,732	245,355	7,382	–	(125,410)	(7,382)	573,677	(72,235)	501,442
Balance at 31 December 2023		3,745,616	261,455	103,444	75,057	496,417	(3,036,252)	1,645,737	97,490	1,743,227

The notes on pages 91 to 208 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	*35(a)*	**154,949**	253,031
Income taxes paid		**(3,273)**	(71)
Net cash generated from operating activities		**151,676**	252,960
Cash flows from investing activities			
Proceeds from disposals of property, plant and equipment	*35(a)*	**—**	78
Purchase of property, plant and equipment		**(15,211)**	(31,990)
Purchase/prepayment of intangible assets		**(255,777)**	(97,868)
Loans to related parties	*37(b)*	**(4,895)**	(47,070)
Repayment of loans due from related parties	*37(b)*	**5,733**	47,331
Loans to shareholders		**(49,579)**	(13,813)
Repayment of loans due from shareholders		**1,335**	1,298
Loans to third parties		**(120,050)**	(96,121)
Repayment of loans due from third parties		**55,915**	34,500
Investments in associates and joint ventures		**—**	(9,000)
Investments in financial assets at fair value through profit or loss		**(3,000)**	—
Proceeds from disposal of financial assets at fair value through profit or loss		**845**	60,941
Disposal of discontinued operations		**—**	(1,339)
Proceeds from disposal of investments in associates and joint ventures		**22,500**	11,811
Dividend income received from financial assets at fair value through profit or loss		**—**	3,317
Net cash used in investing activities		**(362,184)**	(137,925)

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
Proceeds from borrowings		**1,188,738**	1,256,209
Repayment of borrowings		**(1,080,341)**	(1,321,541)
Payments for share repurchase	*25*	**(10,051)**	(3,184)
Changes in restricted cash		**(27,667)**	38,050
Principal elements of lease payments		**(12,709)**	(12,808)
Interest expenses paid		**(73,481)**	(77,542)
Repurchase of 2025 convertible bonds	*29(a)*	**—**	(700,668)
Net proceeds from issuance of convertible bonds	*29(b)*	**—**	346,453
Net proceeds from issuance of new shares	*25*	**232,571**	456,916
Net cash used in financing activities		**217,060**	(18,115)
Net increase in cash and cash equivalents		**6,552**	96,920
Cash and cash equivalents at the beginning of the financial year		**190,429**	90,527
Effects of exchange rate changes on cash and cash equivalents		**(55)**	2,982
Cash and cash equivalents at the end of the year		**196,926**	190,429

The notes on pages 91 to 208 are an integral part of these consolidated financial statements.

1 General information and basis of preparation

1.1. General Information

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

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

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

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

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

1.2. Basis of Preparation

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

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

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

(b) Historical cost convention

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

1 General information and basis of preparation (Continued)

1.2 Basis of preparation (Continued)

(c) Going concern basis

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

As disclosed in Note 3.2, certain borrowings had financial covenants that require the Group to maintain a debt-to-asset ratio to a certain extent. Looking ahead, the Group's 2025 operational performance is anticipated to hinge significantly on the market reception of its games. These outcomes may also impact impairment assessments of game related intangible assets and prepayments, and fair value fluctuations of financial assets at fair value through profit or loss ("**FVPL**") remain exposed to market volatility. The Group is sensitive to the fluctuation of its debt-to-asset ratio; the risks of non-compliance with loan covenants could be heightened should further deterioration occur. If the Group fails to comply with the financial covenant requirements, it may cause certain borrowings and the convertible bonds become immediately due and payable should the lenders exercise their rights to demand immediate repayment under the agreements.

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

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

(2) During 2024, the Group repaid bank borrowings totaling RMB1,080,341,000 while securing new facilities of RMB1,118,738,000. Unutilized uncommitted credit lines amounted to RMB397,431,000 as of 31 December 2024. After the year end date, RMB60,000,000 was drawn from these facilities. The Board of Directors expresses confidence in renewing the existing facilities and securing new financing, supported by robust banking relationships and a track record of successful renewals.

(3) As at 31 December 2024, the Group had registered quotas of USD200,000,000 to refinance certain overseas borrowings not exceeding USD50,000,000 and expand business activities up to USD150,000,000. In addition, management is also actively engaging with potential investors to explore the opportunity of placing shares. The directors believe the Group can secure funding through issuance of shares and issuance of overseas bonds or other financial arrangements as and when needed within the twelve months following 31 December 2024, in compliance with prevailing regulations.

1 General information and basis of preparation (Continued)

1.2 Basis of preparation (Continued)

(c) Going concern basis (Continued)

(4) The Group remains committed to implement more stringent monitoring of financial covenant adherence across all borrowings. In the event of potential breaches, management will proactively engage with lenders to renegotiate terms or seek waivers, with confidence that these efforts would be successful.

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

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

(i) successful in implementing the plan and measures to improve the Group's operating performance and accelerating the collection of outstanding receivables so as to generate sufficient operating cash inflows to meet with its financial obligations;

(ii) successful in renewal of the bank facilities and borrowings when they fall due and obtain new bank facilities and draw down from those available bank facilities as and when required;

(iii) successful in issuance of shares and overseas bonds to raise additional funding as and when needed.

(iv) continuous compliance with the existing and revised terms and conditions of its borrowings and, where applicable, when necessary to revise the terms and conditions of the borrowings for the continuous compliance thereof, such that the existing borrowings and facilities will continue to be available to the Group and to repay the borrowings in accordance with the agreed repayment schedules.

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

2 Summary of material accounting policies

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 New and amended standards

(a) *New and amended standards adopted by the Group*

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

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

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

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

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

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies

(a) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group refer to Note 2.3(a).

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

The operations of the Group were mainly carried out by Shenzhen iDreamSky Technology Co., Ltd. ("**Shenzhen iDreamSky**"), a limited liability company incorporated in Shenzhen, the PRC, and its subsidiaries (the "**PRC Consolidated Affiliated Entities**").

The PRC regulations restrict foreign ownership of companies that provide the operations of games through mobile apps and websites, which include activities and services operated by Shenzhen iDreamSky. In order to enable certain foreign companies to make investments into the business of the Group, Shenzhen Qianhai iDream Technology Co., Ltd. ("**Qianhai iDream**") was established by iDreamSky Holdings (HK) Limited ("**iDreamSky Holdings (HK)**") as a Wholly Foreign Owned Enterprise (the "**WFOE**").

The WFOE has entered into various agreements ("**Contractual Arrangements**") with Shenzhen iDreamSky and its registered equity holders, which enables the WFOE and the Group to:

- Exercise effective control over the PRC Consolidated Affiliated Entities;

- Exercise equity holders' voting rights of the PRC Consolidated Affiliated Entities;

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(a) Principles of consolidation and equity accounting (Continued)

(i) Subsidiaries (Continued)

- Receive substantially all of the economic interests and returns generated by the PRC Consolidated Affiliated Entities in consideration for the business support, technical and consulting services provided by the WFOE, at the WFOE's discretion;

- Obtain an irrevocable and exclusive right to purchase all equity interests in Shenzhen iDreamSky from its registered equity holders at a nominal consideration unless the relevant government authorities request that another amount be used as the purchase consideration and in which case the purchase consideration shall be such amount. Where the purchase consideration is required by the relevant government authorities to be an amount other than a nominal amount, the registered equity holders of Shenzhen iDreamSky shall return the amount of purchase consideration they have received to the WFOE. At the WFOE's request, the registered equity holders of Shenzhen iDreamSky will promptly and unconditionally transfer their respective equity interests in Shenzhen iDreamSky to WFOE (or its designee within the Group) after the WFOE exercises its purchase right;

- Obtain pledges over the entire equity interests in Shenzhen iDreamSky from its registered equity holders to secure, among others, performance of their obligations under the Contractual Arrangements.

The Group does not have any equity interest in the PRC Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with the PRC Consolidated Affiliated Entities and has the ability to affect those returns through its power over the PRC Consolidated Affiliated Entities and is considered to control the PRC Consolidated Affiliated Entities. Consequently, the Company regards the PRC Consolidated Affiliated Entities as indirect subsidiaries under IFRS Accounting Standards.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognized at cost in the consolidated statement of financial position.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(a) ***Principles of consolidation and equity accounting*** (Continued)

(iii) Joint arrangements

Under IFRS 11, Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognized at cost in the consolidated statement of financial position.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.2(d).

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(a) Principles of consolidation and equity accounting (Continued)

(v) Changes in ownership interests (Continued)

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(b) Intangible assets

(i) Computer software

Acquired computer software stated at historical cost less amortization. Acquired computer software are capitalized on the basis of the costs incurred to acquire and bring to use the specific software, and are amortized on a straight-line basis over their useful lives, from 1 to 3 years.

(ii) Game intellectual properties and licenses

Under certain exclusive games arrangements entered between the Group and the game developers, the Group pays upfront license fees to the game developers as the Group obtained the games developed by those game developers. The Group recognizes the upfront license fees as intangible assets. These intangible assets are amortized on a straight-line basis over the expected economic life, from 3 to 5 years. These amortization are recorded in cost of revenues (where the games are commercially launched) or general and administrative expenses (where the games are not yet commercially launched).

In some other circumstance, the Group prepaid the upfront license fees to game developers as the Group is entitled a right to operate third party developed games for certain period of time in certain countries. The Group recognizes the prepaid license fees as intangible assets upon the related games passed the external testing. The Group amortizes these intangible assets on a straight-line basis over the remaining license period from commercial launch of the related games. These amortization are recorded in cost of revenues.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(b) Intangible assets (Continued)

(iii) Research and development expenditures

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalized as intangible assets when recognition criteria are fulfilled. These criteria include: (i) it is technically feasible to complete the software product so that it will be available for use; (ii) management intends to complete the software product and use or sell it; (iii) there is an ability to use or sell the software product; (iv) it can be demonstrated how the software product will generate probable future economic benefits; (v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and (vi) the expenditure attributable to the software product during its development can be reliably measured. Other development expenditures that do not meet those criteria are recognized as expenses as incurred.

Development costs previously recognized as expenses are not recognized as assets in subsequent periods.

(c) Impairment of non-financial assets

Goodwill and intangible assets not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(d) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and

- those to be measured at amortized cost.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(d) Investments and other financial assets (Continued)

(i) Classification (Continued)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(d) Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("**OCI**"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within fair value (losses)/gains on financial assets at fair value through profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(d) Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Equity instruments (Continued)

Changes in the fair value of financial assets at FVPL are recognized in fair value (losses)/gains on financial assets at fair value through profit or loss in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group has types of financial assets subject to IFRS 9's expected credit loss model:

- Trade receivables
- Other receivables (excluding prepayments)
- Restricted cash
- Cash and cash equivalents

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 21 for further details.

(e) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

The Group irrevocably designated its financial guarantee contracts as measured at fair value through profit or loss at their initial recognition.

(f) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently measured at fair value through profit or loss.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(g) Convertible bonds

The fair value of the liability portion of a convertible bond is determined using a market interest rate for a non-convertible bond with similar terms. This amount is recorded as a liability on an amortized cost basis until conversion or maturity of the bonds. The remaining of the proceeds is allocated to the conversion option. Any directly attributable transaction costs are allocated to the liability and equity or derivative liability component in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a convertible bond is measured at amortized cost using the effective interest method. The equity component of a convertible bond is not re-measured subsequent to initial recognition except on conversion or expiry.

The convertible bonds are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the end of the reporting period.

When there is option for early redemption before maturity, the gross carrying amount of the liability component was remeasured by discounting the revised future contractual cash flows when the Group changes its estimation that the early redemption option is expected to incurred, using original effective interest rate. Any difference was recognized in profit and loss.

When the convertible bonds are repurchased through re-negotiation, the repurchase price was allocated between the liability component and the equity component on the same basis that was used in the original allocation process. The difference between the consideration payable allocated to liability component and the liability component's carry amount was recognised in profit and loss. And the difference between the consideration payable allocated to equity component and the equity component's carry amount was recognised in equity.

(h) Contract liabilities and contract costs

Contract liabilities primarily consists of the unamortized revenue from sales of game tokens and virtual items for mobile game, provision of self-developed game license to third parties and unearned revenue from information service, where there is still an implied obligation to be provided by the Group and will be recognized as revenue when all of the revenue recognition criteria are met.

Contract costs primarily consist of the unamortized commission charges by distribution and payments channels and will be recognized as cost of revenues through amortization over the average expected playing period of the paying players ("**Player Relationship Period**"), which is consistent with the pattern of recognition of the associated revenue.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(i) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operation. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned. Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(j) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(j) Current and deferred income tax (Continued)

(ii) Deferred income tax (Continued)

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(k) Share-based payments

Equity-settled share-based payment transactions

The Group operates several equity-settled share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(k) Share-based payments (Continued)

Equity-settled share-based payment transactions (Continued)

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement date and grant date.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as of the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

At the end of each reporting period, the Group revises its estimates of the number of RSUs and options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(l) Revenue recognition

Revenues are recognized when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(l) ***Revenue recognition*** (Continued)

Game distribution revenue

The Group is a publisher of mobile games developed by third party game developers or its own. The Group licenses mobile games from game developers and earns game publishing 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**"), including the Group's websites. Through the Distribution Channels, game players can download the mobile games to their mobile devices. The mobile games published by the Group which 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**").

(i) Casual mobile games

For casual mobile games, game players play the games on their own. The majority of casual mobile games are match-three puzzle games, endless running games and casual competition games that the game players play on their own. Upon the completion of download and installation of the games to the game players' mobile devices, all functionalities of the games have been fully delivered to the devices. Players can then play the games on their device without real time connection to the internet. At game players' discretion, in-game virtual items may be purchased to enhance game players' game experience. The fulfilment of in-game purchase requires connection to the mobile carriers' network or internet connection to the servers of Payment Channels at the time of purchase. Once the game players confirm their purchase requests, the Payment Channels send an "unlock code" to the device of the game players and then the purchased virtual items are automatically unlocked in the downloaded game. Therefore, future play and use of the purchased features do not require ongoing online connectivity or involvement of the Group and game servers are not necessary for game players to play the game or utilize the purchased in-game features or items. The Group does not have a practice or history of replacing lost games or data of offline mobile games for game players. However, starting from 2017, the Group also encourages the game player to register a game account for same casual games, and for those registered game players, the Group provides the additional services to store the in-game user information (including game playing contents and player's in-game purchase data) in the severs and will replace lost game and user data for those game players in certain circumstance.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(l) ***Revenue recognition*** (Continued)

Game distribution revenue (Continued)

*(ii) Role-Playing Game (“**RPG**”) mobile games*

For RPG mobile games, game players interact with other online players to collaborate or to compete among themselves to complete certain tasks of the games within a virtual social environment. The majority of RPG mobile games are role-playing games that the game players play with other online players. Playing the online mobile games requires real time internet connection to game servers, where all in-game user information is stored, including game playing contents and player’s in-game purchase data. The game application downloaded on game players’ device is similar to a portal to access the online game servers which are hosted by the game developers. Game players may purchase in-game virtual items or features via the payment channels to enhance their game-playing experience similar to offline mobile games.

(iii) Principal Agent Consideration

1) Third party licensed mobile games

Proceeds earned from selling in-game virtual items, in both of the licensed casual and RPG mobile games, are shared between the Group and the game developers, with the amount paid to the developers generally calculated based on amounts paid by players, after deducting the fees paid to the Payment Channels and the Distribution Channels including the credit allowable for deduction for games that were downloaded through the Group’s owned platforms, multiplied by a predetermined percentage for each game.

The Group evaluates agreements with the game developers, Distribution Channels and Payment Channels in order to determine whether or not the Group acts as the principal or as an agent in the arrangement with each party respectively, which it considers in determining if relevant revenues should be reported gross or net of the predetermined amount of the proceeds shared with the other parties. The determination of whether to record the revenues gross or net is based on an assessment of various factors, including but not limited to whether the Group (i) is the primary obligor in the arrangement; (ii) has general inventory risk; (iii) changes the product or performs part of the services; (iv) has latitude in establishing the selling price; (v) has involvement in the determination of product and service specifications. The assessment is performed for all of the Group’s licensed mobile games.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(l) ***Revenue recognition*** (Continued)

Game distribution revenue (Continued)

(iii) Principal Agent Consideration (Continued)

1) Third party licensed mobile games (Continued)

The Group acts as Agent

With respect to certain of the Group's game license arrangements entered during the reporting period, the Group considered 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 and v) 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. The Group's responsibilities are publishing, providing payment solution and market promotion service, and thus the Group views the game developers to be its customers and considers itself as the agent of the game developers in the arrangements with game players. Accordingly, the Group records the game publishing service revenue from these licensed games, net of amounts paid to the game developers.

As the Group is responsible for identifying, contracting with and maintaining the relationships of the distribution and payment channels, commission fees paid to the Distribution Channels and Payment Channels are included in cost of revenues and presented on a gross basis. The Group considers it is the primary obligor to the game developers for the reasons identified above as it has been given latitude by the game developers in selecting distribution and payment channels for its service to the game developers.

The Group acts as Principal

With respect to certain of the Group's game license arrangements entered during the reporting period, there are same game license arrangements under which the Group takes primary responsibilities of game operation, including determining distribution and payment channels, providing customer services, hosting game servers, if needed, and controlling game and services specifications and pricing. Under this type of game license arrangement, the Group considered itself as a principal in these arrangements. Accordingly, the Group records the mobile games revenues from these third party licensed games on a gross basis. Commission fees paid to Distribution Channels and Payment Channels and content fees paid to third party game developers are recorded as cost of revenues.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(I) ***Revenue recognition*** (Continued)

Game distribution revenue (Continued)

(iii) Principal Agent Consideration (Continued)

2) Self-developed and acquired mobile games

During the reporting period, the Group has been self-developing mobile games and acquiring mobile games from game developers. Game revenues derived from self-developed and acquired mobile games are recorded on a gross basis as the Group acts as a principal to fulfill most obligations related to the mobile game operation. Commission fees paid to Distribution Channels and Payment Channels are recorded as cost of revenues.

(iv) Timing of revenue recognition

1) Casual mobile games

For the casual mobile games, the Group does not provide the restore and replacement services, the Group has determined that all revenue recognition criteria are met upon players' confirmation of the purchase request and the unlocking of the purchased virtual items. This is because the service fee earned by the Group from the developers is fixed or determinable, the fee is considered collectible and the performance by the Group has occurred once the game players purchase virtual items. The Group has no additional performance obligations to the game developer or game players in order to earn the service fee upon the completion of the corresponding in-game purchases. Therefore, the Group recognizes revenue from providing services to casual mobile game developers upon the purchase of in-game virtual items by the game players for this type of arrangements.

For the casual mobile games, the Group provides the restore, replacement, and other similar services to RPG mobile games and the Group recognized the revenue ratably over the Player Relationship Period (see below).

2) RPG mobile games

As the Group is acting as an agent in selling the RPG mobile games to game players, the Group has determined that all revenue recognition criteria are met upon players' confirmation of the purchase request although the utilization of the purchased virtual items require connection to the game servers. The fact that the operation of these mobile games requires hosting and maintenance of online game servers would not affect the timing of revenue recognition by the Group because those obligations are the responsibilities of the game developers as the primary obligor. Therefore, the Group recognizes revenues from providing services to RPG mobile game developers upon the purchase of in-game virtual items by the game players as the Group has no further obligations to the game developers in order to earn the service fee upon the completion of the corresponding in-game purchases.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(l) Revenue recognition (Continued)

Game distribution revenue (Continued)

(iv) Timing of revenue recognition (Continued)

2) RPG mobile games (Continued)

For RPG mobile games where the Group is acting as a principal, the Group has determined that it is obligated to provide on-going services to the game players who purchased virtual items to gain an enhanced game-playing experience over the Player Relationship Period, and accordingly, the Group recognizes the revenues ratably over the Player Relationship Period of these paying players, starting from the point in time when virtual items are delivered to the players' accounts, and all other revenues recognition criteria are met.

As the RPG games are under a free-to-play model and revenue is generated from game paying players when they purchase game points for in-game virtual items, the Group focuses on the Player Relationship Period when estimating the period over which revenue is being recognized. The Group tracks each of the paying players' purchases and log in history for each significant game to estimate the Player Relationship Period, which is the Player Relationship Period of all paying players between the first time the players charge game points into their accounts and the last log in. If a new game is launched and only a limited period of paying player data is available, then the Group considers other qualitative factors, such as the playing patterns for paying users for other games with similar characteristics.

For the year ended 31 December 2024 and 2023, the Player Relationship Period is based on games that have sufficient historical operating data on a sample basis, respectively. The same Player Relationship Period was applied to the other games due to the lack of sufficient historical operating data, as well as the similarity in game characteristics and playing patterns of paying players, such as targeted players and purchasing frequency. While the Group believes its estimates to be reasonable based on available game player information, it may revise such estimates in the future as the games' operation periods change, sufficient individual game data become available, or there is indication that the similarities in characteristics and playing patterns of paying players of the games change. Any adjustments arising from changes in Player Relationship Period would be applied prospectively on the basis that such changes are caused by new information indicating a change in game player behavior patterns. Any changes in the Group's Player Relationship Period may result in revenues being recognized on a basis different from prior periods' and may cause its operating results to fluctuate.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(l) Revenue recognition (Continued)

Game distribution revenue (Continued)

(iv) Timing of revenue recognition (Continued)

2) RPG mobile games (Continued)

The Group also hosted and maintained certain servers to collect and analyze data relating to user location, type and number of games downloaded, playing frequency and time and purchasing habits of the users of casual and RPG games. However, the hosting and maintaining of these servers for internal data analysis does not affect the timing of revenue recognition by the Group.

The Group derives revenue from licensing its self-developed games to other game publishers, who operates the Group's online games in defined regions or countries within a specific period. The licensing fees normally comprise of non-refundable fixed licensing fees (either up-front or under specific payment schedule) and variable licensing fees calculated based on prescribed terms. The Group has evaluated the respective roles and responsibilities of the Group and the publishers in the delivery of game experience to players and concluded that the Publishers have the primary responsibility in these licensing arrangements as they are responsible for marketing and promotion of the games in the market, hosting the game servers, determining the price of the in-game virtual items, selection of distribution and payment channels and providing customer services, and therefore have exposure to the significant risks and rewards associated with the operation of these games under the licensing arrangements. Accordingly, variable licensing fees (revenue share), which are calculated based on a prescribed percentage of the proceeds received by the Publishers from players, are recognized as revenue on a net basis when the sales occur. The non-refundable fixed licensing fees are initially recorded in contract liability and are then recognized as revenue ratably over the license period as they are considered to be right-to-access license arrangements.

Game development service and technical support service revenue

The Group also engaged in provision of mobile games development services and technical support services including on-going updates of new contents and maintenance service to certain game operators. In these arrangement, game operators own the Intellectual properties of related games. For the arrangements with multiple performance obligation, at the contract inception date, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group determines standalone selling prices based on the prices charged to customers if it's directly observable. If the standalone selling price is not directly observable, the contractually stated price is believed to best reflect the relative standalone selling price of performance obligations in a contract considering the Group's customary business practices. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(l) ***Revenue recognition*** (Continued)

Game development service and technical support service revenue (Continued)

Revenue from providing development services is recognized in the accounting period in which the services are rendered and accepted by the customer. For technical support services, the Group considers it provides a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer, and allocated the variable consideration based on certain percentage of sales of in-game virtual items to each day of distinct services and recognizes revenue in the month when related sales occur.

Information service revenue

Information service revenue mainly represents revenue generated from information services, primarily revenue for advertising business, which mainly comprise revenues derived from performance based, display based advertisement.

Revenue from performance based advertisements is recognized based on actual performance measurement. The Group recognizes the revenue from the delivery of pay-for click, pay-for download or pay-for instant display advertisements for advertisers to users of the Group based on the relevant performance measures.

Revenue from displaying advertisements is recognized ratably over the respective contract periods with the advertisers and their advertising agencies, when the related advertisements are displayed.

(m) ***Separate financial statements***

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(n) ***Share capital and shares held for employee share scheme***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(n) Share capital and shares held for employee share scheme (Continued)

Where any group company purchases the Company's share capital (also referred to as "**treasury shares**"), for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's owners until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

Shares held by restricted stock units ("**RSUs**") Holdings Entities (the companies holdings shares pursuant to the RSUs Plan on trust or on behalf of the grantees of the Company, namely Sky Investment Limited and Sky Technology Limited) are disclosed as treasury shares and deducted from contributed equity.

(o) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade payables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as payroll and welfare, which include the medical and insurance other benefits, during employment payable in the balance sheet.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognized until the time of leave.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(p) ***Employee benefits*** (Continued)

(iii) Pension obligations

The Group's companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and other defined contribution social security plans organized by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable and other social security payables to all existing and future retired employees under these plans and the Group has no further obligation beyond the contributions made. Contributions to these plans are expenses as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group.

(iv) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(q) ***Earnings per share***

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("**CEO**") who reviews consolidated results, makes strategic decisions and assesses performance of the Group.

(s) Foreign currency translations

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company is Hong Kong dollar ("**HKD**"). The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

2 Summary of material accounting policies (Continued)

2.2 Material accounting policies (Continued)

(s) ***Foreign currency translations*** (Continued)

(iii) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of RMB are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.3 Other accounting policies

(a) ***Business combinations***

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;

- liabilities incurred to the former owners of the acquired business;

- equity interests issued by the Group;

- fair value of any asset or liability resulting from a contingent consideration arrangement; and

- fair value of any pre-existing equity interest in the subsidiary.

2 Summary of material accounting policies (Continued)

2.3 Other accounting policies (Continued)

(a) Business combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as of the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

(b) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

2 Summary of material accounting policies (Continued)

2.3 Other accounting policies (Continued)

(b) Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

— Land and buildings	20 years
— Furniture and office equipment	3 years
— Server and other equipment	3 years
— Motor vehicles	5 years
— Leasehold improvements	Shorter of estimated useful lives or remaining lease terms

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress represents the direct costs of construction incurred for property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2(c)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in "Other losses, net" in the consolidated statement of comprehensive income.

(c) Investment properties

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis, after taking into account the estimated residual value (10% of original cost), over the estimated useful lives. The estimated useful lives of the Group's investment properties are 20 or 31 years.

2 Summary of material accounting policies (Continued)

2.3 Other accounting policies (Continued)

(d) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(e) *Inventories*

Inventories are stated at the lower of cost and net realizable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) *Trade receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

(g) *Provisions*

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for further operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2 Summary of material accounting policies (Continued)

2.3 Other accounting policies (Continued)

(h) Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated statement of financial position.

(i) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(j) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

(k) Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognized as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognized in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2 Summary of material accounting policies (Continued)

2.3 Other accounting policies (Continued)

(l) Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;

- variable lease payment that are based on performance, initially measured using the index or rate as of the commencement date;

- amounts expected to be payable by the Group under residual value guarantees;

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

2 Summary of material accounting policies (Continued)

2.3 Other accounting policies (Continued)

(l) ***Leases*** (Continued)

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on performance, which are not included in the lease liability until they take effect. When adjustments to lease payments based on performance take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;

- any lease payments made at or before the commencement date less any lease incentives received;

- any initial direct costs; and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of offices are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2 Summary of material accounting policies (Continued)

2.3 Other accounting policies (Continued)

(m) Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(n) Government grants/subsidies

Grants/subsidies from government are recognized at their fair value where there is a reasonable assurance that the grants/subsidies will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment, and other non-current assets are included in non-current liabilities as deferred income and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

(o) Dividend distribution

Dividends distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial information in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Company.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is HKD whereas functional currency of the subsidiaries operate in the PRC is RMB and the subsidiaries operate in oversea is United States dollar ("**USD**"). The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible and may enter into forward foreign exchange contracts, when necessary.

The Group's PRC subsidiaries are exposed to foreign exchange risk arising from recognized assets in foreign currencies, primarily with respect USD in transactions with certain oversea platforms. For the years ended 31 December 2024 and 2023, if USD had strengthened/weakened by 10% against RMB with all other variables held constant, post-tax loss for the years ended 31 December 2024 and 2023 would have been RMB1,478,000 and RMB1,231,000 lower/higher, respectively, mainly as a result of foreign exchange gains/losses on translation of USD-denominated receivables and cash and cash equivalents.

The Group does not hedge against any fluctuation in foreign currencies during the years ended 31 December 2024 and 2023.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents, restricted cash, loans to shareholders and loans to third parties, details of which have been disclosed in Note 23, 24 and 22 respectively.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) ***Market risk*** (Continued)

(ii) *Cash flow and fair value interest rate risk* (Continued)

The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in Note 28. Borrowings carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise.

As of 31 December 2024 and 2023, borrowings of the Group which were bearing at floating rates amounted to approximately, RMB151,329,000 and RMB470,424,000 respectively. As of 31 December 2024 and 2023, if the interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's post-tax loss for the years ended 31 December 2024 and 2023 would has been approximately RMB643,148 and RMB2,199,000 higher/lower.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	As of 31 December 2024 *RMB'000*	**% of total loans**	As of 31 December 2023 *RMB'000*	% of total loans
Variable rate borrowings	**151,329**	**14.14%**	470,424	48.68%
Fixed rate borrowings — repricing or maturity dates:				
Less than 1 year	**918,746**	**85.86%**	496,000	51.32%
	1,070,075	**100%**	966,424	100%

An analysis by maturities is provided in Note 3.1(c). The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the statement of financial position either as at FVPL.

The Group is exposed to price risk in respect of listed investment and unlisted investment measured at FVPL held by the Group. The Group is not exposed to commodity price risk. To manage its price risk arising from its investments, the Group diversifies its portfolio. Each investment is managed by management on a case by case basis.

(b) Credit risk

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents (including restricted cash) placed with banks, trade receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Credit risk of cash and cash equivalents and restricted cash

To manage this risk, the Group only makes transactions with state-owned banks and reputable financial institutions in the PRC and reputable international banks and financial institutions outside of the PRC. There has been no recent history of default in relation to these banks and financial institutions. The expected credit loss is minimum.

(ii) Credit risk of trade receivables

Trade receivables at the end of each reporting period were due from the third party payment channels and mobile carriers, third party distribution channels partners, online advertising customers and agencies in cooperation with the Group, as well as due from related parties (collectively "**Customers**"). If the strategic relationship with the Customers are terminated or scaled-back; or if the Customers alter the co-operative arrangements; or if the Customers experience financial difficulties in paying the Group, the Group's corresponding trade receivables might be adversely affected in terms of recoverability. To manage this risk, the Group maintains frequent communications with the Customers to ensure the effective credit control. The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables (Note 21).

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) ***Credit risk*** (Continued)

(iii) Credit risk of other receivables

Other receivables at the end of each reporting period were mainly loans to employees, loans to third parties, loans to shareholders, amounts due from related parties and rental and other deposits. The directors of the Company consider the probability of default upon initial recognition of asset 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 of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third party borrower's ability to meet its obligations;

- actual or expected significant changes in the operating results of the third party borrower;

- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of the borrower;

- the employment relationship with the employee 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/repayable demanded.

A default on a financial asset is when the counterparty fails to make contractual payments/repayable demanded (i) within 60 days of when they fall due; (ii) because of insolvency.

Other receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categories a loan or receivable for write off when a debtor fails to make contractual payments/repayable demanded greater than 120 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group uses three stages for other receivables which reflect their credit risk and how the credit loss provision is determined for each of those categories.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk of other receivables (Continued)

Over the terms of the loans, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers the historical loss rates for third parties, related parties and employees, and adjusts for forward-looking macroeconomic data. The Group provided for credit losses against other receivables as follows:

Other receivables	Expected credit loss rate	Basis for recognition of expected credit loss provision	As of 31 December 2024 Gross amount RMB'000	As of 31 December 2024 Carrying amount (net of impairment provision) RMB'000
Rental and other deposits-performing	0.64%	12 months expected losses	5,089	5,056
Loans to shareholders-performing	0.38%	12 months expected losses	124,326	123,854
Loans to employees-performing	0.48%	12 months expected losses	890	886
Loans to third parties-performing	0.90%	12 months expected losses	157,954	156,532
Amounts due from related parties	0.78%	12 months expected losses	9,396	9,323
Others-performing	0.35%	12 months expected losses	20,605	20,532
Loans to third parties-underperforming	100.00%	Life time expected losses	6,500	—
Others-underperforming	100.00%	Life time expected losses	2,173	—
			326,933	316,183

Other receivables	Expected credit loss rate	Basis for recognition of expected credit loss provision	As of 31 December 2023 Gross amount RMB'000	As of 31 December 2023 Carrying amount (net of impairment provision) RMB'000
Rental and other deposits-performing	0.76%	12 months expected losses	3,644	3,616
Loans to shareholders-performing	0.41%	12 months expected losses	74,126	73,822
Loans to employees-performing	0.42%	12 months expected losses	969	965
Loans to third parties-performing	0.80%	12 months expected losses	108,551	107,687
Amounts due from related parties	0.66%	12 months expected losses	10,820	10,748
Others-performing	0.44%	12 months expected losses	20,073	19,986
Loans to third parties-underperforming	100.00%	Life time expected losses	93,556	—
Others-underperforming	100.00%	Life time expected losses	3,979	—
			315,718	216,824

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk of other receivables (Continued)

Movements in the provision for impairment of other receivables as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**98,894**	203,843
Provision for impairment	**17,694**	22,047
Written off during the year	**(107,273)**	(127,404)
Disposal of a subsidiary	**—**	(1,209)
Foreign currency translation difference	**1,435**	1,617
At the end of the year	**10,750**	98,894

During the year ended 31 December 2024, the Group wrote off other receivables totaling RMB107,273,000 (2023: RMB127,404,000) due to the severe deterioration in the financial positions of the debtors, who were in a net liability position, lacked sufficient assets to repay the Group in the event of winding up, or without available assets in compulsory execution. Despite these challenges, the Group continues to engage in enforcement activity to recover outstanding receivables.

(c) Liquidity risk

Management of the Group aims to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. Due to the dynamic nature of the underlying businesses, the Group's finance department aims to maintain flexibility in funding by maintaining adequate cash and cash equivalents.

As described in Note 1.2(c), in the opinion of the directors of the Company, in light of the above and taking into consideration the anticipated cash flows to be generated from the Group's operations as well as the abovementioned plans and measures, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2024.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) ***Liquidity risk*** (Continued)

The table below analyzes the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 31 December 2024						
Non-derivative						
Borrowings	969,518	57,677	72,980	835	1,101,010	1,070,075
Trade payables	378,765	—	—	—	378,765	378,765
Convertible bonds *(Note 29)*	17,640	17,640	388,084	—	423,364	275,608
Lease liabilities	7,891	—	—	—	7,891	7,753
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	84,140	—	—	—	84,140	84,140
Financial liabilities at fair value through profit or loss	72,767	—	—	—	72,767	72,767
Derivative						
Financial liabilities at fair value through profit or loss	53,434	—	—	—	53,434	53,434
Total	1,584,155	75,317	461,064	835	2,121,371	1,942,542

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) *Liquidity risk* (Continued)

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Above 5 years *RMB'000*	Total *RMB'000*	Carrying amount *RMB'000*
As of 31 December 2023						
Non-derivative						
Borrowings	863,623	64,482	59,243	6,285	993,633	966,424
Trade payables	273,415	—	—	—	273,415	273,415
Convertible bonds *(Note 29)*	17,490	17,490	370,294	—	405,274	237,297
Lease liabilities	14,097	9,714	—	—	23,811	22,808
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	66,581	—	—	—	66,581	66,581
Financial liabilities at fair value through profit or loss	82,775	—	—	—	82,775	59,070
Derivative						
Financial liabilities at fair value through profit or loss	52,737	—	—	—	52,737	40,563
Total	1,370,718	91,686	429,537	6,285	1,898,226	1,666,158

Note: The maximum amount of the guarantee or liability to settle the contingent put arrangement is allocated to the earliest period in which the guarantee could be called or the put option could be exercised.

3.2 Capital managements

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance owners' value in the long term.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, lease liabilities, interest payable and convertible bonds less cash and cash equivalents and restricted cash. Total capital is calculated as "equity" as shown in the consolidated statements of financial position. As of 31 December 2024 and 2023, the gearing ratio of the Group is 74.99% and 57.34% respectively.

3. Financial risk management (Continued)

3.2 Capital managements (Continued)

Under the terms of the major bank loan, which has a carrying amount of RMB42,000,000 (2023: RMB60,000,000), the group is required to comply with the following financial covenants at the end of each annual and interim reporting period:

- the debt-to-asset ratio must be not more than 60%, and
- the operating cashflows should be positive.
- the aggregate financing amount of the consolidated net liabilities, excluding the acquisition loans, shall not exceed RMB1,800,000,000.

The group has complied with these covenants throughout the reporting period.

As disclosure in note 1.2(c), the Group is sensitive to the fluctuation of its debt-to-asset ratio; the risks of non-compliance with loan covenants could be heightened should further deterioration occur when they will be next tested as at the 30 June 2025 interim reporting date.

3.3 Fair value estimation

(a) Fair value hierarchy

The table below analyzes the Group's financial instruments carried at fair value as of 31 December 2024 and 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

(a) *Fair value hierarchy* (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value as of 31 December 2024 and 2023.

As of 31 December 2024	***Note***	**Level 1** ***RMB'000***	**Level 2** ***RMB'000***	**Level 3** ***RMB'000***	**Total** ***RMB'000***
Financial assets at fair value through profit or loss					
Investments in unlisted entities and private investment funds	20	**—**	**—**	**296,661**	**296,661**
Investments in listed entities	20	**27,180**	**—**	**—**	**27,180**
Total financial assets		**27,180**	**—**	**296,661**	**323,841**
Financial liabilities at fair value through profit or loss	32	**—**	**—**	**126,201**	**126,201**
Total financial liabilities		**—**	**—**	**126,201**	**126,201**

As of 31 December 2023	*Note*	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Financial assets at fair value through profit or loss					
Investments in unlisted entities and private investment funds	20	—	—	325,743	325,743
Investments in listed entities	20	73,145	—	—	73,145
Total financial assets		73,145	—	325,743	398,888
Financial liabilities at fair value through profit or loss	32	—	—	99,633	99,633
Total financial liabilities		—	—	99,633	99,633

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the end of the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. if all significant inputs that are required to measure fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

(b) Valuation techniques to determine fair value

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The net asset value of the investments;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to present value; and

Other techniques, such as discounted cash flow analysis, are used to determine fair value for financial instruments.

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

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

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**325,743**	348,897
Additions	**3,000**	9,673
Disposals and transfer	**1,112**	(2,970)
Changes in fair value recognized in profit or loss	**(34,812)**	(31,882)
Currency translation differences	**1,618**	2,025
At the end of the year	**296,661**	325,743
Changes in unrealized losses for the year included in profit or loss at the end of the year	**(34,812)**	(31,882)

The following table presents the changes in level 3 financial liabilities for the years ended 31 December 2024:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**99,633**	—
Additions	**—**	88,647
Changes in fair value recognized in profit or loss	**26,568**	10,986
At the end of the year	**126,201**	99,633
Changes in unrealized losses for the year included in profit or loss at the end of the year	**26,568**	10,986

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

(d) Valuation processes of the Group (level 3)

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purposes. The team performs valuation, or necessary updates, at least once every six months. On an annual basis, the team adopts various techniques to determine the fair value of the Group's level 3 instruments. External valuation experts may also be involved and consulted when it is necessary.

The components of the level 3 instruments mainly include investments in private investment funds, unlisted companies, financial guarantee contracts and derivative liabilities. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows approach, comparable transactions approach, net asset value of the investments and other option pricing models, etc. Major assumptions used in the valuation include historical financial results, assumptions about terminal growth rate, estimates of weighted average cost of capital ("**WACC**"), price-to-sale ratio, and other exposure, etc.

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of investments in unlisted entities included in financial assets at fair value through profit or loss.

Key unobservable inputs At 31 December 2024	Range of inputs at 31 December 2024	Change	Fair value change as of 31 December 2024 *RMB'000*
WACC	15.6%–20.70%	+5.00%	(1,795)
	15.6%–20.70%	-5.00%	2,025
Terminal growth rate	2.5%–3.0%	+5.00%	132
	2.5%–3.0%	-5.00%	(340)
Price-to-sale ratio	2.22–12.23	+5.00%	402
	2.22–12.23	-5.00%	(402)
Volatility	46.47%–50.8%	+5.00%	(533)
	46.47%–50.8%	-5.00%	564
Risk free rate	3.32%–3.94%	+5.00%	48
	3.32%–3.94%	-5.00%	139

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

(d) Valuation processes of the Group (level 3) (Continued)

Key unobservable inputs At 31 December 2023	Range of inputs at 31 December 2023	Change	Fair value change as of 31 December 2023 *RMB'000*
WACC	16.0%–26.70%	+5.00%	(8,426)
	16.0%–26.70%	-5.00%	16,029
Terminal growth rate	2.0%–3.0%	+5.00%	128
	2.0%–3.0%	-5.00%	9,708
Price-to-sale ratio	4.90–8.05	+5.00%	433
	4.90–8.05	-5.00%	(433)
Volatility	46.47%–50.8%	+5.00%	95
	46.47%–50.8%	-5.00%	(147)
Risk free rate	3.32%–3.94%	+5.00%	(76)
	3.32%–3.94%	-5.00%	189

For the level 3 fair value measurements of investments in private equity funds and venture capital funds included in financial assets at fair value through profit or loss, it is primarily valued based on the latest available consolidated financial statements and valuation reports provided by their general partners. Other fund investments are valued based on the reported net asset values of the respective instruments as provided by fund managers or their issuers. The fair value is higher when the net asset values increase.

4 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimates of Player Relationship Period in the Group's game development and game publishing services

As described in Note 2.2(i), the Group recognizes the revenues ratably over the estimated average Player Relationship Period for RPG mobile games and certain casual mobile games where the Group acts as Principal. The determination of Player Relationship Period in each game is made based on the Group's best estimate that takes into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on a semi-annual basis. Any adjustments arising from changes in the Player Relationship Period as a result of new information will be accounted for as a change in accounting estimate.

(b) Fair value measurement of financial assets and financial liabilities at fair value through profit or loss

The fair value assessment of financial assets and financial liabilities at fair value through profit or loss that are measured at level 3 fair value hierarchy requires significant estimates, which include estimating the future cash flows, determining appropriate discount rates, expected volatility, market information of recent transactions (such as recent fund raising transactions undertaken by the investees) and other assumptions. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets and financial liabilities. The Group monitors its financial assets and financial liabilities for their fair value assessment by considering factors including, but not limited to, current economic and market conditions, recent fund raising transactions undertaken by the investees, the operating performance of the investees including current earnings trends and other company-specific information.

(c) Revenue recognition

Pursuant to game publishing and operation arrangements signed between the Group and the third party game developers or Platforms, the Group's responsibilities in publishing and operating the licensed or commissioned-developed games vary for each game. The determination of whether to record these revenues using gross or net basis is based on an assessment of various factors, including but not limited to whether the Group (i) is the primary obligor to the game developers and game players in the arrangements; (ii) has latitude in establishing the selling price of virtual items; (iii) changes the products or performs part of the services; (iv) has involvement in the determination of product and service specifications; and (v) has the rights to determine secondary Platform.

4 Critical accounting estimates and judgements (Continued)

(d) Recoverability of game intellectual properties and licenses

The Group tests whether game intellectual properties and licenses suffered any impairment every six months and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Judgement is required to identify any impairment indicators existing for any of the Group's game intellectual properties and licenses, i.e. the remaining period of licensed games, the performance of those launched games, the development and launch plans for certain type of games and etc. If there is a significant adverse change in the games' performance, it may be necessary to take additional impairment charge to the consolidated statements of comprehensive income.

(e) Recoverability of prepaid revenue sharing to content providers

Under game licensing contracts with content providers, the Group generally prepaid revenue sharing to content providers for certain period of time when the Group operates these third party developed games in certain countries/regions. Those prepaid revenue sharing is recorded in prepayment when the Group made cash payment to the content providers. Such prepayment are recognized as "cost of revenues" on incurred basis. If the unearned prepaid revenue sharing to content providers can not be fully recovered by the game revenue to be generated in the remaining contractual period, the Group will recognize impairment loss against the carrying amount of such prepayment.

(f) Share-based compensation arrangements

As mentioned in Note 2.2(k), the Group has granted share options to its employees and other qualifying participants under the 2023 New Share Option Scheme adopted on 30 June 2023. The directors have adopted the Binomial Model to determine the total fair value of the options granted, which is to be expensed over the respective vesting periods. Significant estimates and judgment on key parameters, such as risk-free rate, dividend yield and expected volatility, are required to be made by the directors based on historical experience and other relevant factors in applying the Binomial Model (Note 27). Changes in these estimates and judgments could materially affect the fair value of these options granted. The fair value of share options granted to employees determined using the Binomial Model was approximately HKD1.28 to HKD1.82 (equivalent to approximately RMB1.17 to RMB1.66) in 2023. The fair value of share options granted to employees determined using the Binomial Model was approximately HKD0.66 to HKD1.31 (equivalent to approximately RMB0.60 to RMB1.19) in 2024.

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the options and awarded shares (the "**Expected Retention Rate**") in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. Where the final retention rate is different from the initial estimate, such differences will impact the share-based compensation expenses in subsequent periods. As of 31 December 2024, the Expected Retention Rate of the Group's wholly-owned subsidiaries was assessed to be not lower than 94%(2023: 91%).

4 Critical accounting estimates and judgements (Continued)

(g) Income taxes

The Group is subject to income taxes in the PRC and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(h) Expected credit loss for receivables

The impairment provisions for trade receivables, amounts due from related parties, other receivables are based on assumptions about the expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 3.1(b) and Note 21. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statements of comprehensive income/loss.

5 Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. The Group's CODM has been identified as the CEO, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group. Previously the CEO of the Group considered that the Group's operations were operated and managed on 2 reportable segments, game and information services and IP derivatives business. The subsidiary operated IP derivatives business was sold effective from 31 March 2023 and is reported as a discontinued operation accordingly.

Continued operations

Game and information services

The segment of game and information services mainly includes (a) game distribution; (b) game development and co-operation; (c) in-game information services.

5 Segment information (Continued)

Discontinued operations

IP derivatives business

The IP derivatives business primarily offers game console experience and retails, game and cultural IP-themed sales of trendy products. As disclosed above, the Group disposed the subsidiary, which operates the IP derivatives business, and accounted it as the discontinued operation.

The CODM assesses the performance of the operating segments mainly based on segment revenues, cost of revenues, gross profit and segment results. The segment results are calculated as segment gross profit minus operating expenses (including selling and marketing expenses, general and administrative expenses, research and development expenses and impairment losses on intangible assets but excluding some unallocated portions) of each operating segment. Thus, segment result would present revenues, cost of revenues and gross profit for each segment, which is in line with CODM's performance review. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments. The revenue is mainly generated in the PRC.

The Company is domiciled in Cayman Islands while the Group's non-current assets and revenues are substantially located in and derived from the PRC, therefore, no geographical segments are presented.

6 Revenues

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
Game and information services revenues		
Game revenue	**1,455,942**	1,849,089
Information service revenue	**49,548**	61,781
Others	**8,154**	5,603
	1,513,644	1,916,473

6 Revenues (Continued)

The timing of revenues recognition by category is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
At a point in time	**853,671**	1,179,577
Over time	**659,973**	736,896
	1,513,644	1,916,473

There are two kinds of unsatisfied performance obligations as of 31 December 2024 and 2023.

One is the sales of game tokens and virtual items where there is still an implied obligation to be provided by the Group. The Group has determined that it is obligated to provide on-going services to the game players over the Player Relationship Period of the paying players. The amount of such unsatisfied performance obligations had been reflected in contract liabilities as of the end of the year.

The other one is the mobile game development services and game cooperation services including on-going updates of new contents and maintenance service under variable price contracts, such as based on the pre-agreed percentage of the net billing of the game. The amount can not be estimated under such variable price contracts.

Contract liabilities will be recognize as revenues ratably over the Player Relationship Period of these paying players, starting from the point in time when virtual items are delivered to the players' accounts, and all other revenues recognition criteria are met.

7 Expenses by nature

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
Channel costs	**505,111**	686,685
Revenue share to content providers	**433,505**	361,238
Employee benefit expenses *(Note 10)*	**207,106**	236,392
Promotion and advertising expenses	**179,014**	217,986
Amortization of intangible assets *(Note 17)*	**59,983**	102,166
Technical and development services fee in relation to game development and others	**27,870**	60,994
Cloud computing, bandwidth and server custody fees	**56,271**	43,974
Impairment provisions for prepaid revenue sharing to content providers *(Note 22)*	**19,251**	40,731
Impairment provisions for intangible assets *(Note 17)*	**9,972**	23,245
Professional service fees	**27,670**	19,969
Depreciation of right-of-use assets *(Note 15)*	**12,098**	11,134
Travelling and entertainment expenses	**13,170**	10,736
Short-term rental and utilities expenses	**4,453**	3,307
Auditor's remuneration		
— Audit services	**4,550**	5,510
— Non-audit services	**294**	1,528
Depreciation of property, plant and equipment *(Note 14)*	**1,178**	1,256
Others	**23,478**	19,067
Total cost of revenues, selling and marketing expenses, general and administrative expenses, research and development expenses and impairment losses on intangible assets	**1,584,974**	1,845,918

During the year ended 31 December 2024, certain game intellectual properties and licenses which are not yet commercially launched were fully or partly impaired and impairment losses of RMB9,972,000 (2023: RMB23,245,000) was charged to the consolidated statement of comprehensive income. Since the impairment losses are material to the Group, "Impairment losses on intangible assets" was disclosed separately in consolidated statement of comprehensive income.

During the year ended 31 December 2024, certain prepaid advertising expenses were fully impaired due to the bankruptcy of the advertiser suffered from the downturn of the industry and impairment losses of RMB13,487,000 (2023: nil) were recorded as selling expenses.

7 Expenses by nature (Continued)

During the years ended 31 December 2024 and 2023, the impairment loss of prepayments that revenue sharing to content providers have been disclosed in cost of revenues under IFRS 15.

8 Other income

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
Government grants *(a)*	**11,030**	16,446
Additional deduction of value-added tax *(b)*	**—**	5,661
Dividend income	**—**	3,317
Others	**1,379**	6
	12,409	25,430

(a) Government grants represented various subsidies granted by and received from local government authorities in the PRC. Government grants related to costs are subsidies for funding the Group's internet related research expenditures.

(b) Pursuant to the "Announcement on Clarification of Policies on VAT Reduction and Exemption for Small-scale VAT Payers, etc." (Cai Shui [2023] 01) jointly issued by the Ministry of Finance and the State Administration of Taxation in January 2023, certain subsidiaries of the Group are qualified for additional 5% deduction of value-added tax ("**VAT**") from output VAT from 1 January 2023 to 31 December 2023.

9 Other losses, net

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
Fair value losses on financial liabilities at fair value through profit or loss	**26,568**	10,986
Net losses on disposal of property, plant and equipment	**—**	87
Gains on lease modification *(Note 15)*	**(1,634)**	—
Gains on disposal of investments in associates and joint venture *(Note 19)*	**(6,669)**	(15)
Others	**1,039**	39
	19,304	11,097

10 Employee benefit expenses

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
Basic wages and salaries	**148,148**	174,558
Bonuses	**17,234**	8,802
Pension costs — defined contribution plans *(a)*	**23,161**	29,679
Share-based compensation expenses *(Note 27)*	**15,569**	10,508
Other social security costs, housing benefits and other employee benefit expenses *(a)*	**2,994**	12,845
	207,106	236,392

(a) Pension costs and other employee benefits

Employees of the Group companies in the PRC are required to participate in defined contribution retirement schemes administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employee's salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees. Other employee benefits include housing provident fund, which varies from different city in the PRC, usually 5%-12% of the average monthly salary of employees. Medical and other insurance are also covered by other employee benefits.

Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees.

As of 31 December 2024 and 2023, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions.

10 Employee benefit expenses (Continued)

(b) Directors' and Chief Executive's emoluments

The remuneration of every director and the CEO for the year ended 31 December 2024 is set out below:

Name	Fees	Salaries	Share-based compensation	Pension costs-defined contribution plan, other social security costs, housing benefits, and other employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors					
Mr. Chen Xiangyu (CEO)	—	1,632	—	133	1,765
Mr. Jeffrey Lyndon Ko	—	1,312	235	355	1,902
Mr. Guan Song	—	1,332	235	133	1,700
Mr. Yang Jialiang	—	1,323	1,116	130	2,569
	—	5,599	1,586	751	7,936
Independent non-executive Directors					
Ms. Yu Bin	200	—	—	—	200
Mr. Zhang Weining	200	—	—	—	200
Mr. Li Xintian	200	—	—	—	200
Mr. Mao Rui	200	—	—	—	200
	800	—	—	—	800
Non-executive Directors					
Mr. Zhang Han	—	—	—	—	—
Mr. Yang Ming	—	—	—	—	—
	—	—	—	—	—
Total	800	5,599	1,586	751	8,736

10 Employee benefit expenses (Continued)

(b) Directors' and Chief Executive's emoluments (Continued)

The remuneration of every director and the CEO for the year ended 31 December 2023 is set out below:

Name	Fees *RMB'000*	Salaries *RMB'000*	Share-based compensation *RMB'000*	Pension costs-defined contribution plan, other social security costs, housing benefits, and other employee benefits *RMB'000*	Total *RMB'000*
Executive Directors					
Mr. Chen Xiangyu (CEO)	—	1,220	—	63	1,283
Mr. Jeffrey Lyndon Ko	—	1,308	—	278	1,586
Mr. Guan Song	—	1,105	—	63	1,168
Mr. Yang Jialiang	—	440	504	34	978
	—	4,073	504	438	5,015
Independent non-executive Directors					
Ms. Yu Bin	200	—	—	—	200
Mr. Zhang Weining	200	—	—	—	200
Mr. Li Xintian	200	—	—	—	200
Mr. Mao Rui	200	—	—	—	200
	800	—	—	—	800
Non-executive Directors					
Mr. Zhang Han	—	—	—	—	—
Mr. Yang Ming	—	—	—	—	—
	—	—	—	—	—
Total	800	4,073	504	438	5,815

10 Employee benefit expenses (Continued)

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 included three directors (2023: one) whose emoluments were reflected in the analysis presented above. The aggregate amounts of emoluments for the remaining two individuals (2023: four) during the year are set out below:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**2,824**	6,056
Pension costs — defined contribution plan, other social security costs, housing benefits, and other employee benefits	**245**	267
Share-based compensation expenses	**1,836**	2,593
	4,905	8,916

The emoluments of those individuals fell within the following bands:

	Number of individuals	
	Year ended 31 December	
	2024	2023
HKD1,500,001 to HKD2,000,000	**—**	—
HKD2,000,001 to HKD2,500,000	**1**	3
HKD2,500,001 to HKD3,000,000	**1**	1
HKD3,000,001 to HKD3,500,000	**—**	—
	2	4

Based on the performance of the Group, the bonuses to the remaining two highest paid individuals amounting to RMB842,500 in 2024 and the remaining four highest paid individuals amounting to RMB2,308,000 in 2023.

11 Finance costs, net

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
Finance costs:		
— Interest expense on bank borrowings	**54,309**	66,796
— Exchange losses, net	**5,811**	22,262
— Changes on estimation for early redemption *(Note 29)*	**—**	130,594
— Interest expense on convertible bonds *(Note 29)*	**50,993**	78,563
— Interest expense on lease liabilities *(Note 15(b))*	**733**	1,351
— Interest capitalized	**(1,821)**	(3,587)
	110,025	295,979
Finance income:		
— Interest income on bank deposits	**(3,861)**	(6,205)
	(3,861)	(6,205)
Finance costs, net	**106,164**	289,774

12 Income tax credit

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

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

12 Income tax credit (Continued)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate of 25% in the PRC as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
Loss before income tax	**(574,117)**	(470,357)
Tax calculated at 25%	**(143,529)**	(117,589)
Tax effects of:		
— Preferential income tax rates applicable to subsidiaries on PRC *(c)*	**24,236**	3,026
— Effects of different tax rate *(a) (b)*	**31,823**	68,126
— Income not subject to tax	**(5,981)**	(3,291)
— Tax losses and temporary differences for which no deferred income tax asset was recognized	**82,610**	81,124
— Utilisation of tax losses and temporary differences which was not recognized as deferred income tax asset	**(4,000)**	(25)
— Expenses not deductible for income tax purposes	**4,265**	3,247
— Super deduction for research and development expenses *(c)*	**(18,937)**	(48,145)
Income tax credit	**(29,513)**	(13,527)

(a) Cayman Islands corporate income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profits tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%.

(c) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits, based on the existing legislation, interpretations and practices in respect thereof.

In 2022, Shenzhen iDreamSky renewed its qualification as a "High and New Technology Enterprise" ("**HNTE**"), and it is subject to a reduced preferential EIT rate of 15% for three-year period from 2022 to 2024 according to the applicable tax preference applicable to the HNTE.

12 Income tax credit (Continued)

(c) PRC Enterprise Income Tax ("EIT") (Continued)

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 50% of their research and development expenses incurred before 2018 and 75% of their research and development expenses incurred from 2018 to 2022 as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**"). From 1 January 2023 onwards, enterprises engaging in research and development activities are entitled to claim 100% of their research and development expenses as tax deductible expenses when determining their assessable profits for that year. The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits.

Certain subsidiaries of the Group in the PRC have been granted certain tax concessions to small scale entities by tax authorities in the PRC whereby the subsidiaries operating in the respective region are entitled to tax concessions.

(d) PRC Withholding Tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

The Group does not have any plan to require its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand its business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as of the end of each reporting period.

13 Losses Per Share and Dividends

(a) Losses Per Share

(i) Basic

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

Basic losses per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of shares in issue during the year, excluding ordinary shares repurchased by the Group and held as treasury shares (Note 25).

(ii) Diluted

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

(b) Dividends

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

14 Property, plant and equipment

	Furniture and office equipment RMB'000	Server and other equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2023						
Opening net book amount	5,807	2,788	133	27,051	72,164	107,943
Additions	910	401	—	3,027	22,099	26,437
Disposals	(152)	(15)	—	(892)	—	(1,059)
Depreciation charge	(1,121)	(510)	—	(2,338)	—	(3,969)
Disposals of subsidiary	(2,857)	(1,388)	—	(26,753)	—	(30,998)
Closing net book amount	2,587	1,276	133	95	94,263	98,354
At 31 December 2023						
Cost	20,282	14,423	1,801	895	94,263	131,664
Accumulated depreciation	(17,695)	(13,147)	(1,668)	(800)	—	(33,310)
Net book amount	2,587	1,276	133	95	94,263	98,354
Year ended 31 December 2024						
Opening net book amount	**2,587**	**1,276**	**133**	**95**	**94,263**	**98,354**
Additions	**922**	**230**	**399**	**—**	**33,398**	**34,949**
Disposals	**(6)**	**(1)**	**—**	**—**	**—**	**(7)**
Depreciation charge	**(849)**	**(308)**	**(21)**	**—**	**—**	**(1,178)**
Closing net book amount	**2,654**	**1,197**	**511**	**95**	**127,661**	**132,118**
At 31 December 2024						
Cost	**21,198**	**14,652**	**2,200**	**95**	**127,661**	**165,806**
Accumulated depreciation	**(18,544)**	**(13,455)**	**(1,689)**	**—**	**—**	**(33,688)**
Net book amount	**2,654**	**1,197**	**511**	**95**	**127,661**	**132,118**

14 Property, plant and equipment (Continued)

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost of revenues	**316**	380
General and administrative expenses	**121**	241
Research and development expenses	**733**	695
Selling and marketing expenses	**8**	2,653
	1,178	3,969

15 Leases

This note provides information for leases where the Group is a lessee.

(a) Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Right-of-use assets		
Buildings	**7,594**	21,165
Land use rights	**72,078**	75,071
	79,672	96,236
Lease liabilities		
Non-current	**—**	9,539
Current	**7,753**	13,269
	7,753	22,808

Additions to the right-of-use assets during the year ended 31 December 2024 amounted to RMB787,000 (2023: RMB6,215,000).

15 Leases (Continued)

(a) Amounts recognized in the statement of financial position (Continued)

There was no disposals of right-of-use assets during the year ended 31 December 2024 (2023: RMB81,265,000, primarily due to the disposal of discontinued operations).

During the reporting period, the Group entered into an agreement with the lessor to reduce the rental payments. As a result of the lease modification, the right-of-use asset decreased by RMB2,310,000, and the lease liability decreased by RMB3,944,000. The modification resulted in the lease modification resulted in gains of RMB1,634,000.

(b) Amounts recognized in the consolidated statement of comprehensive income or capitalized in the construction in progress:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets		
Buildings	**12,098**	11,134
Land use rights	**2,993**	2,993
	15,091	14,127

During the year ended 31 December 2024, the depreciation of RMB12,098,000 (2023: RMB11,134,000) from buildings was charged in profit or loss and RMB2,993,000 (2023: RMB2,993,000) from land use rights was recognized in construction in progress.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest expense (included in finance costs)	**733**	1,351
Expense relating to short-term leases (included in cost of revenues and general and administrative expenses)	**9**	213
	742	1,564

15 Leases (Continued)

(c) Amounts recognized in the consolidated statement of cash flows relating to leases

During the year ended 31 December 2024, the cash outflow about the principal element and interest element of lease payments was RMB12,709,000 and RMB733,000 respectively (2023: RMB12,808,000 and RMB1,351,000), the cash outflow about payment for short-term and low-value lease was RMB9,000 (2023: RMB213,000).

(d) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 4 years but may have extension options as described in (e) below.

(e) Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable by the Group.

16 Investment properties

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Opening net book amount	**6,515**	6,955
Depreciation charge	**(440)**	(440)
Closing net book amount	**6,075**	6,515

The investment property as of 31 December 2024 is the buildings located in Changsha Xincheng Science Park for offices, held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sales and rental.

The fair value of the investment properties as of 31 December 2024 was RMB11,860,000 (2023: RMB11,980,000).

16 Investment properties (Continued)

(a) Amounts recognized in profit or loss for investment properties

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Rental income from operating leases	**334**	11
Direct operating expenses from properties that generates rental income	**(104)**	(37)
	230	(26)

(b) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly or quarterly. To reduce credit risk, the Group sets agreements of rental deposit and liquidated damages in contract in case of tenants' delay in payments or no payments. The Group also sets increasing rental price during term of lease to against the increasing CPI.

17 Intangible assets

	Game intellectual properties and licenses RMB'000	Computer software RMB'000	Capitalized development costs for internal use software RMB'000	Total RMB'000
Year ended 31 December 2023				
Opening net book amount	1,003,647	1,071	—	1,004,718
Additions	83,503	915	—	84,418
Amortization charge *(a)*	(101,432)	(792)	—	(102,224)
Impairment *(b)*	(23,245)	—	—	(23,245)
Disposals	—	(279)	—	(279)
Currency translation differences	2,147	—	—	2,147
Closing net book amount	964,620	915	—	965,535
At 31 December 2023				
Cost	2,091,211	38,921	77,602	2,207,734
Accumulated amortization	(798,136)	(38,006)	(77,602)	(913,744)
Accumulated impairment *(b)*	(328,455)	—	—	(328,455)
Net book amount	964,620	915	—	965,535
Year ended 31 December 2024				
Opening net book amount	**964,620**	**915**	**—**	**965,535**
Additions	**188,058**	**394**	**—**	**188,452**
Amortization charge *(a)*	**(59,450)**	**(533)**	**—**	**(59,983)**
Impairment *(b)*	**(9,972)**	**—**	**—**	**(9,972)**
Currency translation differences	**1,910**	**—**	**—**	**1,910**
Closing net book amount	**1,085,166**	**776**	**—**	**1,085,942**
At 31 December 2024				
Cost	**1,928,611**	**39,314**	**77,602**	**2,045,527**
Accumulated amortization	**(799,839)**	**(38,538)**	**(77,602)**	**(915,979)**
Accumulated impairment *(b)*	**(43,606)**	**—**	**—**	**(43,606)**
Net book amount	**1,085,166**	**776**	**—**	**1,085,942**

17 Intangible assets (Continued)

(a) Amortization Charges for Intangible assets

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

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

(b) Impairment for Intangible assets

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

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

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

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

(c) As of 31 December 2024 and 2023, the Group's certain game intellectual properties and licenses with original cost of RMB10,882,000 and RMB157,000,000 respectively were pledged to a bank to secure certain bank borrowings of the Group (Note 28), and they were fully amortized under the policy of the Group.

18 Financial instruments by category

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Assets as per consolidated statements of financial position		
Financial assets at amortized cost		
— Trade receivables *(Note 21)*	**158,414**	369,260
— Other receivables *(Note 3.1(b))*	**316,183**	216,824
— Restricted cash *(Note 24)*	**65,179**	38,105
— Cash and cash equivalents *(Note 23)*	**196,926**	190,429
Financial assets at fair value		
— Financial assets at fair value through profit or loss *(Note 20)*	**323,841**	398,888
	1,060,543	1,213,506
Liabilities as per consolidated statements of financial position		
Financial liabilities at amortized cost:		
— Borrowings *(Note 28)*	**1,070,075**	966,424
— Lease liabilities *(Note 15)*	**7,753**	22,808
— Trade payables *(Note 30)*	**378,765**	273,415
— Other payables and accruals (excluding payroll and welfare payables and other tax payables) *(Note 31)*	**84,140**	66,581
— Convertible bonds *(Note 29)*	**275,608**	237,297
Financial liabilities at fair value		
— Financial liabilities at fair value through profit or loss *(Note 32)*	**126,201**	99,633
	1,942,542	1,666,158

19 Investments accounted for using the equity method

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Associates *(a)*	**149,786**	275,405
Joint ventures *(b)*	**37,969**	54,628
	187,755	330,033

19 Investments accounted for using the equity method (Continued)

(a) Investments in associates

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**275,405**	268,401
Additions *(i)*	**—**	9,000
Disposal and transfer *(ii)*	**(10,760)**	(186)
Impairment *(iii)*	**(105,496)**	(5,859)
Share of results	**(9,465)**	3,891
Currency translation differences	**102**	158
At the end of the year	**149,786**	275,405

The Group directly hold solely ordinary shares of the associates. As of 31 December 2024 and 2023, the Group invested in 26 associates in each respective year.

Set out below is the associate of the group as at 31 December 2024, which is considered material to the Group as the investment amount exceeds 5% of the Group's net assets. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business of each entity, and the proportion of ownership interest is the same as the proportion of voting rights held.

				Percentage of ownership interest attributable to the Group		Fair value *RMB'000*		Carrying amount *RMB'000*	
				31 December		31 December		31 December	
Name	Place of business/ country of incorporation	Nature of relationship	Measurement method	**2024**	2023	**2024**	2023	**2024**	2023
Nanjing Chuangyi Qiaokang Equity Investment Partnership Enterprise (Limited Partnership)	Jiangsu, China	Associate*	Equity method	**49.50%**	49.50%	**143,703**	170,901	**79,268**	98,491

* Nanjing Chuangyi Qiaokang Equity Investment Partnership Enterprise (Limited Partnership) is a company that specializes in equity investments, focusing on identifying and supporting innovative and high-growth potential businesses.

19 Investments accounted for using the equity method (Continued)

(a) Investments in associates (Continued)

The tables below provide summarised financial information for the group's material associate. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not the Group's share of those amounts.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current assets	**12,085**	38,029
Non-current assets	**132,872**	132,872
Current liabilities	**1,254**	—
Net assets	**143,703**	170,901
Reconciliation to carrying amounts:		
Opening net assets 1 January	**170,901**	182,537
Profit for the period	**(2,198)**	(11,636)
Distribution	**(25,000)**	—
Closing net assets	**143,703**	170,901
Group's share in %	**49.5%**	49.5%
Group's share in RMB'000	**71,133**	84,596
Carrying amount	**79,268**	98,491
Profit for the period	**(2,198)**	(11,636)
Total comprehensive income	**(2,198)**	(11,636)

(i) Additions

The Group invested certain associates and made additional investments in existing associates, with an aggregate amount of RMB nil and RMB9,000,000 during the year ended 31 December 2024 and 2023, respectively. These associates are principally engaged or invested in online game business and other internet-related businesses.

(ii) Disposal

During the year ended 31 December 2024, The Group disposed certain investments from existing associates at considerations of RMB17,432,000 (2023: RMB201,000) and recognized disposal gain of RMB8,629,967 (2023 disposal gains of RMB15,000).

19 Investments accounted for using the equity method (Continued)

(a) Investments in associates (Continued)

(iii) Impairment

Both external and internal sources of information of associates are considered in assessing whether there is any indicator that the investments may be impaired, including but not limited to information about financial position and business performance of the associates, and a significant or prolonged decline in the fair value of an investment below its carrying amount is also objective evidence of impairment. The Group carries out impairment assessment on those investments with impairment indicators, and the respective recoverable amounts of investments are determined with reference to the higher of fair value less costs of disposal and value in use.

In respect of the recoverable amount using value in use, the discounted cash flows calculations are based on cash flow projections estimated by management and the key assumptions adopted in these cash flow projections include revenue growth rates, terminal growth rates and discount rates. In respect of the recoverable amount based on fair value less costs of disposal, the amount is calculated with reference to their respective market prices for listed investments, or using certain key valuation assumptions including the selection of comparable companies, recent market transactions, liquidity discounts adopted for lack of marketability for unlisted investments.

During the year ended 31 December 2024, the Group made impairment provisions of RMB105,496,000 (2023: RMB5,859,000) against the carrying amounts of two (2023: two) associates, which are principally engaged in mobile game development and sports event live broadcast, based on the results of impairment assessment performed on the carrying amount against its respective recoverable amount. The impairment loss mainly resulted from serious deterioration of operation due to the inability to generate sufficient cash flow from existing games and the inability to launch new games due to lack of licensed copyright and Intensified e-sports industry competition that further exacerbated the financial pressure.

19 Investments accounted for using the equity method (Continued)

(a) Investments in associates (Continued)

(iii) Impairment (Continued)

Set out below are the top 5 associates of the Group as of 31 December 2024 and 2023.

Name	Place of incorporation/ Establishment	Issued shares/ Registered capital	Percentage of ownership interest attributable to the Group 31 December 2024	2023	Principal activities	Carrying amount RMB'000 31 December 2024	2023
Nanjing Chuangyi Qiaokang Equity Investment Partnership Enterprise (Limited Partnership)	Jiangsu	RMB200,000,000	**49.50%**	49.50%	Financing	**79,268**	98,491
Ganzhou West Dream Digital Industry Investment Development Center (limited partnership)	Jiangxi	RMB500,000,000	**34.00%**	34.00%	Financing	**16,696**	16,871
Shenzhen Zero One Zhihe Technology Co., Ltd	Guangdong	RMB1,411,900	**24.79%**	24.79%	Software business	**15,018**	11,575
Hengqin Chuangmeng Qida Equity Investment Enterprise (Limited Partnership)	Guangdong	RMB309,933,077	**1.43%**	1.43%	Software business	**8,647**	8,664
Beijing Blue Whale Times Technology Co., Ltd	Beijing	RMB1,392,369.77	**4.20%**	4.20%	Software business	**7,345**	7,369

(b) Investments in joint ventures

	Year ended 31 December 2024 RMB'000	2023 RMB'000
At the beginning of the year	**54,628**	79,060
Disposal and transfer *(i)*	**(9,027)**	(21,283)
Impairment *(ii)*	**—**	(13,500)
Share of results	**(7,632)**	10,176
Currency translation differences	**—**	175
At the end of the year	**37,969**	54,628

19 Investments accounted for using the equity method (Continued)

(b) Investments in joint ventures (Continued)

(i) Disposal

During the year ended 31 December 2024, The Group disposed certain investments from existing joint ventures at considerations of RMB5,068,000 (2023: RMB11,610,000) and recognized disposal losses of RMB1,960,489 (2023: disposal gains of RMBnil).

Set out below are the joint ventures of the Group as of 31 December 2024 and 2023. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the Group's proportion of ownership interest is the same as the proportion of voting rights held by the Group. The share of profits of the joint ventures was not material to the Group. Therefore, in the opinion of the directors, none of the joint ventures is material to the Group.

(ii) Impairment

During the year ended 31 December 2024, based on the results of impairment assessment performed on the carrying amount against its respective recoverable amount, no impairment provisions were made (2023: RMB13,500,000).

As of 31 December 2024, there are only two joint ventures, and the details are set out below.

Name	Place of incorporation/ establishment	Issued shares/ Registered capital	Percentage of ownership interest attributable to the Group 31 December 2024	2023	Principal activities	Carrying amount RMB'000 31 December 2024	2023
Shenzhen iDreamSky Venture Investment Partnership (Limited Partnership)	Shenzhen	RMB104,000,000	**50.00%**	50.00%	Venture capital business	**33,069**	40,699
Tianjin Lewei Shidai Culture Development Co., Ltd. ("**Tianjin Lewei Shidai**")	Tianjin	RMB10,000,000	**49.00%**	49.00%	Film and television program planning	**4,900**	4,900

There were no contingent liabilities related to the Group's interest in the joint ventures as of 31 December 2024 and 2023.

20 Financial assets at fair value through profit or loss

Financial assets mandatorily measured at FVPL include the following:

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Non-current assets		
Investments in unlisted entities and private investment funds	**296,661**	325,743
Current assets		
Investments in listed entities	**27,180**	73,145
	323,841	398,888

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Included in non-current assets		
At the beginning of the year	**325,743**	348,897
Additions	**3,000**	9,673
Changes in fair value	**(34,812)**	(31,882)
Disposals and transfer	**1,112**	(2,970)
Currency translation differences	**1,618**	2,025
At the end of the year	**296,661**	325,743
Included in current assets		
At the beginning of the year	**73,145**	125,857
Changes in fair value	**(46,588)**	4,026
Disposals	**—**	(57,971)
Currency translation differences	**623**	1,233
At the end of the year	**27,180**	73,145

The investments in listed entities included in current assets comprised shares traded on the listed market.

20 Financial assets at fair value through profit or loss (Continued)

The investments in unlisted entities included in non-current assets comprised private investment funds and some investments in private entities mainly operated in the PRC, USA and Korea in form of ordinary shares and convertible redeemable preferred shares. The preferred shares are convertible into ordinary shares anytime at the option of the holder, or automatically in the event of an initial public offering ("**IPO**") of the investees. The preferred shares are redeemable at the option of the Group if there is no IPO of investees after several years from the dates of investment, and therefore are accounted for the investment in those investees as financial assets at fair value through profit or loss. For other minority interests in private companies, the Group elected the fair value method at the date of initial recognition and carried these investments subsequently at fair value. Changes in fair value are reflected in the consolidated statement of comprehensive income. These companies are engaged in technology, game developing and other internet-related services.

21 Trade receivables

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Third parties	**320,642**	534,759
Related parties *(Note 37(c))*	**2,150**	11,642
	322,792	546,401
Less: provision for impairment *(b)*	**(164,378)**	(177,141)
	158,414	369,260

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

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

21 Trade receivables (Continued)

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

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

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

21 Trade receivables (Continued)

(b) (Continued)

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

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

(i) Including impairment provided individually of RMB75,138,000 and impairment on collective basis of RMB92,903,000. The provisions for impaired receivables have been included in "net impairment losses on financial assets" in the consolidated statement of comprehensive income.

(ii) The Group wrote off trade receivables of RMB180,804,000 as there was no reasonable expectation of recovery due to the insufficient solvency among some customers and business partners impacted by macroeconomic deterioration and adverse changes in the industry ecosystem. The Group continues to engage in enforcement activity to recover the due receivable.

(c) The carrying amount of the Group's trade receivables is denominated in the following currencies:

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
RMB	**317,999**	541,847
USD	**4,793**	4,554
	322,792	546,401

(d) As of 31 December 2024 and 2023, the fair values of trade receivables approximate their carrying amounts. The maximum exposure to credit risk at each of the reporting date is the carrying value of the net receivable balance.

(e) As of 31 December 2024 and 2023, trade receivables of RMB66,543,000 and RMB111,893,000 respectively were pledged to banks to secure certain bank facilities granted to the Group (Note 28).

22 Prepayments and other receivables

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Prepayments		
Prepaid revenue sharing to content providers *(a)*	**548,984**	663,824
Prepaid advertising expenses *(b)*	**333,431**	342,923
Prepayments for game content	**50,000**	—
Prepayment to related parties *(Note 37(c))*	**6,604**	6,604
Recoverable value-added tax	**5,577**	11,569
Others	**30,356**	14,403
	974,952	1,039,323
Less: provision for impairment *(e)*	**(98,980)**	(199,656)
	875,972	839,667
Less: non-current Prepayment	**—**	—
	875,972	839,667
Other receivables		
Loans to third parties *(c)*	**164,454**	202,107
Loans to shareholders *(d)*	**124,326**	74,126
Amounts due from related parties	**9,396**	10,820
Rental and other deposits	**5,089**	3,644
Loans to employees *(e)*	**890**	969
Others	**22,778**	24,052
	326,933	315,718
Less: provision for impairment *(Note 3.1)*	**(10,750)**	(98,894)
	316,183	216,824
Less: non-current other receivables	**(121,960)**	(72,620)
	194,223	144,204

22 Prepayments and other receivables (Continued)

(a) The Group licenses online games from game developers and pays sharing of proceeds earned from selling in-game virtual items to game developers. Those prepaid revenue sharing are expensed and recorded into “cost of revenues” on incurred basis.

(b) The Group engaged various online advertising suppliers and made prepayments in exchange for better advertising opportunities and resources in some arrangements. Such amounts are recognized as “selling and marketing expenses” when the advertising services are rendered.

(c) Loans to third parties represented the loans provided to a number of third parties, which were mainly unsecured, interest free except a loan that was interest-bearing fixed 4.35% per annum.

(d) Loans to shareholders represented the loans provided to a number of shareholders, which were mainly unsecured and interest-bearing fixed 4.35% per annum.

(e) Loans to employees mainly represent advances to employees for various expenses to be incurred in the ordinary course of business and housing loans to certain employees. These loans are unsecured, interest-free and to be repaid in 1 to 5 years from the grant dates.

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

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

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

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

22 Prepayments and other receivables (Continued)

(f) (Continued)

During the year ended 31 December 2024, impairment losses of RMB13,487,000 (2023: nil) on prepaid advertising expenses were recorded as selling expenses (Note 7).

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

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

23 Cash and cash equivalents

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash at bank and on hand	**196,916**	190,419
Due from other financial institutions	**10**	10
	196,926	190,429

Cash and cash equivalents are denominated in the following currencies:

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
RMB	**195,221**	181,575
USD	**1,041**	1,555
HKD	**664**	2,277
Others	**—**	5,022
	196,926	190,429

24 Restricted cash

As at 31 December 2024, restricted deposits held at banks of RMB65,179,000 (31 December 2023: RMB38,105,000) were placed mainly due to borrowings pledged.

25 Share capital, share premium and treasury shares

	Number of shares	Nominal value of shares	Equivalent nominal value of shares	Share premium	Treasury shares	Group total
		USD'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Authorised:						
As of 31 December 2024 and 2023	5,000,000,000	500	—	—	—	—
Issued and fully paid:						
As of 31 December 2022	1,411,335,945	141	907	3,294,553	(3,576)	3,291,884
Shares vested for share incentive scheme *(a, Note 27(a))*	—	—	—	(14)	14	—
Issuance of ordinary shares *(c)*	164,177,200	16	117	456,799	—	456,916
Acquisition of treasury shares *(b)*	—	—	—	—	(3,184)	(3,184)
Cancellation of shares *(b)*	(937,600)	—	—	(3,562)	3,562	—
As of 31 December 2023	1,574,575,545	157	1,024	3,747,776	(3,184)	3,745,616
Shares vested for share incentive scheme *(a, Note 27(a))*	**—**	**—**	**—**	**(4)**	**4**	**—**
Issuance of ordinary shares *(c)*	**119,850,400**	**12**	**80**	**232,491**	**—**	**232,571**
Acquisition of treasury shares *(b)*	**(2,533,200)**	**—**	**—**	**(4,566)**	**(5,485)**	**(10,051)**
Cancellation of shares *(b)*	**(4,575,600)**	**—**	**—**	**(8,599)**	**8,599**	**—**
As of 31 December 2024	**1,687,317,145**	**169**	**1,104**	**3,967,098**	**(66)**	**3,968,136**

(a) There are 5,698,191 shares and 3,169,912 shares vested during the year ended 31 December 2024 and 2023, the remaining treasury shares of the Group are 2,533,200 and 1,060,712 as of 31 December 2024 and 2023.

(b) During the year ended 31 December 2024, the Group bought back a total of 5,978,000 (2023: 1,130,800) ordinary shares of the Company that listed on the HKEX. The total amount paid to buy back these ordinary shares was HKD11,029,320 (equivalent to RMB10,051,000) (2023: HKD3,451,000 (equivalent to RMB3,184,000)). 3,444,800 shares bought back on January 2024 and 1,130,800 shares bought during the Year ended 31 December 2023 were cancelled on 3 June 2024 and resulted in the decrease in the Company's share capital and share premium of RMB8,598,000.

25 Share capital, share premium and treasury shares (Continued)

(c) On 23 July 2024, an aggregate of 119,850,400 placing shares have been placed to no less than six independent investors at the placing price of HKD2.15 per placing share pursuant to the terms and conditions of the placing agreement. The proceeds from the placing were used to for the research and development and overseas publishing of key products, as well as for general working capital.

26 Reserves

	Capital reserves *RMB'000*	Statutory reserves *RMB'000*	Translation differences *RMB'000*	Other reserves *RMB'000*	Total reserves *RMB'000*
As of 1 January 2023	16,100	96,062	66,996	621,827	800,985
Share-based compensation expenses *(Note 27)*	—	—	—	10,508	10,508
Repurchase of convertible bonds *(Note 29(a))*	245,355	—	—	(262,620)	(17,265)
Equity component of convertible bonds issued *(Note 29(b))*	—	—	—	126,702	126,702
Profit appropriation to statutory reserves	—	7,382	—	—	7,382
Currency translation differences	—	—	8,061	—	8,061
As of 31 December 2023	261,455	103,444	75,057	496,417	936,373
As of 1 January 2024	**261,455**	**103,444**	**75,057**	**496,417**	**936,373**
Share-based compensation expenses *(Note 27)*	**—**	**—**	**—**	**15,569**	**15,569**
Profit appropriation to statutory reserves	**—**	**656**	**—**	**—**	**656**
Currency translation differences	**—**	**—**	**18,656**	**—**	**18,656**
As of 31 December 2024	**261,455**	**104,100**	**93,713**	**511,986**	**971,254**

26 Reserves (Continued)

The Company's subsidiaries and the entities controlled by the Company pursuant to the contractual arrangements ("**VIEs**") incorporated in China are required to make appropriations to certain non-distributable statutory reserves. In accordance with the laws applicable to foreign invested enterprises in China, its subsidiaries have to make appropriations from its after-tax profit as reported in their PRC statutory accounts to non-distributable statutory reserves including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund is at least 10% of the after-tax profits as reported in the PRC statutory accounts. Appropriation is not required if the reserve fund has reached 50% of the registered capital of the respective company. The appropriation to the other reserve funds is at the discretion of the board of directors of the respective company.

At the same time, the VIEs, in accordance with the China Company Laws, must make appropriations from their after-tax profit as reported in their PRC statutory accounts to non-distributable statutory reserves including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund is at least 10% of the after-tax profits as reported in their PRC statutory accounts. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the respective company. Appropriation to the discretionary surplus fund is made at the discretion of the board of directors of the respective companies. The general reserve fund and statutory surplus fund are restricted to set off against losses, expansion of production and operation or increase in the registered capital of the respective companies. The staff bonus and welfare fund is available to fund payments of special bonuses to staff and for collective welfare benefits. Upon approval by the board of directors, the discretionary surplus and enterprise expansion fund can be used to offset accumulated losses or to increase capital.

27 Share-based payments

(a) 2018 Share Incentive Plan

On 18 May 2018, the Company issued and allotted an aggregate of 8,627,045 shares (86,270,450 shares after additional share issuance on 6 December 2018) to the RSUs Holding Entities for employee incentive plan purpose.

During the year ended 31 December 2019, RSUs Holding Entities granted aggregate of 16,492,066 shares to employees, among which 2,601,251 shares are without vesting conditions. Out of the remaining 13,890,815 shares, the vesting period for 75,362 shares is 1 year and the vesting schedule is 100% after 12 months from original grant date; the vesting period for 6,855,065 shares is 3 years, and the vesting schedule is 1/3 after 12 months from original grant date and the remaining 2/3 will vest in 2 equal installments over the next 2 years; the vesting period for 6,960,388 shares is 4 years, and the vesting schedule is 25% after 12 months from original grant date and remaining 75% will vest in 3 equal installments over the next years. The Group recorded RMB100,301,000 share-based compensation expense accordingly during the year ended 31 December 2019.

27 Share-based payments (Continued)

(a) 2018 Share Incentive Plan (Continued)

During the year ended 31 December 2020, RSUs Holding Entities granted aggregate of 18,566,947 shares to employees, among which 3,647,147 shares are without vesting conditions. Out of the remaining 14,919,800 shares, the vesting period for 112,779 shares is 1 year and the vesting schedule is 100% after 12 months from original grant date; the vesting period for 24,000 shares is 2 years, and the vesting schedule is 50% after 12 months from original grant date and the remaining 50% will vest after 24 months from original grant date; the vesting period for 8,373,322 shares is 3 years, and the vesting schedule is 1/3 after 12 months from original grant date and remaining 2/3 will vest in 2 equal installments over the next 2 years; the vesting period for 6,409,699 shares is 4 years, and the vesting schedule is 25% after 12 months from original grant date and remaining 75% will vest in 3 equal installments over the next years. The Group recorded RMB89,460,000 share-based compensation expense accordingly during the year ended 31 December 2020.

During the year ended 31 December 2021, RSU Holding Entities granted aggregate of 8,085,721 shares to employees, among which 4,465,700 shares are without vesting conditions. Out of the remaining 3,620,021 shares, the vesting period for 800,000 shares is 1 year and the vesting schedule is 100% after 12 months from original grant date; the vesting period for 2,484,021 shares is 3 years, and the vesting schedule is 1/3 after 12 months from original grant date and remaining 2/3 will vest in 2 equal installments over the next 2 years; the vesting period for 336,000 shares is 4 years, and the vesting schedule is 25% after 12 months from original grant date and remaining 75% will vest in 3 equal installments over the next 3 years.

During the year ended 31 December 2022, RSU Holding Entities granted aggregate of 1,470,180 shares to employees, among which 90,180 shares are without vesting conditions. Out of the remaining 1,380,000 shares, the vesting period for 1,300,000 shares is 2 year and the vesting schedule is 50% after 12 months from original grant date and the remaining 50% will vest after 24 months from original grant date; the vesting period for 80,000 shares is 3 years, and the vesting schedule is 1/3 after 12 months from original grant date and remaining 2/3 will vest in 2 equal installments over the next 2 years.

During the year ended 31 December 2023, RSU Holding Entities granted aggregate of 700,000 shares to employees, the vesting period for 700,000 shares is 3 years, and the vesting schedule is 1/3 after 12 months from original grant date and remaining 2/3 will vest in 2 equal installments over the next 2 years.

During the year ended 31 December 2024, RSU Holding Entities did not grant shares to employees. The total amount to be expensed is determined by reference to the market price of the Company's shares at the grant date. The Group recorded RMB894,108 share-based compensation expense accordingly during the year ended 31 December 2024 (2023: RMB6,108,000).

27 Share-based payments (Continued)

(a) 2018 Share Incentive Plan (Continued)

Movement in the number of awarded shares for the year ended 31 December 2024 and 2023 is as follows:

	Year ended 31 December	
	2024	2023
At the beginning of the year	**6,062,191**	8,635,436
Granted	—	700,000
Vested	**(5,664,953)**	(3,169,912)
Forfeited	—	(103,333)
At the end of the year	**397,238**	6,062,191

(b) 2023 Share Option Plan

On 30 June 2023 (the "**Adoption Date**"), the Company adopted a new share option scheme (the "**2023 New Share Option Scheme**"), which shall be valid and effective for a period of ten years commencing on the Adoption Date.

On 28 July 2023, the Company granted 8,880,000 share options to certain employees and directors under the 2023 New Share Option Scheme. The vesting period for 3,380,000 share options is 1 year and the vesting schedule is 100% after 12 months from original grant date; the vesting period for 1,800,000 share options is 3 years, and the vesting schedule is 1/3 after 12 months from original grant date and remaining 2/3 will vest in 2 equal installments over the next 2 years; the vesting period for 3,700,000 share option is 4 years, and the vesting schedule is 25% after 12 months from original grant date and remaining 75% will vest in 3 equal installments over the next 3 years.

On 15 January 2024, the Company granted 16,581,400 share options to certain employees and directors under the 2023 New Share Option Scheme. The vesting period for 16,201,400 share options is 1 year and the vesting schedule is 100% after 12 months from original grant date; the vesting period for 380,000 share options is 3 years, and the vesting schedule is 30% after 12 months from original grant date, 30% after 24 months from original grant date and remaining 40% will vest in the 3rd year.

On 6 June 2024, the Company granted 8,278,500 share options to certain employees and directors under the 2023 New Share Option Scheme. The vesting period for 8,278,500 share options is 2 years and the vesting schedule is 2 equal installments over the next 2 years.

On 12 September 2024, the Company granted 300,000 share options to certain employees and directors under the 2023 New Share Option Scheme. The vesting period for 300,000 share options is 2 years and the vesting schedule is 2 equal installments over the next 2 years.

27 Share-based payments (Continued)

(b) 2023 Share Option Plan (Continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price	Number of share options
At 1 January 2024	**HKD3.86**	**8,880,000**
Granted	**HKD2.06**	**25,159,900**
Exercised	**—**	**—**
Forfeited	**HKD3.46**	**(4,250,000)**
At 31 December 2024	**HKD2.4**	**29,789,900**
Vested and exercisable as 31 December 2024	**HKD4.21**	**3,860,000**

	Average exercise price	Number of share options
At 1 January 2023	—	—
Granted	HKD3.86	8,880,000
Exercised	—	—
Forfeited	—	—
At 31 December 2023	HKD3.86	8,880,000
Vested and exercisable as 31 December 2023	—	—

No options expired during the periods covered by the above tables.

27 Share-based payments (Continued)

(b) 2023 Share Option Plan (Continued)

Outstanding share options

Details of the expiry dates, exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2024 are as follows:

Expiry Date	Range of exercise price	Number of share options Year ended 31 December 2024
1 years commencing from the date of grant of options	HKD1.59~HKD4.92	**19,331,400**
2 years commencing from the date of grant of options	HKD2.04~HKD3.01	**8,578,500**
3 years commencing from the date of grant of options	HKD1.59~HKD3.58	**1,180,000**
4 years commencing from the date of grant of options	HKD3.58	**700,000**
		29,789,900

Expiry Date	Range of exercise price	Number of share options Year ended 31 December 2023
1 years commencing from the date of grant of options	HKD3.78~HKD4.92	3,380,000
3 years commencing from the date of grant of options	HKD3.58	1,800,000
4 years commencing from the date of grant of options	HKD3.58	3,700,000
		8,880,000

27 Share-based payments (Continued)

(b) 2023 Share Option Plan (Continued)

Fair value of options

The total amount to be expensed is determined by reference to the fair value of the options granted by using option-pricing model, "Enhanced FAS 123" binomial model (the "**Binomial Model**"), which includes the impact of market performance conditions (such as the Company's share price) but excludes the impact of service condition and non-market performance conditions.

The weighted average fair value of options granted during the year ended 31 December 2024 was HKD0.87 per share (equivalent to approximately RMB0.8 per share).

The total amount to be expensed is determined by the fair value of options. The Group recorded RMB15,569,000 share-based compensation expense accordingly during the year ended 31 December 2024 (2023: RMB4,400,000).

The Group also adopts valuation and actuarial techniques to assess the fair value of other equity instruments of the Group granted under the share-based compensation plans as appropriate. Other than the exercise price mentioned above, significant judgments on parameters, such as risk-free rate, dividend yield and expected volatility, were required to be made by the directors in applying the Binomial Model, which are summarised as below:

	Year ended 31 December 2024	Year ended 31 December 2023
Weighted average share price at the grant date	**HKD2.01**	HKD3.58
Risk free rate	**2.72%**	3.84%
Dividend yield	**0.00%**	0.00%
Expected volatility *(Note)*	**50.03%**	44.26%

Note: The expected volatility, measured as the standard deviation of expected share price returns, is determined based on the average daily trading price volatility of the shares of the Company.

Expected retention rate

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of the vesting periods of the share options (the "**Expected Retention Rate**") in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 31 December 2024, the Expected Retention Rate was assessed to be 94%.

28 Borrowings

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

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

(a) The pledge and guarantee related to bank borrowings is as follows:

	Bank borrowings as of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Secured by deposits and the shares of subsidiaries of the Company	**133,616**	266,898
Guaranteed by the Company, and/or certain subsidiaries of the Company	**297,740**	275,000
Secured by the pledge of assets of the Group (including trade receivables, intellectual properties and licenses or term deposits), and/or guaranteed by the Company and/or its subsidiaries	**573,719**	334,526
Secured by certificate of deposit	**50,000**	—
	1,055,075	876,424

28 Borrowings (Continued)

(b) The maturity of borrowings is as follows:

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**946,746**	842,898
Between 1 and 2 years	**53,500**	60,000
Between 2 and 5 years	**69,000**	57,500
Above 5 years	**829**	6,026
	1,070,075	966,424

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

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
RMB	**1,070,075**	699,526
EUR	**—**	266,898
	1,070,075	966,424

The Group has complied with the financial covenants of its bank loans during both periods presented, see note 3.2 for details.

29 Convertible bonds

(a) 2025 Convertible Bonds

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

29 Convertible bonds (Continued)

(a) 2025 Convertible Bonds (Continued)

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

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

- Equity component, being the conversion option of the 2025 Convertible Bonds, initially recognized at the residual amount after deducting the value of the aforesaid single liability component from the net proceeds at the initial recognition.

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

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

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

On 24 July 2023 ("**Repurchase Day**"), the Company completed the repurchase of the 2025 Convertible Bonds at a total cash consideration of HKD749,329,726. This cash settlement was funded by the Company's new issuance of 164,177,200 ordinary shares on 18 July 2023 (Note 25), and the new issuance of HKD386,000,000 convertible bond (the "**2028 Convertible Bonds**") on 24 July 2023.

29 Convertible bonds (Continued)

(a) 2025 Convertible Bonds (Continued)

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

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

	Liability	Capital reserves	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2023	492,261	—	262,620	754,881
Interest expenses *(Note 11)*	59,282	—	—	59,282
Coupon interests paid	(10,897)	—	—	(10,897)
Changes on estimation for early redemption	130,594	—	—	130,594
Repurchase	(683,403)	245,355	(262,620)	(700,668)
Currency translation differences	12,163	—	—	12,163
As of 31 December 2023	**—**	**245,355**	**—**	**245,355**
As of 31 December 2024	**—**	**245,355**	**—**	**245,355**

(b) 2028 Convertible Bonds

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

29 Convertible bonds (Continued)

(b) 2028 Convertible Bonds (Continued)

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

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

- Equity component, being the conversion option of the 2028 Convertible Bonds, initially recognized at the residual amount after deducting the value of the aforesaid single liability component from the net proceeds at the initial recognition.

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

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

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

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

30 Trade payables

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Third parties	**360,461**	233,436
Related parties *(Note 37(c))*	**18,304**	39,979
	378,765	273,415

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

(a) The aging analysis of trade payables based on recognition date is as follows:

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**108,944**	82,235
3 months to 1 year	**147,700**	134,639
1 to 2 years	**120,393**	44,167
2 to 5 years	**1,728**	12,374
	378,765	273,415

(b) The carrying amount of the Group's trade payables is denominated in the following currencies:

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
RMB	**377,288**	273,293
USD	**1,477**	122
	378,765	273,415

(c) As of 31 December 2024 and 2023, the fair value of trade payables approximated to their carrying amount.

31 Other payables and accruals

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Payroll and welfare payables	**51,768**	58,635
Other tax payables	**21,397**	26,901
Other payables due to related parties *(Note 37(c))*	**31,596**	25,858
Other payables to construction in progress	**29,564**	11,191
Professional service fee payable	**4,289**	5,029
Advance from business partners	**12,286**	11,794
Interest payable	**44**	1,631
Others	**6,361**	11,078
	157,305	152,117

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

32 Financial liabilities at fair value through profit or loss

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Financial guarantee contracts *(a)*	**72,767**	59,070
Derivative *(b)*	**53,434**	40,563
	126,201	99,633

(a) It represents the financial guarantee provided to the new shareholders of a disposed subsidiary operated IP derivatives business as disclosed in Note 5. The management of the Group irrevocably designated these financial guarantee contracts as measured at fair value through profit or loss at their initial recognition.

(b) It represents derivative liabilities arising from contingent put arrangements with a shareholder of a disposed subsidiary operated IP derivatives business (Note 5).

33 Contract costs and liabilities

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Contract costs:		
Costs to obtain contracts for games	**49,143**	47,288
Contract liabilities:		
Game publishing	**44,105**	45,456
Game development	**63,364**	125,295
	107,469	170,751

(a) Significant changes in contract costs and liabilities

Contract costs mainly represents the unamortized commissions charged by the Platforms and costs incurred for game development service.

Contract liabilities primarily consist of the unamortized revenue from sales of virtual items for mobile games, where there is still an implied obligation to be provided by the Group over time.

(b) Revenues recognized in relation to contract liabilities

The following table shows the amount of revenues recognized in the consolidated statement of comprehensive income for the respective years relating to contract liabilities brought forward:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenues recognized that was included in the contract liabilities balance at the beginning of the year		
Game publishing	**45,456**	153,489
	45,456	153,489

34 Deferred income tax

(a) Deferred tax assets

The analysis of deferred income tax assets are as follows:

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
The balance comprises temporary differences attributable to:		
Contract liabilities	**—**	6,818
Impairment provisions	**21,315**	23,355
Tax losses	**55,508**	36,328
Intangible assets amortization	**12,810**	13,085
Fair value losses on financial assets at fair value through profit or loss	**13,208**	21,089
Accrued expenses	**11,780**	22,727
Lease liabilities	**1,229**	3,299
Total deferred tax assets	**115,850**	126,701
Set-off of deferred tax liabilities	**(2,850)**	(16,162)
Deferred tax assets, net	**113,000**	110,539

34 Deferred income tax (Continued)

(a) Deferred tax assets (Continued)

The movements in deferred income tax assets, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Deferred income tax assets *RMB'000*	Deferred income tax liabilities *RMB'000*	Deferred income tax, net *RMB'000*
At 1 January 2024	**126,701**	**(16,162)**	**110,539**
Recognized in profit or loss	**(10,851)**	**13,312**	**2,461**
At 31 December 2024	**115,850**	**(2,850)**	**113,000**
At 31 December 2022	138,936	(25,383)	113,553
Adjustment on Amendments to IAS 12	24,236	(24,236)	—
At 1 January 2023 (Restated)	163,172	(49,619)	113,553
Recognized in profit or loss	(19,244)	33,457	14,213
Disposal of a subsidiary *(Note 5)*	(17,227)	—	(17,227)
At 31 December 2023	126,701	(16,162)	110,539

34 Deferred income tax (Continued)

(b) Deferred tax assets

The movements of deferred income tax assets before offsetting are as follows:

	Deferred government grants	Contract liabilities	Intangible assets amortization	Impairment provisions	Fair value losses on financial assets at fair value through profit or loss	Accrued expenses	Lease liabilities	Unused losses carried forward	Total
			Deferred income tax assets on temporary differences arising from						
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	**—**	**6,818**	**13,085**	**23,355**	**21,089**	**22,727**	**3,299**	**36,328**	**126,701**
Recognized in profit or loss	**—**	**(6,818)**	**(275)**	**(2,040)**	**(7,881)**	**(10,947)**	**(2,070)**	**19,180**	**(10,851)**
At 31 December 2024	**—**	**—**	**12,810**	**21,315**	**13,208**	**11,780**	**1,229**	**55,508**	**115,850**
At 31 December 2022	—	23,023	13,185	23,420	16,728	22,581	1,585	38,414	138,936
Adjustment on Amendments to IAS 12	—	—	—	—	—	—	24,236	—	24,236
At 1 January 2023 (Restated)	—	23,023	13,185	23,420	16,728	22,581	25,821	38,414	163,172
Recognized in profit or loss	—	(16,205)	(100)	8	4,361	1,549	(22,522)	13,665	(19,244)
Disposal of a subsidiary	—	—	—	(73)	—	(1,403)	—	(15,751)	(17,227)
At 31 December 2023	—	6,818	13,085	23,355	21,089	22,727	3,299	36,328	126,701

34 Deferred income tax (Continued)

(c) Deferred tax liabilities

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
The balance comprises temporary differences attributable to:		
Contract costs	**1,663**	9,926
Fair value gains on financial assets at fair value through profit or loss	**249**	2,977
Right-of-use assets	**938**	3,259
Total deferred tax liabilities	**2,850**	16,162
Set-off of deferred tax assets	**(2,850)**	(16,162)
Deferred tax liabilities, net	**—**	—

34 Deferred income tax (Continued)

(c) Deferred tax liabilities (Continued)

The movements in deferred income tax liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Deferred income tax liabilities on temporary differences arising from			
	Contract costs	Fair value gains on financial assets at fair value through profit or loss	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	**(9,926)**	**(2,977)**	**(3,259)**	**(16,162)**
Recognized in profit or loss	**8,263**	**2,728**	**2,321**	**13,312**
At 31 December 2024	**(1,663)**	**(249)**	**(938)**	**(2,850)**
At 31 December 2022	(25,383)	—	—	(25,383)
Adjustment on Amendments to IAS 12	—	—	(24,236)	(24,236)
At 1 January 2023 (Restated)	(25,383)	—	(24,236)	(49,619)
Recognized in profit or loss	15,457	(2,977)	20,977	33,457
At 31 December 2023	(9,926)	(2,977)	(3,259)	(16,162)

(d) Deferred income tax assets are recognized for tax losses carrying forwards and deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable. During the year ended 31 December 2024 and 2023, the Group did not recognize deferred income tax assets in respect of losses of approximately RMB584,225,000 and RMB486,702,000 respectively. The tax losses as of 31 December 2024 amounting to RMB292,517,000 can be carried forward indefinitely, and the remaining amount of RMB3,586,899,000 will expire from year 2024 to 2028 (2023: RMB223,965,000, indefinitely; RMB3,071,225,000 will expire from year 2023 to 2027).

35 Cash generated from operations

(a) Reconciliation of net loss to cash inflow from operating activities:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loss for the year from		
Continuing operations	**(544,604)**	(456,830)
Discontinued operations	**—**	(103,988)
Loss for the year including discontinued operations	**(544,604)**	(560,818)
Adjustments for:		
— Depreciation of property, plant and equipment *(Note 14)*	**1,178**	3,969
— Depreciation of investment properties *(Note 16)*	**440**	440
— Depreciation of right-of-use assets *(Note 15)*	**12,098**	11,134
— Amortization of intangible assets *(Note 17)*	**59,983**	102,224
— Capitalized research and development costs	**143,054**	—
— Losses on disposals of property, plant and equipment	**—**	953
— Gains on disposal of investments in associates *(Note 9)*	**(6,669)**	(15)
— Gains on lease modification *(Note 15)*	**(1,634)**	—
— Impairment provisions for financial assets *(Note 3.1) (Note 21)*	**185,735**	232,323
— Impairment provisions for prepayments *(Note 22)*	**32,738**	40,731
— Impairment provisions for intangible assets *(Note 17)*	**9,972**	23,245
— Impairment of investments accounted for using the equity method *(Note 19)*	**105,496**	19,359
— Share-based compensation expenses *(Note 27)*	**15,569**	10,508
— Share of results of investments accounted for using the equity method *(Note 19)*	**17,097**	(14,067)
— Losses on disposal of subsidiaries *(Note 5)*	**—**	83,534
— Dividend income received from financial assets at fair value through profit or loss	**—**	(3,317)
— Finance costs *(Note 11)*	**110,025**	295,979
— Changes in fair value of financial assets at fair value through profit or loss *(Note 20)*	**81,400**	27,856
— Changes in Financial liabilities at fair value through profit or loss *(Note 9)*	**26,568**	10,986
— Income tax credit *(Note 12)*	**(29,513)**	(13,527)
Change in operating assets and liabilities, net of effects from disposal of discontinued operations:		
— (Increase)/Decrease/in receivables	**(168,195)**	177,716
— Increase/(Decrease)/in payables	**168,956**	(190,365)
— Changes in contract costs	**(1,855)**	8,117
— Changes in contract liabilities	**(63,282)**	(28,382)
— Changes in advance receipt	**(201)**	1,126
— Changes in inventories	**—**	2,378
— Changes in restricted cash	**593**	10,944
Cash generated from operations	**154,949**	253,031

35 Cash generated from operations (Continued)

(a) Reconciliation of net loss to cash inflow from operating activities: (Continued)

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment and intangible assets comprise:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Net book amount *(Note 14)*	**7**	1,059
Losses on disposal of property, plant and equipment	**—**	(953)
Proceeds from disposal of property, plant and equipment	**—**	78
Receivables from disposal of property, plant and equipment	**7**	28

(b) Net debt reconciliation

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash and cash equivalents	**196,926**	190,429
Restricted cash	**65,179**	38,105
Convertible bonds	**(275,608)**	(237,297)
Borrowings-repayable within 1 year	**(946,746)**	(842,898)
Borrowings-repayable after 1 year	**(123,329)**	(123,526)
Lease liabilities	**(7,753)**	(22,808)
Interest payable	**(44)**	(1,631)
Net debt	**(1,091,375)**	(999,626)

35 Cash generated from operations (Continued)

(b) Net debt reconciliation (Continued)

	Cash and cash equivalents RMB'000	Restricted Cash RMB'000	Convertible bonds RMB'000	Borrowings-repayable within 1 year RMB'000	Borrowings-repayable after 1 year RMB'000	Lease liabilities RMB'000	Interest payable RMB'000	Total RMB'000
Net debt as of Juanary1, 2023	90,527	87,099	(492,261)	(1,011,241)	—	(117,039)	(1,480)	(1,444,395)
Cash flows								
— Net cash flows	96,920	(48,994)	354,215	(47,600)	112,932	12,808	—	480,281
— Interest paid	—	—	10,897	—	—	—	66,645	77,542
Non-cash movements								
— Interest expense	—	—	(209,157)	—	—	(1,351)	(66,796)	(277,304)
— New lease	—	—	—	—	—	(6,213)	—	(6,213)
— Exchange impacts	2,982	—	(10,428)	—	(19,457)	—	—	(26,903)
— Reclassification	—	—	—	215,943	(215,943)	—	—	—
— Equity component of convertible bonds	—	—	109,437	—	—	—	—	109,437
— Other non-cash movements	—	—	—	—	(1,058)	88,987	—	87,929
Net debt as of 31 December 2023	190,429	38,105	(237,297)	(842,898)	(123,526)	(22,808)	(1,631)	(999,626)
Net debt as of 1 January 2024	**190,429**	**38,105**	**(237,297)**	**(842,898)**	**(123,526)**	**(22,808)**	**(1,631)**	**(999,626)**
Cash flows								
— Net cash flows	**6,552**	**27,074**	**—**	**—**	**—**	**—**	**—**	**33,626**
— Interest paid			**17,584**	**(80,594)**	**(27,803)**	**12,709**	**55,896**	**(22,208)**
Non-cash movements								
— Interest expense	**—**	**—**	**(50,993)**	**—**	**—**	**(733)**	**(54,309)**	**(106,035)**
— New lease	**—**	**—**	**—**	**—**	**—**	**(787)**	**—**	**(787)**
— Exchange impacts	**(55)**	**—**	**(4,902)**	**4,746**	**—**	**(78)**	**—**	**(289)**
— Reclassification	**—**	**—**	**—**	**(28,000)**	**28,000**	**—**	**—**	**—**
— Equity component of convertible bonds	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
— Other non-cash movements	**—**	**—**	**—**	**—**	**—**	**3,944**	**—**	**3,944**
Net debt as of 31 December 2024	**196,926**	**65,179**	**(275,608)**	**(946,746)**	**(123,329)**	**(7,753)**	**(44)**	**(1,091,375)**

36 Commitments

Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Intangible assets	**70,388**	70,388
Construction in progress	**72,902**	120,432
	143,290	190,820

37 Significant related party transactions

(a) Names and relationships with related parties

The following companies are related parties of the Group that had balances and/or transactions with the Group.

Names of major related parties	Nature of relationship
Tencent and its subsidiaries(collectively "**Tencent Group**")	Shareholder of the Company
IDS Partnership01 L.P.	Shareholder of the Company
Shenzhen iDreamSky Entertainment*	Subsidiary of the Company
Hengqin Chuangmeng Qida Equity Investment Enterprise (Limited Partnership) ("**Hengqin Chuangmeng Qida**")	Associate of the Group
Zhejiang Yiyou	Associate of the Group
Shenzhen Xingfei Culture Co., Ltd.("**Shenzhen Xingfei**")	Associate of the Group
iDream Legu (Nanjing) Cultural Industry Development Co., Ltd. ("**iDream Legu**")	Associate of the Group
Shenzhen Mengzuofang Technology Co., Ltd. ("**Shenzhen Mengzuofang**")	Joint venture of the Group
Tianjin Lewei Shida	Joint venture of the Group
Mr. Jeffrey Lyndon Ko	Director of the Company
Mr. Lei Junwen	Senior management of the Company
Mr. Chen Xiangyu	Director of the Company
Mr. Guan Song	Director of the Company
Shenzhen Zero One Zhihe Technology Co., LTD ("**Zero One Zhihe**")	Associate of the Group
Shipshape Holdings Limited ("**Shipshape** ")	Related party of a director
Zhuhai Hengqin Zhumeng Space Investment Co., Ltd. ("**Hengqin Zhumeng**")	Company controlled by a senior management of the Company

* Shenzhen iDreamSky Entertainment has been disposed by the Group in the first quarter of 2023, details are disclosed in Note 5.

37 Significant related party transactions (Continued)

(b) Significant transactions with related parties

In addition to those disclosed elsewhere in these consolidated financial statements, the following transactions were carried out with related parties.

In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective parties.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Provision of services		
Tencent Group	**83,832**	104,119
Shenzhen Mengzuofang	**4,585**	3,612
Zero One Zhihe	**702**	709
	89,119	108,440
Purchases of services		
Tencent Group	**32,533**	34,354
Revenue share to content providers		
Tencent Group	**9,217**	29,749
	9,217	29,749
Licence fees of the QQfamily IPs		
Tencent Group	**—**	157

37 Significant related party transactions (Continued)

(b) Significant transactions with related parties (Continued)

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loans provided to related parties		
iDream Legu	**1,895**	1,050
Mr. Guan Song	**1,600**	—
Mr. Chen Xiangyu	**1,400**	—
Mr. Jeffrey Lyndon Ko	**—**	91
Shenzhen iDreamSky Entertainment	**—**	28,929
Shenzhen Mengzuofang	**—**	17,000
	4,895	47,070
Disposal of subsidiary's shares to a related party		
Hengqin Zhumeng *(Note)*	**—***	—*
Financial guarantee provided to a related party		
Hengqin Zhumeng *(Note)*	**72,767**	37,861

* The amount was less than 1 thousand.

Note: It is related to the disposal of the subsidiary disclosed in Note 5. In the first quarter of 2023, Hengqin Zhumeng obtained 24.1% equity interest of Shenzhen iDreamSky Entertainment from the Group at a cash consideration of RMB2. Financial guarantee provided to Hengqin Zhumeng by the Group arising from this transaction was accounted for as a financial liabilities at fair value through profit or loss with a carrying value amounted to RMB72,767,000 as of 31 December 2024 (Note 32(a)).

37 Significant related party transactions (Continued)

(b) Significant transactions with related parties (Continued)

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Repayment received from related parties:		
Mr. Lei Junwen	**2,723**	—
Mr. Guan Song	**1,600**	400
Mr. Chen Xiangyu	**1,400**	1,000
iDream Legu	**10**	—
Mr. Jeffrey Lyndon Ko	**—**	2
Shenzhen iDreamSky Entertainment	**—**	28,929
Shenzhen Mengzuofang	**—**	17,000
	5,733	47,331

(c) Year end balances with related parties

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Amounts due from related parties		
iDream Legu	**5,568**	3,682
Shipshape	**2,315**	2,266
Mr. Jeffrey Lyndon Ko	**1,191**	1,425
IDS Partnership01 L.P.	**252**	248
Hengqin Chuangmeng Qida	**70**	70
Mr. Lei Junwen	**—**	2,709
Shenzhen Mengzuofang	**—**	420
	9,396	10,820
Less: provision for impairment *(Note 3.1)*	**(73)**	(72)
	9,323	10,748
Trade receivables		
Tencent Group	**2,077**	7,362
Shenzhen iDreamSky Entertainment	**73**	73
Zero One Zhihe	**—**	4,207
	2,150	11,642

37 Significant related party transactions (Continued)

(c) Year end balances with related parties (Continued)

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables		
Tencent Group	**17,862**	18,803
Shenzhen Mengzuofang	**261**	5,405
Shenzhen iDreamSky Entertainment	**181**	181
Shenzhen Xingfei	**—**	15,590
	18,304	39,979
Prepayments to related parties		
Tencent Group	**6,604**	6,604
	6,604	6,604
Other payables		
Zero One Zhihe	**21,696**	9,958
Hengqin Chuangmeng Qida	**5,000**	5,000
Tianjin Lewei Shidai	**4,900**	4,900
Tencent Group	**—**	6,000
	31,596	25,858
Contract liabilities due to related parties		
Tencent Group	**63,364**	125,295

The above amounts due from related parties were unsecured, interest-free and repayable on demand.

The above amounts due to related parties were unsecured, interest-free and repayable on demand.

37 Significant related party transactions (Continued)

(d) Key management personnel compensations

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**8,355**	5,822
Pension costs-defined contribution plan, other social security costs, housing benefits, and other employee benefits	**883**	339
Share-based compensation expenses	**7,537**	1,476
	16,775	7,637

38 Contingencies

The Group did not have any material contingent liabilities as of 31 December 2024 and 2023.

39 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

Director's and chief executive's emoluments are disclosed in Note 10.

(b) Directors' retirement benefits

No retirement benefits were paid to or payable in respect of their services as directors of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiary undertaking during the years ended 31 December 2024 and 2023.

(c) Directors' termination benefits

During the reporting period, no payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable.

(d) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by third parties for making available directors' services subsisted at the end of or at any time during the years ended 31 December 2024 and 2023.

39 Benefits and interests of directors (Continued)

(e) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of or at any time during the years ended 31 December 2024 and 2023, except for the transactions disclosed in Note 37.

(f) Directors' material interests in transactions, arrangements or contracts

No other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the years ended 31 December 2024 and 2023, except for the transactions disclosed in Note 37.

40 Subsequent events

There were no material subsequent events during the period from 31 December 2024 to the approval date of these financial statements by the Board on 27 March 2025.

41 Financial position and reserve movement of the Company

(a) Financial position of the Company

	As of 31 December	
	2024 RMB'000	2023 RMB'000
ASSETS		
Non-current assets		
Investments in subsidiaries	**1,366,574**	1,366,574
Amounts due from subsidiaries	**2,145,133**	2,147,425
Financial assets at fair value through profit or loss	**75,844**	70,763
Intangible assets	**129,801**	127,892
	3,717,352	3,712,654
Current assets		
Amounts due from related parties	**2,547**	4,290
Prepayments and other receivables	**224,174**	165,720
Restricted cash	**4,986**	6,459
Cash and cash equivalents	**491**	7,089
	232,198	183,558
Total assets	**3,949,550**	3,896,212
EQUITY		
Share capital, share premium and treasury shares	**3,968,136**	3,745,616
Other reserves	**625,853**	594,959
Accumulated losses	**(1,129,130)**	(1,022,023)
Total equity	**3,464,859**	3,318,552
LIABILITIES		
Non-current liabilities		
Convertible bonds	**275,608**	237,297
	275,608	237,297
Current liabilities		
Borrowings	**133,616**	266,898
Amounts due to subsidiaries	**74,274**	72,842
Other payables and accruals	**1,193**	623
	209,083	340,363
Total liabilities	**484,691**	577,660
Total equity and liabilities	**3,949,550**	3,896,212

The financial position of the Company was approved by the Board of Directors on 27 March 2025 and was signed on its behalf:

Chen Xiangyu	Guan Song
Director	*Director*

41 Financial position and reserve movement of the Company (Continued)

(b) Other reserves and accumulated losses movement of the Company

	Other reserves *RMB'000*	Accumulated losses *RMB'000*
At 31 December 2022	458,314	(619,598)
Loss for the year	—	(402,425)
Repurchase of convertible bonds *(Note 29(a))*	(17,265)	—
Equity component of convertible bonds issued *(Note 29(b))*	126,702	—
Currency translation differences	27,208	—
At 31 December 2023	594,959	(1,022,023)
Loss for the year	**—**	**(107,107)**
Currency translation differences	**30,894**	**—**
At 31 December 2024	**625,853**	**(1,129,130)**

42 Subsidiaries and controlled structured entities

The following is a list of principal subsidiaries of the Company as of 31 December 2024

Company Name	Place of establishment and nature of legal entity	Particulars of issued/registered capital	Proportion of equity interest held by the Group (%) 2024	2023	Principal activities and place of operation
(a) Directly owned					
iDreamSky Holdings (HK)	Hong Kong	HKD1	**100%**	100%	Investment holding/Hong Kong
Dreambeyond Holdings Limited	Cayman	USD50,000	**100%**	100%	Investment holding/Cayman
Dream Impression Holdings Limited	Cayman	USD50,000	**100%**	100%	Investment holding/Cayman
(b) Indirectly owned					
Qianhai iDream	The PRC, limited liability company	USD150,000,000	**100%**	100%	Internet and software technology development and service/The PRC
Chuangyi Shikong	The PRC, limited liability company	RMB187,473,000	**100%**	100%	Internet and software technology development and service/The PRC
Shenzhen Ledou Technology Co., Ltd.	The PRC, limited liability company	RMB10,000,000	**100%**	100%	Internet and software technology development and service/The PRC
Changsha Mengju Information Technology Co., Ltd.	The PRC, limited liability company	RMB10,000,000	**100%**	100%	Internet and software technology development and service/The PRC
Shenzhen Baixingsheng Investment Management Co., Ltd.	The PRC, limited liability company	RMB3,000,000	**100%**	100%	Financing/The PRC

42 Subsidiaries and controlled structured entities (Continued)

Company Name	Place of establishment and nature of legal entity	Particulars of issued/registered capital	Proportion of equity interest held by the Group (%) 2024	2023	Principal activities and place of operation
Zhuhai Hengqin Hunmeng Investment Enterprise LLP	The PRC, limited liability company	RMB100,000,000	100%	100%	Financing/The PRC
Tianjin Huohun Internet Technology Co., Ltd.	The PRC, limited liability company	RMB10,000,000	51%	51%	Internet and software technology development and service/The PRC
Tianjin Shengting Information Technology Co., Ltd.	The PRC, limited liability company	RMB10,000,000	51%	51%	Internet and software technology development and service/The PRC
Dreammaker (HK) Technology Limited	Hong Kong	HKD1,000,000	100%	100%	Internet Information Service/Hong Kong
iDreamSky Technology (HK) Limited	Hong Kong	HKD1	100%	100%	Internet Information Service/Hong Kong
IDS 01 Holdings Limited	Cayman	USD1	100%	100%	Investment holding/Cayman
IDS 02 Holdings Limited	Cayman	USD1	100%	100%	Investment holding/Cayman
IDS 05 Holdings Limited	Cayman	USD1	100%	100%	Investment holding/Cayman
IDS 06 Holdings Limited	Cayman	USD1	100%	100%	Investment holding/Cayman
IDS 08 Holdings Limited	Cayman	USD5,000,000	100%	100%	Investment holding/Cayman
IDS 11 Holdings Limited	Cayman	USD1	100%	100%	Investment holding/Cayman
IDS 12 Holdings Limited	Cayman	USD1	100%	100%	Investment holding/Cayman
IDS 13 Holdings Limited	Cayman	USD1	100%	100%	Investment holding/Cayman
Dream Racing commercial company	Saudi Arabia	SR500,000	100%	0%	Investment holding/Saudi Arabia
iDreamSky Creative Limited	Hong Kong	HKD1	100%	100%	Investment holding/Hong Kong
DSKY Venture (Korea)	Korea	WON5,373,040,000	100%	100%	Investment holding/Korea
(c) Controlled by the Company pursuant to the Contractual Arrangements					
Shenzhen iDreamSky	The PRC, limited liability company	RMB215,001,755	100%	100%	Internet and software technology development and service/The PRC
Shenzhen Chenhai Star Technology Co., Ltd.	The PRC, limited liability company	RMB10,000,000	100%	100%	Internet and software technology development and service/The PRC
Hunan Langshan iDreamSky Cultural Communication Co., Ltd.	The PRC, limited liability company	RMB2,000,000	100%	100%	Culture, sports and entertainment/The PRC
Horgos Ledou Technology Co., Ltd.	The PRC, limited liability company	RMB1,000,000	100%	100%	Internet and software technology development and service/The PRC
Horgos iDreamSky	The PRC, limited liability company	RMB10,000,000	100%	100%	Internet and software technology development and service/The PRC
Shenzhen Mengyutongchuang Technology Enterprise (Limited Partnership)	The PRC, limited liability company	RMB1,000,000	100%	100%	Internet and software technology development and service/The PRC
Shenzhen Qianhai Juzheng Investment Management Co., Ltd.	The PRC, limited liability company	RMB10,000,000	51%	51%	Financing/The PRC

42 Subsidiaries and controlled structured entities (Continued)

Company Name	Place of establishment and nature of legal entity	Particulars of issued/registered capital	Proportion of equity interest held by the Group (%) 2024	2023	Principal activities and place of operation
Shenzhen iDream Huyu Technology Co., Ltd.	The PRC, limited liability company	RMB1,000,000	**51%**	51%	Culture, sports and entertainment/ The PRC
Shenzhen Mengyu Technology Co., Ltd.	The PRC, limited liability company	RMB10,000,000	**95%**	95%	Internet and software technology development and service/The PRC
Changsha Xunhuo Network Technology Co., Ltd.	The PRC, limited liability company	RMB1,499,250	**51%**	51%	Internet and software technology development and service/The PRC

(i) In the first quarter of 2023, the Group disposed all the equity interest of Shenzhen iDreamSky Entertainment to certain investors, one of which is a related party of the Group (Note 37(a)), and lost control over it (Note 5).

The directors of the Company considered that the non-controlling interests in respect of the subsidiaries are not material to the Group, and therefore, no summarized financial information of the relevant subsidiaries is presented separately.

(ii) **Significant restrictions**

As of 31 December 2024, cash and cash equivalents, term deposits and restricted cash of the Group, amounting to RMB255,934,000 were held in the Mainland of China, while RMB6,171,000 were held overseas. These are subject to local exchange control and other financial and treasury regulations. The local exchange control, and other financial and treasury regulations provide for restrictions, on payment of dividends, share repurchase and offshore investments, other than through normal activities.

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

"AGM"	the annual general meeting of the Company
"Auditor"	PricewaterhouseCoopers, the independent auditor of the Company
"Board"	the board of Directors of the Company
"Brilliant Seed"	Brilliant Seed Limited, a company incorporated in the BVI on 2 January 2018 and wholly-owned by Mr. Chen Xiangyu
"Cayman Companies Act"	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CG Code"	the Corporate Governance Code as set out in the Appendix C1 to the Listing Rules
"Chuangyi Shikong"	Qianhai Chuangyi Shikong Technology (Shenzhen) Co., Ltd. (前海創意時空科技(深圳)有限公司), a company incorporated in China, and a subsidiary of our Company
"Company" or "our Company" or "iDreamSky"	iDreamSky Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the HKEX under stock code 1119
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, our Company, the WFOE, Shenzhen iDreamSky and its registered shareholders
"Director(s)"	the director(s) of the Company
"EUR"	Euro, the legal currency of the member states of the European Union
"Group" or "our Group" or "we" or "us"	the Company, its subsidiaries and its PRC Consolidated Affiliated Entities from time to time
"HKD"	Hong Kong dollars, the legal currency of Hong Kong
"HKEX"	The Stock Exchange of Hong Kong Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Horgos iDreamSky"	Horgos iDreamSky Information Technology Co., Ltd. (霍爾果斯創夢天地信息科技有限公司), a company incorporated in China, and a subsidiary of our Company
"IFRS(s)"	International Financial Reporting Standards
"IPO"	the global offering of the shares of the Company on 6 December 2018 at a price of HKD6.60 per share, the net proceeds of which was approximately HKD776.4 million, after deducting professional fees, underwriting commissions and other related listing expenses
"IP(s)"	intellectual property(ies)
"Latest Practicable Date"	17 April 2025, being the Latest Practicable Date prior to the printing of this annual report for the purpose of ascertaining certain information contained therein
"Listing Date"	6 December 2018, being the date on which the shares of the Company became listed and commenced trading on the HKEX
"Listing Rules"	The Rules Governing the Listing of Securities on the HKEX
"Memorandum and Articles of Association"	the memorandum and articles of association of the Company (as amended, restated or supplemented or otherwise modified from time to time)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Practise Statement"	the Practise Statement issued by the Hong Kong Institute of Certified Public Accountants and its amendments from time to time
"PRC" or "China"	the People's Republic of China, excluding, for the purposes of this annual report only, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"PRC Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely Shenzhen iDreamSky and its subsidiaries
"Prospectus"	the prospectus of the Company dated 26 November 2018
"Reporting Period"	Year ended 31 December 2024
"RMB"	Renminbi, the legal currency of the PRC

"Role-Playing Game" or "RPG(s)"	games in which users assume the roles of characters in a fictional setting
"SFO"	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
"Share(s)"	ordinary share(s) of the Company with a nominal value of USD0.0001 each in the share capital of the Company
"Shenzhen iDreamSky"	Shenzhen iDreamSky Technology Co., Ltd. (深圳市創夢天地科技有限公司), a company established in the PRC and a PRC Consolidated Affiliated Entity of our Company
"Shenzhen iDreamSky Entertainment"	Shenzhen iDreamSky Entertainment Co., Ltd. (深圳市創夢天地娛樂有限公司), a company established in the PRC and a subsidiary of the Company
"Shenzhen Mengyu"	Shenzhen Mengyu Technology Co., Ltd. (深圳市夢域科技有限公司), a company incorporated in China, and a subsidiary of our Company
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Tencent"	Tencent Holdings Limited, one of the Company's substantial shareholders, a limited liability company incorporated under the laws of the Cayman Islands and the shares of which are listed on the HKEX under stock code 700
"Tencent Computer"	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a company established in the PRC and a Consolidated Affiliated Entity of Tencent
"Tencent Group"	Tencent and its subsidiaries
"Tencent Technology"	Tencent Technology (Shenzhen) Co., Ltd, a company incorporated in China, and a subsidiary of Tencent
"Tianjin Huohun"	Tianjin Huohun Internet Technology Co., Ltd. (天津火魂網絡科技有限公司), a non-wholly owned subsidiary of the Company incorporated in the PRC, formerly named Shanghai Huohun Internet Technology Co., Ltd., which changed its name to Tianjin Huohun Internet Technology Co., Ltd. (天津火魂網絡科技有限公司) in January 2022
"USD"	U.S. dollars, the legal currency of the United States of America

"WFOE"	Shenzhen Qianhai iDream Technology Co., Ltd. (深圳市前海創夢科技有限公司), a wholly-owned foreign enterprise established in the PRC and a subsidiary of our Company
"%"	percent