儒意控股
RUYI HOLDINGS

CHINA RUYI HOLDINGS LIMITED
中國儒意控股有限公司

(a company incorporated in Bermuda with limited liability)
(Stock Code: 136)

ANNUAL REPORT 2025

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Ke Liming *(Chairman)*
Mr. Zhang Qiang

Non-executive Director

Mr. Yang Ming

Independent Non-executive Directors

Mr. Chau Shing Yim, David
Mr. Nie Zhixin
Mr. Chen Haiquan
Professor Shi Zhuomin

AUDIT COMMITTEE

Mr. Chau Shing Yim, David *(Chairman)*
Mr. Nie Zhixin
Mr. Chen Haiquan

REMUNERATION COMMITTEE

Mr. Chau Shing Yim, David *(Chairman)*
Mr. Ke Liming
Mr. Nie Zhixin

NOMINATION COMMITTEE

Mr. Ke Liming *(Chairman)*
Mr. Nie Zhixin
Mr. Chen Haiquan

COMPANY SECRETARY

Mr. Fong Kar Chun, Jimmy

REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Laijin Culture Creative Industrial Park
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SHARE REGISTRARS

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PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
Bank of Hangzhou Co., Ltd.
Agricultural Bank of China Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

WEBSITE ADDRESS

http://ryholdings.com

DATE OF REPORT

31 March 2026

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the results of China Ruyi Holdings Limited (the "**Company**" or "**China Ruyi**"), its subsidiaries and its controlled entities (the "**Group**") for the year ended 31 December 2025 (the "**Year**" or "**Reporting Period**").

BUSINESS REVIEW

In 2025, the Group continued to advance its strategic portfolio optimization and business structure upgrades. By expanding industrial boundaries through investment and mergers and acquisitions, it has built a synergistically linked business ecosystem, forming a three-pillar driven business structure of "games providing stable cash flow, content driving performance elasticity, and AI enhancing efficiency", contributing to a significant improvement in profitability.

For the year ended 31 December 2025, the Group's annual revenue was RMB3.343 billion, and was adjusted compared to the same period last year due to industry cycles and content scheduling rhythms. During the Reporting Period, the Group achieved a net profit of RMB1.786 billion, representing a significant increase compared to the same period last year. The profit growth was mainly attributable to the increased contribution from the gaming business and cost efficiency optimization, driving an improvement in the profit structure, which further strengthened the Group's endogenous profitability and resilience against economic cycles.

I. Content production business: Premium content matrix continues to consolidate market leadership position, diverse project pipeline supports long-term development

1. Film investment, production and distribution: Centered on High-quality content

In 2025, the domestic film market witnessed several landmark developments. According to data from the China Film Administration, the national box office for 2025 reached RMB51.832 billion, representing a year-on-year increase of 21.95%, and cinema attendance reached 1.238 billion, representing a year-on-year increase of 22.57%, indicating a significant recovery in industry prosperity.

Against this backdrop, the Group continued to strengthen its core competitiveness in film production and distribution, and launched several market-influential works during key seasons, further consolidating its leading position in content creation and market operations. During the Reporting Period, multiple films co-produced by the Group delivered outstanding performances. The suspense crime film "Octopus with Broken Arms" (《誤殺3》) and the romantic comedy "Honey Money Phony" (《騙騙喜歡你》) ranked first and third in the New Year's Day box office, respectively. During the Spring Festival period, the national-level suspense comedy "Detective Chinatown 1900" (《唐探1900》) ranked second in the box office with over RMB3.6 billion and was awarded "2025 Weibo Night • Film of the Year" (2025微博之夜 • 微博年度電影); the family animation "Boonie Bears: Future Reborn" (《熊出沒 • 重啟未來》) also achieved remarkable box office results. During the summer season, the war-themed film "Dead to Rights" (《南京照相館》) topped the box office with over RMB3 billion; the oriental fantasy adaptation "Curious Tales of a Temple" (《聊齋：蘭若寺》) won the Best Animation Film Award at the 10th Golden Crane Awards — 2025 China Film Week held at Tokyo; the historical suspense adaptation "The Lychee Road" (《長安的荔枝》) won the "Top Ten Golden Angel Awards" at the 21st China-American Film Festival and received multiple nominations such as the Golden Rooster Award; and genre-diverse films such as the social suspense film "Malice" (《惡意》) and the romantic film "Gift from a Cloud" (《有朵雲像你》) also performed steadily. During the National Day period, the war epic "The Volunteers: Peace at Last" (《志願軍：浴血和平》) successfully claimed the top spot. This diverse premium content matrix fully validated the Group's strong content control and market insight capabilities.

For the 2026 Spring Festival period, the national comedy film "Pegasus 3" (《飛馳人生3》) securely topped the box office with a cumulative total exceeding RMB4 billion; the suspense thriller "Scare Out" (《驚蟄無聲》) secured the second place in the box office; the family animated film "Boonie Bears: The Hidden Protector" (《熊出沒 • 年年有熊》) continued its stable market performance, maintaining its lead in the family-oriented content segment.

Looking ahead, the Group has formed a content investment structure of "head projects driving + multi-project diversification", effectively diversifying risks while enhancing single-project returns. The rich project pipeline also lays a solid foundation for the Group's sustainable development, with major works such as "Cold War 1994" (《寒戰1994》), "The Wild Tales" (《蠻荒禁地》), "Once Upon A Time in the Middle East" (《歡迎來龍餐館》), "Zhuan Nian Hua Kai" (《轉念花開》), "THE WANDERING EARTH III (Part 1 & 2)" (《流浪地球3(上、下)》), "MAD KING" (《狠家伙》), as well as animated film series co-produced with Light Chaser Animation, progressing steadily. The Group consistently adheres to high-quality content as its core, exploring the contemporary value of Chinese culture, and is committed to telling Chinese stories to global audiences, demonstrating cultural confidence and industry responsibility.

2. Investment, production and distribution of television dramas: continuously increasing investment in top-tier premium content

In the drama production segment, the Group continues to increase its investment in top-tier premium content, deepen collaborations with mainstream domestic streaming platforms, and actively expand overseas markets, continuously enhancing the international reach and brand influence of Chinese dramas. During the Reporting Period, the martial arts romance drama "Shadow Love" (《與晉長安》), starred by Song Yi and Cheng Lei, was shortlisted for the Golden Angel Award at the 21st China-American Television Festival.

In terms of project pipeline, the drama series produced and led by the Group span a wide range of genres and enjoy a vibrant landscape, comprehensively covering multiple genres such as suspense, realism, Chinese costume drama, martial arts, and urban romance. The suspense genre includes "Light to the Night" (《黑夜告白》) starred by Pan Yueming and Wang Hedi; the crime-themed drama "Her Brilliant Journey" (《一路燦爛》) starred by Yan Ni and Ren Suxi. Reality-based dramas include "Prosecutor and Boy" (《檢察官與少年》) starred by Zhang Xiaofei and Yu Jiacheng, focusing on juvenile legal education; and "Jia You Qi Lang" (《家有七郎》) starred by Chen Baoguo, Jing Boran, and Gao Yuanyuan. Period and martial arts dramas include "All Hail my Supreme Sec" (《萬古最強宗》) starred by Peng Yuchang and Wan Peng; and the new-school martial arts drama "Now or Never" (《一點浩然氣》). Urban romance dramas include "Dazzling" (《耀眼》) starred by Guan Xiaotong and Li Yunrui, and the romantic comedy "Touch" (《非正式浪漫》) starred by Cai Wenjing. These pipeline films represent an expansion across multiple narrative genres, with in-depth collaborations already established with various platforms, and are expected to be launched successively, providing continuous content output and revenue contribution for the Group.

II. Online streaming business: AI technology fully empowers content ecosystem, leading the intelligent transformation of streaming business

1. AI empowers streaming business: A comprehensive leap from auxiliary tool to core engine

The Group continues to deeply optimize its AI technology deployment across the entire industrial chain of its streaming business, successfully achieving a strategic leap from "AI-assisted creation" to an "AI-native content ecosystem". Facing the explosive growth of the global AIGC film and television market, the Group has not only significantly enhance content production efficiency but also build solid core barriers in commercial monetization and digital asset operations leveraging cutting-edge multimodal large models and digital asset rights confirmation technologies.

2. AI-native content ecosystem: Building a core barrier for high quality and high commercial value

The Group has deeply integrated AI technology into the innovation ecosystem of its streaming business, constructing a highly differentiated and scalable content intelligent supply system to continuously drive the reshaping of industrial value. The AIGC content creation system of the AI lab has completed a comprehensive upgrade from short-form content to serialized and long-form content. Its benchmark works such as "Sour Soul" (《酸魂》) and "Prologue to the White Snake" (《白蛇序章》) have achieved tens of millions of cumulative views across the internet, successfully validating the closed-loop path from creation to commercial monetization for AIGC content.

Leveraging continuously iterating AI video generation technology, the Group has established an industrialized production process capable of mass-producing high-quality AI animation series and micro-dramas at scale. Facing the projected industry opportunity of the domestic AI animation series market exceeding RMB24 billion, the Group has strategically leveraged cutting-edge technologies and mature industrial capabilities to pioneer this emerging sector, shortening content development cycles by over 60% while achieving significant cost optimization in production. Through the continuous delivery of intelligently generated content that integrates cultural depth and commercial appeal, the Group has solidified its position as an innovator in the streaming sector, and simultaneously driven user growth and enhanced commercial value, injecting robust momentum for long-term development.

3. Multimodal AI middleware architecture: Connecting the entire workflow for streaming content creation

The Group has comprehensively upgraded its proprietary systems-"Linggou AI", "Jingce AI", "Changyu AI", and "Shuyan AI"-into a multimodal AI middleware architecture. Leveraging cutting-edge multimodal large model technology, this architecture streamlines the entire content production workflow, from concept generation to final delivery, fundamentally reshaping the paradigm of film and television industrial production.

System Name	Core Technology Upgrade	Core Functions and Commercial Value
Linggou AI	Introduction of narrative agents driven by large language models	As an intelligent creation engine, relying on massive literary copyright resources and historical project data, it transforms fragmented creative inspirations into a complete narrative structure, and realizes quantitative evaluation of script logic and prediction of commercial potential.
Jingce AI	Integration of the latest image-to-video and text-to-video large models	Focusing on the director's preparation phase, it automatically generates high-precision work drafts and dynamic storyboards, achieving physically realistic simulation of lighting effects and lens language, which greatly reduces the cost of early trial and error.
Changyu AI	Introduction of real-time neural rendering and 3DGS technology	It realizes real-time image quality inspection and high-fidelity rough-cut preview during the shooting process, breaks through the computing power bottleneck of traditional virtual production, and significantly improves shooting efficiency and reduces rework rate.
Shuyan AI	Upgraded to full lifecycle management of AI digital actors	Centered on post-production and asset application, it generates compliant digital actors with high emotional expressiveness, ensures rights security through blockchain-based evidence, and simultaneously lowers the risks and costs associated with high-risk scene shooting.

4. AI digital asset full-chain platform: Solidifying the core value of digital assets

The Group has fully transitioned from the "traditional tools + AI" stage into a new phase of "native AI-driven". Its self-developed digital human system has been upgraded to an AI digital asset full-chain platform. This platform deeply integrates cutting-edge technologies such as 3DGS and NeRF, enabling the rapid generation of cinema-grade precision 3D digital characters and scenes. Combined with blockchain technology, it achieves one-click binding, rights confirmation, and continuous feedback optimization for digital roles, and ensures the uniqueness and security of digital assets, enabling the Group to strategically dominate in future virtual idol operations and IP licensing commercialization.

5. Strategic outlook: Leading the intelligent transformation of streaming business

The large-scale application of AI technology significantly reduces unit content production costs while increasing content supply frequency, creating a sustainable profit growth leverage. Moving forward, the Group will drive the upgrade of AI from a production tool to the core engine of the industry. Driven by the dual forces of "AI + IP", it aims to build a globally leading intelligent content ecosystem. Through the continuous deepening of technological applications and the expansion of commercialization pathways, the Group will achieve a comprehensive intelligent transformation of its streaming business, establishing differentiated advantages in global competition.

III. Jingxiu Games: premium R&D and operations drive performance growth, global IP self-development and technological innovation empower long-term value

Upholding its core strategy of premium quality, globalization, and integrated R&D and operations, the Group has built a closed-loop system for self-developing and self-publishing globally renowned IPs. Leveraging in-house R&D strength, full-cycle refined operations, and global IP integration capabilities, it has achieved growth in both business scale and operational efficiency.

1. Sustained operation of core products, continuous value release of classic IPs, new products and innovative gameplay unlock new growth space

The Group has established a mature sustained operation system covering the entire product lifecycle. Through continuous version updates, refined user operations, and content innovation, it has driven core products to consistently rank at the forefront of the industry. Among them, the benchmark SLG product "Red Alert Online" (《紅警OL》), leveraging the influence of its classic IP and a deep operational strategy, has long remained in the top tier of the domestic iOS game bestseller list. As of August 2025, the product's cumulative gross revenue exceeded RMB6 billion, setting a milestone for long-term operation in the domestic SLG category, fully validating the Group's core barriers in classic IP adaptation and sustained operations. Products such as "Ragnarok Origin" (《仙境傳説：愛如初見》) and "Civilization: Eras & Allies" (《世界啟元》) have also maintained stable user bases and revenue contributions.

During the Reporting Period, the Group focused on breakthrough innovations in the core SLG segment, precisely targeting niche genres such as sci-fi and Three Kingdoms, and launched several differentiated premium new games. The sci-fi themed new product "The Nova Era" (《群星紀元》) innovatively integrated RTS gameplay and synergized three top-tier sci-fi IPs- "The South Heaven Gate Project" (《南天門計劃》), "Starship Troopers" (《星河戰隊》), and "Swallowed Star" (《吞噬星空》), achieving a dual breakthrough in content and user base, becoming a benchmark in the sci-fi SLG segment. "The War of Dragon Stones" (《龍石戰爭》) pioneered the "Dragon Stone-like" strategic gameplay, earning high recognition from core strategy players; the Three Kingdoms themed new product "Yanwu" (《偃武》), leveraging historically grounded narratives and youth-oriented art design, topped the iOS free charts shortly after launch, successfully reaching a broad user base across all age groups, further expanding the Group's user boundaries and market space.

2. Self-search and self-development closed loop for global top-tier IPs, full-chain autonomous control establishes core barriers

The Group is firmly advancing its strategy of collaborating with globally recognized top-tier IPs, achieving full-chain autonomous control from IP acquisition, R&D, publishing to operations, building a scarce and high-quality IP resource barrier and product pipeline, providing a solid guarantee for performance growth over the next 3–5 years. During the Reporting Period, the Group's collaboration with renowned global game developer Ubisoft, "Heroes of Might & Magic: Lordship Rivalry" (《魔法門英雄無敵：領主爭霸》), is expected to officially launch in 2026; a comprehensive top-tier IP self-development collaboration was reached with Electronic Arts (EA), covering the EA SPORTS FC football IP and the classic "Command & Conquer" (《命令與征服》) series SLG products, expected to launch globally in early 2027. Through this self-search and self-development closed-loop model for IPs, the Group maximizes IP value and gains full control over operations.

In terms of its global market presence, the Group has established deep collaborations with leading regional partners. In Korea, the Group has reached a collaboration intent with Devsister for the "CookieRun" IP, with the agency product "CookieRun: Tower of Adventures" (《餅乾人聯盟》) expected to be released in 2026. Furthermore, the Group has reached a deep cooperation intention with the leading Korean company Krafton regarding the core IPs. In the North American market, the Group has reached collaboration consensus with leading mobile game developer Scopely on multiple premium products, with both parties leveraging their respective strengths to drive product launch and promotion.

Furthermore, the Group is precisely positioning itself in the sports game segment, constructing a dual-core product matrix of "EA SPORTS football IP + NBA basketball IP", fully integrating the user bases of sports competitions and gaming. The full-platform product "NBAGO" (《NBA瞬息》) is expected to commence testing in 2026, forming a sports game portfolio covering both football and basketball, creating a new performance growth pole for the Group.

3. Independent R&D and implementation of core AI technologies, full-chain cost reduction and efficiency enhancement to establish a technological moat

The Group has deeply integrated AI technology into its strategic framework for the gaming business. By continuously increasing R&D investment, it comprehensively promotes the innovative application of artificial intelligence across the entire chain of game R&D, production, and operations. Currently, the in-house R&D team has achieved breakthroughs in two core technologies: "AI-driven intelligent analysis of sports event tactical formations" and "video-driven non-physical motion capture", significantly improving the efficiency of action resource production and shortening development cycles. Meanwhile, AI has been implemented at scale in areas such as voice generation, post-production, and procedural content generation, propelling the game industry into a new phase of intelligent production.

4. Precise positioning in local segment, strategic investment completes all-genre ecosystem

The Group is improving its business ecosystem and creating new performance growth curves through equity cooperation and strategic investments. In January 2025, the Group acquired a 30% equity stake in Beijing Yonghang Technology Company Limited, and initiated in-depth collaboration around the "QQ Dance" (《QQ炫舞》) IP by integrating core resources such as the virtual idol "Xing Tong" (星瞳) to create innovative "music-dance + social + short drama" integrated film-game products. To actively position itself in the open-world action game segment, the Group made a strategic investment in Chengdu Xiaozhiyouchuang Technology Co., Ltd., a team currently developing related products based on the UE5 engine. Following the successful collaboration on "Age of Stellarian" (《群星紀元》), the Group strategically invested in its developer, Kaboom Technology, to jointly develop the next-generation products for the global market.

IV. Strategic Investment Business: Focusing on Core Segment, Deepening Industrial Synergy and Value Realization

During the Reporting Period, the Group executed a series of strategic investments to strengthen synergies among its business segments, and built a more resilient ecosystem platform with significant growth potential to help core businesses improve quality, enhance efficiency, and expand growth boundaries.

1. Investment in Wanda Film: Strengthening full-industry chain synergy, consolidating offline scene advantages

In 2023, the Group strategically invested in Wanda Film, a leading domestic cinema chain, achieving full-process integration from content creation and production to terminal screening, which helps to enhance content distribution efficiency and monetization capability. The Group deeply synergized its own film, television, and gaming resources with Wanda Film's nationwide theater network, significantly improving the conversion efficiency of high-quality content into commercial value. During the Reporting Period, the Group engaged in in-depth collaboration with Wanda Film, launching innovative "movie watching + gaming" offline linkage activities in Wanda Cinemas across five major cities including Beijing and Chongqing, covering over 700 cinema locations nationwide, effectively achieving high-efficiency exposure for new games and conversion of user reservations. Additionally, leveraging the vast audience data and consumer behaviour insights accumulated by Wanda Film, the Group can precisely grasp market demand, dynamically optimize film positioning and promotion strategies, thereby effectively improving project investment returns and reducing market risks.

2. Investment in 52TOYS: Expanding IP derivative business, extending the value chain

To deepen the exploration of IP values, the Group strategically invested in 52TOYS Development Co., Ltd., whose well-known brand 52TOYS possesses abundant IP resources. On one hand, the Group can share in the capital appreciation benefits brought by the brand development and market expansion of 52TOYS; on the other hand, leveraging the Group's strengths in film and television IP content and 52TOYS' capabilities in product design, development, and channels. Both parties engage in deep synergy to drive the commercialization innovation of film and television IPs, create competitive hit derivative products, expand revenue sources, and significantly enhance IP monetization capabilities and overall profitability.

A deep linkage was successfully carried out between 52TOYS' original sci-fi IP "Beast Box"(猛獸匣) and "The War of Dragon Stones" (《龍石戰爭》), a game product under the Group's Jingxiu Games. Through the launch of an exclusive game version and offline pop-up events, this initiative achieved dual-line operation of "virtual content + physical products". This activity not only explored a new path for the integration of "toy IP + game" but also achieved mutual growth in users and traffic.

3. Acquisition of partial equity in Kuaiqian: Deepening the "culture + technology + finance" strategic portfolio

During the Reporting Period, the Group acquired a 40% equity stake in Kuaiqian Financial Services (Shanghai) Co., Ltd. ("**Kuaiqian**"), aiming to enhance the strategic controllability of the financial payment link within the Group's closed-loop ecosystem, thereby improving the Group's platform-based operational capability and industrial synergy effects. Kuaiqian holds a nationally issued third-party payment license and has a deep presence in comprehensive payment solutions for large and medium-sized enterprises, digital RMB applications, and cross-border payments.

This acquisition brings multiple benefits. It is expected to improve the payment settlement efficiency and user experience for the Group's internal businesses such as film, streaming media, games, and cinemas, and optimize the fund flow. Leveraging Kuaiqian's expertise in cross-border payments and other areas, it can provide efficient fintech support for the global distribution and operations of the Group's content products. Both parties will explore innovative business models combining "cultural content + scenario-based payment", so as to further expand business boundaries.

4. Strategic investment in AISphere Technology: Positioning in the "AI+Content" segment, empowering business intelligent upgrade

To seize the strategic opportunity in "AI+Content", in early 2026, the Group has made a strategic investment in AIsphere Limited ("**AIsphere**"), a global leader in AI video, and has entered into a strategic partnership with its onshore operating entity, Beijing AIsphere Technology Co., Ltd.* (北京愛詩科技有限公司) ("**AIsphere Technology**"), constructing a bidirectional empowerment system of "technology + industry". The core product of AISphere Technology, "PixVerse", has over 100 million users globally, and its self-developed technology holds a leading edge in AI video generation, with extensive experience in implementing AI solutions for film, television, and short dramas. This investment is an important initiative for the Group to implement its "Content + Technology" development strategy. Both parties will promote the collaboration on multiple dimensions. At the strategic level, the core team of AISphere Technology will assist the Group's intelligent transformation. At the technical application level, the focus will be on deep application of AI in areas such as film and television special effects, promotion and distribution, and game scene optimization, enhancing efficiency and content quality. At the innovation and expansion level, leveraging the Group's rich IP resources combined with AI technology for secondary creation, the two parties will jointly develop multimodal agents, and exploring next-generation interactive content formats. In the future, the Group will continue to drive the deep integration of AI technology with its core businesses, use technological innovation to drive industrial upgrades, and create a benchmark for the integrated development of "AI+Content", thereby consolidating a foundation for long-term sustainable development.

FORWARD LOOKING STATEMENTS

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

APPRECIATION

I would like to take this opportunity to thank our Shareholders, investors and business parties for their continuing support to the Group, and to my colleagues for their valuable contribution during the Year.

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

Hong Kong, 31 March 2026

FINANCIAL PERFORMANCE SUMMARY

The Group recorded a profit attributable to owners of the Company of approximately RMB1,797 million for the year ended 31 December 2025, which increased by approximately RMB1,988 million as compared to the loss attributable to owners of the Company of approximately RMB191 million for the year ended 31 December 2024. The increase in the profit attributable to owners of the Company was mainly due to the increase in contribution from the gaming business and optimization of cost efficiency. The basic and diluted earnings per share were RMB0.11419 and RMB0.11419 for the year ended 31 December 2025, respectively, as compared to the basic and diluted loss per share of RMB0.01570 and RMB0.01570 for the year ended 31 December 2024, respectively.

For the year ended 31 December 2025, the Group's revenue decreased from RMB3,671 million for the year ended 31 December 2024 to RMB3,343 million for the year ended 31 December 2025, including revenue from film and television drama production, online streaming and gaming businesses of RMB3,303 million, and revenue from other business segment of RMB40 million.

For the year ended 31 December 2025, the adjusted net profit of the Group was RMB1,962.6 million, while the adjusted net profit for the year ended 31 December 2024 was RMB1,065.0 million, representing an increase of 84%.

ADJUSTED NET PROFIT

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Reconciliation of net profit/(loss) to adjusted net profit:		
Net profit/(loss) for the period	**1,786,023**	(206,576)
Add:		
Share-based compensation expenses	**50,317**	67,272
Interests expenses on convertible bonds	**87,239**	—
Imputed interest expenses	**39,057**	82,839
Fair value change in contingent consideration payable	**—**	1,121,447
Adjusted net profit	**1,962,636**	1,064,982

LIQUIDITY, CAPITAL RESOURCES, BORROWINGS AND GEARING RATIO

The Group maintains a prudent treasury policy. The Group primarily financed its operations through shareholder's equity and cash generated from operations. During the year ended 31 December 2025, the liquidity of the Group was closely monitored by the board of directors of the Company (the "**Board**") and the Group reviews its working capital and finance requirements on a regular basis.

Liquidity

As at 31 December 2025, the Group maintained the balance of cash and cash equivalents and term deposits of approximately RMB7,243.8 million (as at 31 December 2024: approximately RMB3,493.6 million). The increase in the balance of cash and cash equivalents and term deposits was mainly due to receipt of financing proceeds and growth in operating performance.

Borrowings and Gearing Ratio

The Group maintained a sound financial position, and its borrowing demand was not seasonal. As at 31 December 2025, the Group had borrowings of RMB733.0 million (as at 31 December 2024: approximately RMB1,700.9 million). Borrowings at fixed rates accounted for 39.6%. Such borrowings will be due within 19 months.

As at 31 December 2025, the Group's net equity amounted to approximately RMB23,868.9 million (as at 31 December 2024: approximately RMB16,345.2 million) with total assets amounting to approximately RMB30,260.3 million (as at 31 December 2024: approximately RMB21,670.7 million). Net current assets were approximately RMB13,429.1 million (as at 31 December 2024: approximately RMB6,660.4 million) and the current ratio was 4.3 times (as at 31 December 2024: 2.5 times). Gearing ratio calculated on the basis of the Group's total debts (interest-bearing borrowings, lease liabilities and convertible bonds) over shareholders' funds was 9.5% (as at 31 December 2024: 2.0%).

Charge of Assets

During the year ended 31 December 2025, the Group did not have any charges of assets (as at 31 December 2024: nil).

Commitment

As at 31 December 2025, the Group had no capital commitment (as at 31 December 2024: nil).

Contingent Liabilities

The Company and the Group did not provide corporate guarantee to its subsidiaries or other parties and did not have other significant contingent liabilities as at 31 December 2025 (as at 31 December 2024: nil).

CURRENCY RISK MANAGEMENT

The Group had significant amount of assets and liabilities denominated in Renminbi ("**RMB**") as at 31 December 2025. The content production and online streaming and online gaming businesses are mainly carried out in RMB in Mainland China. Therefore, the Group is exposed to the risk of significant fluctuation in RMB exchange rates. During the year ended 31 December 2025, the Group closely monitored the fluctuation and does not expect any material fluctuation of exchange rates in the near future, but will continue to monitor it.

SHARE-BASED PAYMENTS

2013 Share Option Scheme

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

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

On 26 November 2021, the Company granted 181,917,000 share options pursuant to the 2013 Share Option Scheme and no further share options were granted pursuant to the 2013 Share Option Scheme up to the termination of the 2013 Share Option Scheme. For the year ended 31 December 2025, no share option granted under the 2013 Share Option Scheme had been lapsed or cancelled. As at 31 December 2025, a total of 181,228,000 share options granted under the 2013 Share Option Scheme have not been exercised.

2023 Share Option Scheme

The Company adopted the current share option scheme (the "**2023 Share Option Scheme**") pursuant to a resolution passed by the shareholders in the 2023 AGM. The purpose of the 2023 Share Option Scheme is to provide incentives to eligible participants. Since the adoption of the 2023 Share Option Scheme and up to the date of this report, the Company has not granted any share option under the 2023 Share Option Scheme or adopted any other share scheme. As at 31 December 2025, there were no outstanding options under the 2023 Share Option Scheme.

For further details of the 2013 Share Option Scheme and the 2023 Share Option Scheme and movements of share options granted to any director(s) of the Company (each a "**Director**" and collectively, the "**Directors**"), please refer to the subsection headed "Share Options" under the section headed "Directors' Report" of this report.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group employed approximately 684 employees. The remuneration policy of the Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Employee benefits include medical insurance coverage and mandatory provident fund, etc. Total staff costs for the year ended 31 December 2025, including directors' emoluments, amounted to approximately RMB338.0 million (for the year ended 31 December 2024: RMB269.6 million).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: nil).

MATERIAL ACQUISITION AND DISPOSAL

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

Beijing Jingxiu is a controlled structured entity in which the Company has 100% beneficial interest, and Virtual Cinema is an indirect wholly-owned subsidiary of the Company. Each of the Beijing Yonghang Vendors is a wholly-owned subsidiary of Tencent Holdings Limited ("**Tencent Holdings**"), a shareholder indirectly holding more than 10% of the shares of the Company. The core assets of Beijing Yonghang encompass "QQ Dance"《(QQ 炫舞》), "QQ Dance II"《(QQ炫舞 2》), "QQ Dance Mobile"《(QQ炫舞手遊》), and other games.

On 10 April 2025, the Consideration Shares were allotted and issued to Tencent Hong Kong pursuant to the specific mandate sought from the shareholders of the Company other than Water Lily Investment Limited, Mr. Yang Ming and their respective associates at the special general meeting of the Company convened on 26 March 2025.

For further details of the acquisition of 30% equity interest in Beijing Yonghang and issue of Consideration Shares under specific mandate, please refer to the announcement of the Company dated 13 January 2025, the circular of the Company dated 7 March 2025 and the next day disclosure return of the Company dated 10 April 2025.

Save as disclosed above, during the year ended 31 December 2025, there was no other material acquisition or disposal by the Company or any of its subsidiaries.

SIGNIFICANT INVESTMENTS

Save as disclosed in the above sub-section headed "Material Acquisition and Disposal", the Group did not have any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 31 December 2025) for the year ended 31 December 2025, and there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this report.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries principally engage in content production, online streaming business, online gaming business, manufacture and sales of accessories.

BUSINESS REVIEW

A review of the Group's business during the Year under review and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing and important events affecting the Company which occurred during the Year are provided in the section headed "Chairman's Statement", the section headed "Management Discussion and Analysis" of this report, the section headed "Event after the End of the Reporting Period" of this directors' report and note 40 to the consolidated financial statements.

The Group manages environmental and social issues that affect the Group and on which the Group can have an impact. All activities of the Group must comply with the laws and regulations in the jurisdictions in which it operates in relation to emissions, use of resources and environmental protection. The Group reduces the consumption of energy and other resources, reduces wastes and protects natural resources. The Group implements separate collection and disposal of the non-hazardous wastes and few ink boxes and toner cartridges generated during its operation process and is committed to minimizing the impacts of its operation on the natural environment during the operation. The Group actively guides employees to implement the concept of green environmental protection in their daily work. Based on business characteristics and relying on the carrier of the network platform, the Group gradually delivers green environmental protection information to owners and customers in a timely manner to help improve the public's awareness and attention to environmental protection. Details of such are set out in the Environmental, Social and Governance Report 2025 of the Company.

Also, the Group has actively managed and monitored risks to protect and help the business development of the Group. The Group considered that the relationship with its customers has a relatively significant impact on the Group. The information about the Group's major customers, risk associated with reliance on those major customers and measures to mitigate such risk are disclosed in notes 3.1(d) and 5(g) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group during the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 76 and 77 of this report.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may declare and pay dividends to the shareholders of the Company. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, taking into account factors including but not limited to the Group's actual and expected financial performance, expected working capital requirements, capital expenditure requirements and future expansion plans, the retained earnings and distributable reserves and liquidity position of the Group, the general economic conditions etc. The Board will review the dividend policy from time to time to ensure its continued effectiveness.

SHARE CAPITAL AND WARRANTS

As disclosed in the sub-section headed "Purchase, sale or redemption of the Company's listed securities and other equity fundraising activities" below, the Company issued and allotted new shares of the Company pursuant to various share subscription agreements and the exercise of warrants during the Year. Details of movements in the share capital and warrants of the Company during the Year are set out in note 19 to the consolidated financial statements.

SHARE OPTIONS

2013 Share Option Scheme

The 2013 Share Option Scheme adopted pursuant to a resolution passed by the Shareholders on 31 October 2013 was terminated by a resolution passed in the 2023 AGM. The primary purpose of the 2013 Share Option scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any invested entity and which will expire 10 years after the date of adoption (i.e. 30 October 2023). Under the 2013 Share Option Scheme, the Board may, at its discretion, grant options to supplier, customer, person or entity that provides research, development or technological support or other services to the Group or any invested entity, shareholder or any member of the Group or any invested entity, holder of any securities issued by any member of the Group or invested entity and employee, including executive and non-executive directors of the Company or any of its subsidiaries or any invested entity to subscribe for shares in the Company at the subscription price of (i) the closing price of the shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on the date of grant of the option, which must be a trading day; (ii) the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the options; or (iii) the nominal value of the shares, whichever is the highest.

The number of shares which may be issued upon exercise of all share options to be granted under the 2013 Share Option Scheme shall not exceed 7,359,057,611 shares, representing 10% of the total number of shares in issue on 10 June 2016, the date when the refreshment of the scheme mandate limit was approved by Shareholders.

The maximum number of shares in respect of which options may be granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of the issued share of the Company. Upon acceptance of option, the grantee shall pay HK$1 to the Company by way of consideration of the grant. To the extent that the offer to grant an option is not accepted within 28 days from the date upon which it is made, it shall be deemed to have been irrevocably declined and lapsed automatically.

An option may be exercised at any time during the validity period of the options. There is no vesting condition and performance target for the 2013 Share Option Scheme. The expiry date of the option is 10 years after the grant.

On 26 November 2021, the Company granted 181,917,000 share options pursuant to the 2013 Share Option Scheme and no further share options were granted pursuant to the 2013 Share Option Scheme up to the termination of the 2013 Share Option Scheme. For the year ended 31 December 2025, (i) 181,228,000 share options granted under the 2013 Share Option Scheme had not been exercised; and (ii) no share option granted under the 2013 Share Option Scheme had been lapsed or cancelled. No share options were available for grant under the 2013 Share Option Scheme at the beginning and the end of the Year due to the termination of the scheme. Therefore, the disclosure of the number of shares that may be issued in respect of the share options granted under all the share option schemes of the Company during the Year divided by the weighted average number of shares in issue for the Year as required under Rule 17.07(3) of the Listing Rules is not applicable.

Details of movements of share options granted to the Directors under the 2013 Share Option Scheme during the year ended 31 December 2025 are as follows:

		Number of Share Options (thousands)							
Grantee	**Date of grant**	**Outstanding as at 1 January 2025**	**Vested during the Year**	**Granted during the Year**	**Exercised during the Year**	**Lapsed/ cancelled during the Year**	**Outstanding as at 31 December 2025**	**Exercise period**	**Exercise price per share (HK$)**
Mr. Zhang Qiang	26 November 2021	500	—	—	—	—	500	26 November 2022– 25 November 2027	3.43
	26 November 2021	1,000	—	—	—	—	1,000	26 November 2023– 25 November 2028	3.43
	26 November 2021	1,500	—	—	—	—	1,500	26 November 2024– 25 November 2029	3.43
	26 November 2021	3,000	—	—	—	—	3,000	26 November 2025– 25 November 2030	3.43
	26 November 2021	4,000	—	—	—	—	4,000	26 November 2026– 25 November 2031	3.43
	Total:	**10,000**	**—**	**—**	**—**	**—**	**10,000**		

Notes:

1. The vesting period for the share options granted on 26 November 2021 is from 26 November 2022 to 25 November 2031.

2. The closing price immediately before the date on which the share options were granted on 26 November 2021 was HK$3.43 per share.

Details of movements of share options granted to senior management and employees of the Group (apart from current Directors but including a former Director who resigned before 1 January 2025) during the year ended 31 December 2025 are as follows:

	Number of Share Options (thousands)							
Date of grant	Outstanding as at 1 January 2025	Vested during the Year	Granted during the Year	Exercised during the Year	Lapsed/ cancelled during the Year	Outstanding as at 31 December 2025	Exercise period	Exercise price (HK$)
26 November 2021	8,561.55	—	—	—	—	8,561.55	26 November 2022–25 November 2027	3.43
26 November 2021	17,123.10	—	—	—	—	17,123.10	26 November 2023–25 November 2028	3.43
26 November 2021	25,684.65	—	—	—	—	25,684.65	26 November 2024–25 November 2029	3.43
26 November 2021	51,368.30	—	—	—	—	51,368.30	26 November 2025–25 November 2030	3.43
26 November 2021	68,490.40	—	—	—	—	68,490.40	26 November 2026–25 November 2031	3.43
Total:	**171,228**	**—**	**—**	**—**	**—**	**171,228**		

Notes:

1. The vesting period for the share options granted on 26 November 2021 is from 26 November 2022 to 25 November 2031.

2. The closing price immediately before the date on which the share options were granted on 26 November 2021 was HK$3.43 per share.

The total number of Shares available for issue under the 2013 Share Option Scheme is 181,228,000, representing approximately 1.08% of the issued Shares as at the date of this report.

Details of the movements in the share options of the Company and the valuation of the share options of the Company during the Year are set out in Note 21 to the consolidated financial statements.

2023 Share Option Scheme

The 2023 Share Option Scheme was adopted pursuant to a resolution passed on 28 June 2023 at the 2023 AGM, for the primary purpose of enabling the Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group, and which will expire 10 years after the date of adoption (i.e. 27 June 2033).

Eligible participants under the 2023 Share Option Scheme ("**Eligible Participants**") include:

- Employee participants: the Directors (including independent non-executive Directors), officers (who are also Directors and/or employees) and employees (whether full-time or part-time) of any member of the Group (including persons who are granted options under the 2023 Share Option Scheme as inducement to enter into employment contracts with any member of the Group);

- Related entity participants: any director, chief executive (who are also directors and/or employees) and employee of the holding companies, fellow subsidiaries or associated companies of the Company; and

- Service providers ("**Service Providers**"): any person providing services to the Group on a continuing and recurring basis in its ordinary and usual course of business of the Group, the grant of options to whom is in the interests of the long-term growth of the Group as determined by the Board, namely:

  (i) suppliers of products or services, including suppliers, artistes, advisors, consultants, agents or other professional firms with expertise in production, development, marketing, promotion and/or distribution of film and television dramas, online streaming and games and other business activity(ies) that may be carried out by the Group from time to time; and

  (ii) business partners, including distributors, joint venture partners or other contractual parties, which may be entities in the film and television drama production, online streaming and game industries and other business industries in which the Group operates from time to time that collaborate with the Group on continuing or discrete projects;

  but, for the avoidance of doubt, excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its subsidiaries, and (ii) professional service providers such as the auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity.

The Board may, at its discretion, grant options to any Eligible Participant to subscribe for shares in the Company at the subscription price of (i) the closing price of the shares on the Stock Exchange on the date of grant of the option, which must be a trading day; (ii) the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the options; or (iii) the nominal value of the shares, whichever is the highest.

The maximum number of Shares in respect of which options may be granted to each participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in any 12-month period shall not exceed 1% of the total number of the issued share of the Company. Upon acceptance of option, the grantee shall pay HK$1 to the Company by way of consideration of the grant. To the extent that the offer to grant an option is not accepted within 30 days from the date upon which it is made, it shall be deemed to have been irrevocably declined and lapsed automatically.

Subject to the exceptions as set out under the 2023 Share Option Scheme, an option granted under the 2023 Share Option Scheme has to be held for at least 12 months before it can be exercised. Save as determined by the Board and provided in the offer letter of the grant of an option, there is no performance target for the 2023 Share Option Scheme. The expiry date of the option is 10 years after the grant.

The total number of options available for grant under the scheme mandate of the 2023 Share Option Scheme at the beginning of the Reporting Period and the end of the Reporting Period was 1,000,464,754 and 1,000,464,754, respectively. The total number of options available for grant under the Service Provider sub-limit of the 2023 Share Option Scheme at the beginning of the Reporting Period and the end of the Reporting Period was 500,232,377 and 500,232,377, respectively.

Since the adoption of the 2023 Share Option Scheme and up to the date of this report, the Company has not granted any share option under the 2023 Share Option Scheme or adopted any other share scheme. Therefore, no option was exercised or cancelled or has lapsed during the Year under the 2023 Share Option Scheme as at 31 December 2025. Therefore, the disclosures of the weighted average closing price of the shares immediately before the dates on which the options were exercised or vested pursuant to Rule 17.07(1)(d) of the Listing Rules and the number of shares that may be issued in respect of the share options granted under all the share option schemes of the Company during the Year divided by the weighted average number of shares in issue for the Year as required under Rule 17.07(3) of the Listing Rules are not applicable.

The total number of Shares available for issue under the 2023 Share Option Scheme is 1,000,464,754, representing approximately 5.95% of the issued Shares as at the date of this report.

EQUITY-LINKED AGREEMENTS

Save for the 2013 Share Option Scheme, the 2023 Share Option Scheme and the agreements as disclosed in the sub-section headed "Purchase, sale or redemption of the Company's listed securities and other equity fundraising activities" in this report, the Company had not entered into any equity-linked agreements in 2025, nor did there subsist any equity-linked agreement entered into by the Company as at 31 December 2025.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in the Group's property, plant and equipment during the Year are set out in note 6 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserve was as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Contributed surplus	**63,481**	63,481
Accumulated losses	**(4,634,489)**	(4,547,341)
	(4,571,008)	(4,483,860)

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if:

(a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the Company would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS AND SERVICE CONTRACTS

The Directors during the Year and up to the date of this report were as follows:

Executive Directors:

Mr. Ke Liming *(Chairman)*
Mr. Zhang Qiang

Non-executive Director:

Mr. Yang Ming

Independent Non-executive Directors:

Mr. Chau Shing Yim, David
Mr. Nie Zhixin
Mr. Chen Haiquan
Professor Shi Zhuomin

Pursuant to bye-law 84 of the Company's bye-laws ("**Bye-laws**"), each of Mr. Ke Liming, Mr. Zhang Qiang, Mr. Chau Shing Yim, David, and Professor Shi Zhuomin will retire from office by rotation at the forthcoming annual general meeting (the "**AGM**") and, being eligible, offer himself/herself for re-election at the forthcoming AGM.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Each of the executive Directors has entered into a service contract with the Company and each of the non-executive Director and independent non-executive Directors has entered into a letter of appointment with the Company, all for a term of three years and is subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly and indirectly, subsisted during or at the end of the Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in this report, at no time during the Year had the Company or any of its subsidiaries entered into any contract of significance with the controlling Shareholder (as defined in the Listing Rules) or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interest and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**")) as required to be kept and recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as adopted by the Company, was as follows:

Long positions in shares of the Company:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest
Mr. Ke Liming *(Note 1)*	Controlled corporation *(Note 1)*	2,120,671,294	12.62%
	Other *(Note 2)*	506,709,956	3.02%
Mr. Zhang Qiang (*Note 3*)	Beneficial owner	10,000,000	0.06%
Mr. Yang Ming (*Note 4*)	Beneficial owner	1,080,000	0.01%

Notes:

(1) The 2,627,381,250 shares of the Company were indirectly held by Mr. Ke Liming, an executive Director and the chairman of the Board, through Pumpkin Films Limited, a company wholly-owned by him.

(2) Solely to facilitate on-lending to holders and/or prospective holders of the 2025 Bonds (as defined below) issued by the Company to conduct hedging transactions, Pumpkin Films Limited entered into stock borrowing and lending agreements with Merrill Lynch International and Goldman Sachs International on 14 April 2025 and delivered the shares on the same date.

(3) The interests in shares (as defined in Part XV of the SFO) held by Mr. Zhang Qiang represent the underlying shares of the options granted to Mr. Zhang Qiang under the 2013 Share Option Scheme.

(4) Mr. Yang Ming was directly interested in 1,080,000 shares of the Company.

Save as disclosed above, as at 31 December 2025, none of the Directors, the chief executives of the Company nor their associates had any interests or short position in the shares, underlying shares or debentures of the Company and any of its associated corporations that were required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Listing Rules. During the Year, no individual has held the position of chief executive of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age of eighteen, had any right to subscribe for the securities of the Company, or had exercised any such rights during the Year.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

Positions as at 31 December 2025

As at 31 December 2025, Shareholders who had interests or short positions in the shares or underlying shares of the Company of 5% or more which fell to be disclosed to the Company under Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO, were as follows:

Interest in the shares and underlying shares — long positions:

Name of Shareholder	Number of ordinary shares held	Deemed interests in number of shares	Total	Capacity	Approximate percentage of issued share capital of the Company
Mr. Ke Liming *(Note 1)*	0	2,120,671,294	2,120,671,294	Interest of a controlled corporation *(Note 1)*	12.62%
	0	506,709,956	506,709,956	Other *(Note 2)*	3.02%
Pumpkin Films Limited (*Note 1*)	2,120,671,294	0	2,120,671,294	Beneficial owner	12.62%
	506,709,956	0	506,709,956	Other *(Note 2)*	3.02%
Tencent Holdings	0	2,582,401,232	2,582,401,232	Interest of a controlled corporation	15.37%
Water Lily Investment Limited (*Note 3*)	2,545,734,565	0	2,545,734,565	Beneficial owner	15.15%
Sunshine Life Insurance Corporation Limited	1,489,944,438	0	1,489,944,438	Beneficial owner	8.87%

Notes:

(1) Pumpkin Films Limited is wholly-owned by Mr. Ke Liming. The 2,627,381,250 shares of the Company were indirectly held by Mr. Ke Liming, through Pumpkin Films Limited.

(2) Solely to facilitate on-lending to holders and/or prospective holders of the 2025 Bonds (as defined below) issued by the Company to conduct hedging transactions, Pumpkin Films Limited entered into stock borrowing and lending agreements with Merrill Lynch International and Goldman Sachs International on 14 April 2025 and delivered the shares on the same date.

(3) Tencent Holdings was indirectly interested in 2,582,401,232 Shares of which 2,545,734,565 Shares were directly held by Water Lily Investment Limited, an indirect wholly-owned subsidiary of Tencent Holdings and 36,666,667 Shares were directly held by Tencent Hong Kong, a wholly-owned subsidiary of Tencent Holdings.

Save as disclosed above, as at 31 December 2025, the Company had not been notified by any person who had interests or short positions in the shares and underlying shares of the Company which fell to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by Company under Section 336 of the SFO.

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

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

On 27 January 2025 (after trading hours), the Company (as the issuer) entered into two separate subscription agreements (the "**Jan 2025 Subscription Agreements**") with each of Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司) and TFI Investment Fund SPC ("**TFI Investment**") (collectively, the "**Jan 2025 Subscribers**"), pursuant to which the Jan 2025 Subscribers had conditionally agreed to subscribe for, and the Company had conditionally agreed to allot and issue, an aggregate of 1,144,514,767 subscription shares at the subscription price of HK$2.37 per subscription share, upon the respective terms and subject to the respective conditions set out in the respective Jan 2025 Subscription Agreements (the "**Jan 2025 Share Subscriptions**"). The closing price per Share as quoted on the Stock Exchange on the date of the Jan 2025 Subscription Agreements was HK$2.42. The subscription price was determined after arm's length negotiation between the Company and each of the Jan 2025 Subscribers after taking into account the prevailing market price of the Shares and the trading volume of the Shares. The subscription shares had an aggregate nominal value of HK$22,890,295.34 based on a nominal value of HK$0.02 per Share. The gross proceeds from the Jan 2025 Share Subscriptions amounted to approximately HK$2,712,499,998 (equivalent to approximately US$350,000,000), while the net proceeds from the Jan 2025 Share Subscriptions, after deducting the related expenses, were estimated to be approximately HK$2,712,499,998. The proposed fundraising is expected to provide the Group with definite amount of capital whereby the shareholders base of the Company will also be enlarged and diversified, further strengthening the financial position and market reputation of the Group.

On 27 January 2025 (after trading hours), the Company (as the issuer) entered into a placing agreement (the "**Jan 2025 Placing Agreement**") with TFI Securities and Futures Limited (as the placing agent, the "**Jan 2025 Placing Agent**"), pursuant to which the Jan 2025 Placing Agent had conditionally agreed to act as agent of the Company to procure, on a best effort basis, not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 490,506,329 placing shares at the placing price of HK$2.37 per placing share, upon the terms and subject to the conditions set out in the Jan 2025 Placing Agreement (the "**Jan 2025 Placing**"). The placing shares had an aggregate nominal value of HK$9,810,126.58 based on a nominal value of HK$0.02 per Share. The gross proceeds from the Jan 2025 Placing amounted to approximately HK$1,162,500,000 (equivalent to approximately US$150,000,000) and the net proceeds from the Jan 2025 Placing (after deducting the placing commission for the Jan 2025 Placing and other relevant expenses) were approximately HK$1,157,850,000.

The gross proceeds from the Jan 2025 Share Subscriptions and the Jan 2025 Placing, in aggregate, amounted to approximately HK$3,874,999,998 (equivalent to approximately US$500,000,000). The aggregate net proceeds of the Jan 2025 Share Subscriptions and the Jan 2025 Placing, after the deduction of related fees and expenses for the Jan 2025 Share Subscriptions and the Jan 2025 Placing and placing commission for the Jan 2025 Placing, amounted to approximately HK$3,870,349,998. The net subscription price per Share, after deduction of relevant costs and expenses, is estimated to be approximately HK$2.37 per Share. The Company intends to apply the net proceeds from the Jan 2025 Share Subscriptions and the Jan 2025 Placing in the following manner: (a) approximately HK$3,483,314,998 (or approximately 90%) for the growth and expansion of the business of the Group, including content production, purchase of drama script and copyright and purchase of copyright of films and TV programs, and integrating upstream and downstream resources of the Group's businesses; and (b) approximately HK$387,035,000 (or approximately 10%) for the Group's general working capital purposes.

On 25 April 2025, the Company and TFI Investment entered into a supplemental agreement, pursuant to which the Company and TFI Investment agreed to extend the subscription closing date and the long stop date under the subscription agreement entered into between the Company and TFI Investment to 28 July 2025 (or such other date as the parties may agree in writing).

In respect of the Jan 2025 Placing, 160,280,000 placing shares and 330,226,329 placing shares were issued to the Jan 2025 Placing Agent on 14 February 2025 and 18 February 2025 respectively, pursuant to the terms and conditions of the Jan 2025 Placing Agreement and under the general mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 18 June 2024 (the "**2024 General Mandate**").

In respect of the Jan 2025 Share Subscriptions, 654,008,438 subscription shares were allotted and issued to Sunshine Life Insurance Corporation Limited under the 2024 General Mandate on 27 February 2025; and 327,004,000 and 163,502,329 subscription shares were allotted and issued to TFI Investment on 8 July 2025 and 24 July 2025, respectively.

For further details of the Jan 2025 Share Subscriptions and the Jan 2025 Placing, please refer to the announcements of the Company dated 28 January 2025 and 14 February 2025 and the next day disclosure returns of the Company dated 14 February 2025, 18 February 2025, 27 February 2025, 8 July 2025 and 24 July 2025.

Details of the planned application and utilisation of the net proceeds as at 31 December 2025 are set out below:

Proposed use of proceeds as disclosed in the announcement of the Company dated 28 January 2025	Allocated amount of net proceeds (HK$ million)	Percentage of total net proceeds (%)	Utilized amount as at 31 December 2025 (HK$ million)	Unutilized amount as at 31 December 2025 (HK$ million)	Expected timeframe for utilising the remaining unused net proceeds
The growth and expansion of the business of the Group, including but not limited to:	3,483	90	3,483	0	—
(i) content production	968	25	968	0	—
(ii) purchase of drama script and copyright	387	10	387	0	—
(iii) purchase of copyright of films and TV programs	387	10	387	0	—
(iv) others (such as development of online game business)	1,741	45	1,741	0	—
General working capital purposes (mainly including payment of (i) advertising and promotion costs; (ii) staff costs; (iii) technical and development services fee; and (iv) rental costs)	387	10	387	0	—
Total	**3,870**	**100**	**3,870**	**0**	**—**

Issue of HK$2,341 million 3.95% convertible bonds due 2030 under general mandate (the "2025 Bonds")

On 14 April 2025 (after trading hours), the Company and the CLSA Limited, Deutsche Bank AG, Hong Kong Branch, Goldman Sachs (Asia) L.L.C., Macquarie Capital Limited and Merrill Lynch (Asia Pacific) Limited (together as joint lead managers for the 2025 Bonds, the "**Managers**") entered into a conditional subscription agreement (the "**2025 Bonds Subscription Agreement**"), under which, among other things, the Managers have severally (and not jointly) agreed to subscribe and pay for, or to procure to subscribe and pay for, the 2025 Bonds to be issued by the Company in an aggregate principal amount of HK$2,341 million, subject to the terms and conditions as set out in the 2025 Bonds Subscription Agreement.

The 2025 Bonds may be converted into conversion shares pursuant to the conditions at an initial conversion price of HK$2.704 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2025 Bonds). The closing price per Share as quoted on the Stock Exchange on the date of the 2025 Bonds Subscription Agreement was HK$2.31. The initial conversion price was determined with reference to the prevailing market price of the Shares and the terms and conditions of the 2025 Bonds was negotiated on an arm's length basis between the Company and the Managers after a book-building exercise.

The conversion shares to be allotted and issued upon conversion of the 2025 Bonds shall rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date, and will utilise, based on the initial conversion price, approximately 865,754,437 Shares under the 2024 General Mandate.

The proposed issue of the 2025 Bonds is expected to provide the Group with definite amount of capital and thereby provide funding for the business development of the Group and further strengthen the financial position and the capital structure of the Group, without an immediate dilution effect on the shareholding of the existing shareholders of the Company. At the same time, the potential shareholders base of the Company will also be enlarged.

The aggregate gross proceeds from the issue of the 2025 Bonds were HK$2,341 million. The aggregate net proceeds from the issue of the 2025 Bonds, after deduction of fees, commissions and other related expenses, were estimated to be approximately HK$2,304 million, representing a net issue price of approximately HK$2.662 per conversion share based on the initial conversion price. The Company intends to apply the net proceeds from the 2025 Bonds in the following manner: (i) approximately HK$2,074 million (approximately 90%) for the growth and expansion of the business of the Group, including but not limited to content production, purchase of drama script and copyright, purchase of copyright of films and TV programs, and for others (such as development of online game business); and (ii) approximately HK$230 million (approximately 10%) for the Group's general working capital purposes.

The issue of the 2025 Bonds in an aggregate principal amount of HK$2,341 million was completed on 22 April 2025 and the listing of and permission to deal in the 2025 Bonds on the Stock Exchange became effective on 23 April 2025.

For further details of the issue of the 2025 Bonds, please refer to the announcements of the Company dated 15 April 2025 and 22 April 2025 and the offering circular of the Company dated 14 April 2025.

Details of the planned application and utilisation of the net proceeds as at 31 December 2025 are set out below:

Proposed use of proceeds as disclosed in the announcements of the Company dated 15 April 2025 and 22 April 2025	Allocated amount of net proceeds (HK$ million)	Percentage of total net proceeds (%)	Utilized amount as at 31 December 2025 (HK$ million)	Unutilized amount as at 31 December 2025 (HK$ million)	Expected timeframe for utilising the remaining unused net proceeds
Growth and expansion of the business of the Group, including but not limited to:	2,074	90	330	1,744	before 31 December 2027
(i) content production	829	36	137	692	before 31 December 2027
(ii) purchase of drama script and copyright	230	10	0	230	before 31 December 2027
(iii) purchase of copyright of films and TV programs	230	10	9	221	before 31 December 2027
(iv) others (such as development of online game business)	785	34	184	601	before 31 December 2027
General working capital purposes (mainly including payment of (i) advertising and promotion costs; (ii) staff costs; (iii) technical and development services fee; and (iv) rental costs)	230	10	230	0	—
Total	**2,304**	**100**	**560**	**1,744**	—

Issue of new shares under general mandate

On 31 July 2025 (after trading hours), the Company entered into a subscription agreement (the "**Jul 2025 Subscription Agreement**") with Infini Capital Management Limited (the "**Jul 2025 Subscriber**"), pursuant to which the Subscriber conditionally agreed to subscribe, and the Company conditionally agreed to issue and allot a total of 1,300,000,000 subscription shares at a subscription price of HK$3.00 per subscription share (the "**Jul 2025 Share Subscription**") under the general mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 3 June 2025 (the "**2025 General Mandate**"). On 1 August 2025 (before trading hours), the Company entered into a placing agreement (the "**Jul 2025 Placing Agreement**") with CLSA Limited (the "**Jul 2025 Placing Agent**"), engaged primarily to facilitate the settlement and dematerialization of the subscription shares under the Jul 2025 Subscription Agreement, which was a request of the Jul 2025 Subscriber (the "**Jul 2025 Placing**"). The closing price per Share as quoted on the Stock Exchange as at 31 July 2025 was HK$3.14. The subscription price was determined after arm's length negotiation between the Company and the Jul 2025 Subscriber after taking into account the prevailing market price of the Shares and the trading volume of the Shares. The allotment and issuance of Shares is expected to provide the Group with definite amount of capital whereby the shareholders base of the Company will also be enlarged and diversified, further strengthening the financial position and market reputation of the Group.

Pursuant to the terms and conditions of the Jul 2025 Subscription Agreement, a total of 390,000,000 subscription shares have been subscribed at the subscription price of HK$3.00 per subscription share on 18 August 2025 under the 2025 General Mandate.

The subscription price and the total number of subscription shares were amended pursuant to the supplemental agreements to the Jul 2025 Subscription Agreement and the Jul 2025 Placing Agreement dated 11 September 2025, 24 September 2025, 6 November 2025 and 12 December 2025. A total of 400,000,000 subscription shares were further allotted and issued at a subscription price of HK$2.60 per subscription share on 18 December 2025 under the 2025 General Mandate. The closing price per Share as quoted on the Stock Exchange as at 6 November 2025 was HK$2.65. The subscription price was determined after arm's length negotiation between the Company and the Jul 2025 Subscriber after taking into account the prevailing market price of the Shares and the trading volume of the Shares.

The gross proceeds from the Jul 2025 Share Subscription were approximately HK$2,210 million, while the aggregate net proceeds, after the deduction of related settlement agent fees, costs and expenses, were approximately HK$2,205 million. The net subscription price per Share, after such deductions, is estimated to be approximately HK$2.79. The Company intends to apply the net proceeds from the Jul 2025 Share Subscription in the following manner: (a) approximately HK$519 million for the growth and expansion of the business of the Group, including purchase of upstream literary works and script copyright, collaborative investments with screenwriter and director, and film and television production or related investment; (b) approximately HK$1,557 million for strategic investments and acquisitions to expand the Group's business, including investment and acquisitions involving targets in the gaming industry and the film industry; and (c) approximately HK$129 million for the Group's general working capital purposes (mainly including payment of advertising and promotion costs, staff costs, technical and development services fee, and rental costs).

For further details of the Jul 2025 Share Subscriptions and the Jul 2025 Placing, please refer to the announcements of the Company dated 1 August 2025, 18 August 2025, 12 September 2025, 24 September 2025, 10 October 2025, 6 November 2025 and 14 December 2025 and the next day disclosure returns of the Company dated 18 August 2025 and 18 December 2025.

Details of the planned application and utilisation of the net proceeds as at 31 December 2025 are set out below:

Proposed use of proceeds as disclosed in the announcements of the Company dated 18 August 2025, 12 September 2025, 24 September 2025, 10 October 2025, 6 November 2025 and 14 December 2025	Allocated amount of net proceeds (HK$ million)	Percentage of total net proceeds (%)	Utilized amount as at 31 December 2025 (HK$ million)	Unutilized amount as at 31 December 2025 (HK$ million)	Expected timeframe for utilising the remaining unused net proceeds
Growth and expansion of the business of the Group	519	23.53	0	519	before 31 December 2027
(i) Purchase of upstream literary works and script copyright	129.75	5.88	0	129.75	before 31 December 2027
(ii) Collaborative investments with screenwriter and director	129.75	5.88	0	129.75	before 31 December 2027
(iii) Film and television production or related investment	259.5	11.77	0	259.5	before 31 December 2027
Strategic investments and acquisitions to expand the Group's business	1,557	70.62	500	1,057	before 31 December 2027
(i) Investment and acquisitions involving targets in the gaming industry	778.5	35.31	105	673.5	before 31 December 2027
(ii) Investment and acquisitions involving targets in the film industry	778.5	35.31	395	383.5	before 31 December 2027
General working capital purposes (mainly including payment of (i) advertising and promotion costs; (ii) staff costs; (iii) technical and development services fee; and (iv) rental costs)	129	5.85	21	108	before 31 December 2027
Total	**2,205**	**100**	**521**	**1,684**	—

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities and the Company had not conducted any other equity fundraising activities during the year ended 31 December 2025.

Utilization of Proceeds from Issuance of Shares pursuant to the exercise of warrants

On 20 January 2021, the Group completed its acquisition of (1) the entire issued share capital of Virtual Cinema Entertainment Limited and (2) all amounts (including all interests due and payable, if any) owing by Virtual Cinema Entertainment Limited, Virtual Cinema Culture Limited and Shanghai Muzhou Network Technology Co., Ltd.* (上海沐洲網絡科技有限公司) to Mr. Ke Liming and Pumpkin Films Limited and the relevant loan agreements on or at any time prior to 20 January 2021, being the completion date of the acquisition. Part of the consideration of such acquisition was settled by way of allotment and issue at maximum 1,834,279,307 warrants (after share consolidation) at the warrant exercise price of HK$0.96 (after share consolidation) per warrant share. The Company issued an aggregate of 1,834,279,307 Shares on 27 December 2024 and 31 December 2024 pursuant to the exercise of warrants in accordance with the warrant instrument of the Company dated 20 January 2021. For details, please refer to the announcements of the Company dated 26 October 2020, 27 October 2020, 18 January 2021 and 20 January 2021; the circular of the Company dated 31 December 2020; and the next day disclosure returns of the Company dated 30 December 2024 and 31 December 2024.

The net proceeds raised from the aforementioned issue of new shares upon exercise of warrants were approximately HK$1,760,908,000. The entire amount of these net proceeds was used for general corporate purposes as disclosed in the circular of the Company dated 31 December 2020 during the year ended 31 December 2025.

Details of the planned application and utilisation of the net proceeds as at 31 December 2025 are set out below:

Proposed use of proceeds as disclosed in the circular of the Company dated 31 December 2020	**Allocated amount of net proceeds** (HK$ million)	**Percentage of total net proceeds** (%)	**Utilized amount as at 31 December 2025** (HK$ million)	**Unutilized amount as at 31 December 2025** (HK$ million)	**Expected timeframe for utilising the remaining unused net proceeds**
General working capital purposes (mainly including payment of (i) advertising and promotion costs; (ii) staff costs; (iii) technical and development services fee; and (iv) rental costs)	1,761	100	1,761	—	—
Total	**1,761**	**100**	**1,761**	**—**	**—**

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the percentages of the Group's revenue attributable to its largest customer and five largest customers were 22% and 73% respectively. The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 32% of the Group's total purchases and the amount of purchases attributable to the Group's largest supplier was approximately 12% of the Group's total purchases. During the Year, Tencent Holdings, a substantial shareholder of the Company, is the holding company of two of the five largest customers of the Group which contributed 43% of the revenue of the Group. Save as disclosed above, to the best knowledge of the Directors, none of the Directors, their associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest customers or suppliers.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or subsisting during the Year.

STRUCTURED CONTRACTS

Background

As disclosed in the sub-section headed "Business Review" under the section headed "Chairman's Statement" in this report, during the Year, the principal businesses of the Group are content production, online streaming business and game business. In particular, the content production and online streaming businesses involve production and operation of audiovisual program service, commercial internet cultural activities and value-added telecommunication services (the "**Streaming Restricted Business**"), and the game business involves game operations and value-added telecommunication services (the "**Game Restricted Business**").

Content production, online streaming business and game business

On 20 December 2007, the former State Administration of Radio, Film and Television (SARFT) and the former Ministry of Information Industry published the Administrative Regulations on Internet Audio-Visual Program Service (《互聯網視聽節目服務管理規定》) (amended on 28 August 2015, the "**Internet Audio-Visual Program Regulations**"), under Article 2 and Article 7 of which, the Group's online streaming media business constitutes an internet-based video-audio program service, and shall apply for the License for Dissemination Audio-Visual Programs via Information Network (信息網絡傳播視聽節目許可證) ("**AVSP License**") in accordance with the relevant requirements of the competent authorities. Article 8 thereof further provides that only state-owned or state-controlled companies are qualified to secure AVSP Licenses. In practice, only state-owned or state-controlled companies are qualified to secure such licenses, with the exception of a few Chinese non-state-related companies.

On 17 February 2011, the former Ministry of Culture published the Interim Administrative Provisions on Internet Culture (《互聯網文化管理暫行規定》) (amended on 15 December 2017), under Article 3 of which, the Group's online streaming media business constitutes an internet-based cultural activity. Article 8 and Article 9 thereof further provide that an internet-based information service provider benefiting from internet-based cultural activities shall apply for the Internet Culture Operation License (網絡文化經營許可證) ("**ICO License**") in accordance with the relevant requirements of the competent authorities. On 6 September 2024, the National Development and Reform Commission and the Ministry of Commerce promulgated the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (the "**Negative List**"), under which, foreign investors are prohibited from investing in the internet-based cultural operations (save for music operation(s)), and currently, only domestic PRC companies or Sino-foreign joint ventures in which CEPA (Closer Economic Partnership Arrangements) permit-holder(s) investing in no more than 50% equity interest may apply for such ICO License.

On 25 September 2000, the State Council published the Telecommunications Regulations (《電信條例》) (amended on 29 July 2014, and further amended on 6 February 2016). On 3 July 2017, the Ministry of Industry and Information Technology ("**MIIT**") published the Administrative Measures for the Licensing of Telecommunications Services (《電信業務經營許可管理辦法》). On 28 December 2015, the MIIT published the Classification Catalogue of Telecommunications Services (2015) (amended on 6 June 2019, "**2015 Catalogue**"). Under the Telecommunications Regulations, the Administrative Measures for the Licensing of Telecommunications Services and the 2015 Catalogue, the Group's online streaming business and game business shall constitute the "internet information services" category which rendered the requirement to procure the value-added telecommunications services operation license (增值電信業務經營許可證). On 11 December 2001, the State Council promulgated the Regulations for the Administration of Foreign-invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (amended on 10 September 2008, further amended on 6 February 2016, and most recently amended on 29 March 2022 (and effective from 1 May 2022), the "**FITE Regulations**"). Article 6 of the FITE Regulations and the Negative List provide that foreign ownership of companies that provide value-added telecommunication services is limited to 50%. On 19 June 2015, the MIIT published the Circular on Removing the Restrictions on Shareholding Ratio Held by Foreign Investors in Online Data Processing and Transaction Processing (Operating E-commerce) Business (《關於放開在線數據處理與交易處理業務(經營類電子商務)外資股比限制的通告》) ("**Circular No. 196**"), which allows up to 100% foreign ownership in enterprises operating in certain categories of e-commerce business, but foreign shareholder shall remain subject to other conditions and requirements in respect of foreign investment.

On 19 July 2004, the former SARFT published the Regulations on the Production and Operation of Radio and Television ("**TV**") Programs (《廣播電視節目製作經營管理規定》), as amended on 28 August 2015 and 1 December 2020 respectively (the "**Radio & TV Programs Regulations**"), under Article 2 and Article 4 of which, the Group's content production business, having constituted a form of radio & television program production and operation activity, shall apply for a Permit for Production and Distribution of Radio and Television Program (廣播電視節目製作經營許可證). Article 12 thereof further provides that, in order to be qualified for TV dramas production, a Permit for Production of Television Series (電視劇製作許可證) must also be obtained in advance. Under the Negative List, foreign-invested enterprises, irrespective of the foreign ownership percentage, are prohibited from investing in companies engaging in radio and television programs production and operation or film production companies, and are strictly prohibited from applying for these permits.

On 28 September 2009, the General Administration of Press and Publication of the PRC ("**GAPP**"), together with the National Copyright Administration and the National Office of Combating Pornography and Illegal Publications, jointly issued the Notice Regarding the Consistent Implementation of the "Regulation on Three Provisions" of the State Council and the Relevant Interpretations of the State Commission Office for Public Sector Reform and the Further Strengthening of the Administration of Pre-examination and Approval of Online Games and the Examination and Approval of Imported Online Games (關於貫徹落實國務院《「三定」規定》和中央編辦有關解釋，進一步加強網絡遊戲前置審批和進口網絡遊戲審批管理的通知) (the "**GAPP Notice**"), under Article 1 and Article 4 of which, the Group's certain game business constitutes a form of participation in domestic online game operations. Article 4 thereof further provides that foreign investors are not permitted to invest or engage in online game operations in the PRC.

Above all, as advised by our PRC legal counsel, currently, foreign investors are prohibited or restricted from engaging in the content production, online streaming media businesses and game operation business, which are conducted by the OPCOs (as defined below) and Subsidiaries of the Group in accordance with PRC laws and regulations, and thus, substantial legal obstacles remain to a certain extent in order for the WFOE (as defined below) to directly hold equity interests in each of the OPCOs and use relevant operating licenses and permits to conduct content production business, online streaming media business and game operation business, respectively.

In view of the above, the Company shall obtain effective control of each OPCO through structured contracts in accordance with the general practice within the industries, subject to foreign investment restrictions in the PRC. The Streaming Restricted Business and Game Restricted Business of the Group are carried out by Beijing Ruyi Streaming Media Information Technology Co., Ltd.* ("**Beijing Ruyi**", 北京儒意流媒體信息技術有限公司), Beijing Ruyi Jingxiu Network Technology Co., Ltd.* ("**Beijing Jingxiu**", 北京儒意景秀網絡科技有限公司), Beijing Xiaoming Zhumeng Data Service Co., Ltd.* ("**Beijing Xiaoming**", 北京曉明築夢數據服務有限公司), and Shanghai Ruyi Film and Television Production Co., Ltd.* ("**Shanghai Ruyi**", 上海儒意影視製作有限公司, together with Beijing Ruyi, Beijing Jingxiu and Beijing Xiaoming, collectively as the "**OPCOs**" or each, an "**OPCO**") and each of the direct or indirect wholly-owned subsidiaries of the OPCOs (i.e., Shanghai Ruyi Xingchen Enterprise Management Co., Ltd.* (上海儒意星辰企業管理有限公司), Shanghai Ruyi Film and Television Culture Communication Co., Ltd.* (上海儒意影視文化傳播有限公司), Ruyi Films (Hangzhou) Co., Ltd.* (儒意影業(杭州)有限公司), Beijing Ruhu Tianyi Film Co., Ltd.* ("**Ruhu Tianyi**", 北京儒虎添意影業有限公司), Hengyang Ruyi Film and Television Production Co., Ltd.* ("**Hengyang Ruyi**", 衡陽儒意影視製作有限公司), Hubei Ruyi Film and Television Culture Co., Ltd.* ("**Hubei Ruyi**", 湖北儒意影視文化有限公司), Beijing Ruyi Film and Television Production Co., Ltd.* ("**Beijing Ruyi Film and Television**", 北京儒意影視製作有限公司), Beijing C4-Games Technology Co., Ltd.* ("**C4-Games**", 北京有愛互娛科技有限公司), Beijing Youai Hudong Technology Co., Ltd.* ("**Youai Hudong**", 北京有愛互動科技有限公司), Quanzhou Ruyi Film and Television Culture Co., Ltd.* ("**Quanzhou Ruyi**", 泉州儒意影視文化有限公司), Shaanxi Ruyi Film and Television Culture Co., Ltd.* ("**Shaanxi Ruyi**", 陝西儒意影視文化有限公司), and Wuxi Ruyi Film and Television Culture Co., Ltd.* ("**Wuxi Ruyi**", 無錫儒意影視文化有限公司), collectively as "**Subsidiaries**") under the structured contracts (collectively the "**Structured Contracts**") with Shanghai Muzhou Internet Technology Ltd.* (the "**WFOE**", 上海沐洲網絡科技有限公司), a wholly-owned subsidiary of the Company.

The Company understands that it shall terminate the Structured Contracts should the relevant laws and regulations allow foreign investor ownership of the entire equity interest of the OPCOs and each of the Subsidiaries. Further details of the Structured Contracts are set forth below under the paragraph headed "The OPCOs Structured Contracts".

We have been advised by our PRC legal counsel that each of the Structured Contracts does not contravene the PRC mandatory laws enacted by the National People's Congress of the PRC and its Standing Committee applicable to the WFOE, the OPCOs and/or each of the Subsidiaries.

As disclosed in the sub-section headed "Business Review" under the section headed "Chairman's Statement" in this report, the content production and online streaming and online gaming businesses of the Group continued its rapid development in 2025. The Group's content production and online streaming business are currently represented by "Pumpkin Films", the Group's film and television production and online streaming platform. During the Year, the Group also continued operation in the game business sector under its "JINGXIU" game business brand. The Streaming Restricted Business and Game Restricted Business of the Group are required to be operated by the OPCOs and their subsidiaries in order to (i) commence production and operation of radio and television programs and films, and to capture the continuous growth of registered users and traffic of the online streaming media platform; and (ii) commence the distribution and operation of mobile games, respectively, so as to acquire core user base and platform for operating the Group's businesses. Looking forward to the near future, the Group will continue to promote the growth of content production and online streaming business, produce more popular dramas and films leveraging on its expertise, continue to deepen its innovation and applications of smart technology, and apply technology to empower the upgrading of the streaming media industry, thereby bringing immersive video viewing experience for users. The Group will also continue to expand its game offerings by commencing distribution, joint operation and marketing services of game business. As the Streaming Restricted Business and Game Restricted Business are material components of the abovementioned major business sectors of the Group, their performance are expected to become important to the overall performance of the Group in the future.

The OPCOs and their subsidiaries conduct their businesses through personal computer (PC) websites, mobile applications (mobile Apps) or television applications (TV Apps) which they own or are authorised to operate. The business which the OPCOs and their subsidiaries operate includes the provision of video content to internet users, and such type of business contributes to the Group's online streaming business. Furthermore, Shanghai Ruyi engages in the production and operation of radio and television programs and films, and such type of business contributes to the Group's content production business. Beijing Jingxiu engages in, among others, the distribution, operation and marketing of game products, which contributes to the Group's game business.

Key financial information of the Group attributed by the OPCOs and their subsidiaries under the relevant structured contracts

The Group's total revenue for the Year, as contributed by the OPCOs, each of the Subsidiaries and other non-wholly owned invested companies under the Structured Contracts, amounted to approximately RMB3,293 million, representing approximately 98% of the Group's total revenue for the Year; and the total assets of the OPCOs, each of the Subsidiaries and other non-wholly owned invested companies under the Structured Contracts, as at 31 December 2025, were approximately RMB18.016 billion, representing approximately 60% of the total assets of the Group as at 31 December 2025.

The OPCOs Structured Contracts

The Structured Contracts in relation to the content production, online streaming business and game business are designed to enable the Group to recognise and receive the economic benefit of the business and operations of the OPCOs and their subsidiaries together with effective control over and (to the extent permitted by PRC laws, rules and regulations) the right to purchase the equity interests in the OPCOs.

1. Exclusive Service Agreements

	Beijing Ruyi	**Shanghai Ruyi**	**Beijing Xiaoming**	**Beijing Jingxiu**
Parties	(i) the WFOE (ii) Beijing Ruyi	(i) the WFOE (ii) Shanghai Ruyi (iii) the Subsidiaries of Shanghai Ruyi (joining this agreement by way of signing the joinder agreement)	(i) the WFOE (ii) Beijing Xiaoming	(i) the WFOE (ii) Beijing Jingxiu (iii) the Subsidiaries of Beijing Jingxiu (joining this agreement by way of signing the joinder agreement)
Date of the master agreement	1 August 2021	21 December 2020	29 December 2020	12 August 2021
Date of the joinder agreement	N/A	18 April 2022 22 March 2023 25 March 2024 2 August 2024 21 August 2024 23 September 2024	N/A	3 July 2024
Subject	Pursuant to each of the Exclusive Service Agreements, among other things, each of the OPCOs and their subsidiaries shall engage the WFOE as the exclusive service provider to provide technology support, business support and consultancy services as set out in the relevant Exclusive Service Agreements. Pursuant to each of the Exclusive Service Agreements, to the extent permissible by the applicable laws, each of the OPCOs and their subsidiaries shall pay the WFOE a service fee that equals to the audited profits after taxation. The service fee shall be payable on a quarterly basis.			

2. Management and Operation Agreements

	Beijing Ruyi	Shanghai Ruyi	Beijing Xiaoming	Beijing Jingxiu
Parties	(i) the WFOE (ii) Beijing Ruyi (iii) Mr. Ke Liming (iv) Mr. Zhang Guoliang	(i) the WFOE (ii) Shanghai Ruyi (iii) Mr. Ke Liming (iv) Mr. Zhang Guoliang (v) the Subsidiaries of Shanghai Ruyi (joining this agreement by way of signing the joinder agreement)	(i) the WFOE (ii) Beijing Xiaoming (iii) Mr. Ke Liming (iv) Mr. Qing Gang	(i) the WFOE (ii) Beijing Jingxiu (iii) Mr. Ke Liming (iv) Beijing Ruyi (v) the Subsidiaries of Beijing Jingxiu (joining this agreement by way of signing the joinder agreement)
Date of the master agreement	1 August 2021	21 December 2020	29 December 2020	12 August 2021
Date of the joinder agreement	N/A	18 April 2022 22 March 2023 25 March 2024 2 August 2024 21 August 2024 23 September 2024	N/A	3 July 2024

Subject

Pursuant to each of the Management and Operation Agreements, among other things, (1) each of the OPCOs and their subsidiaries; and (2) the relevant registered owners of the respective OPCOs (the "**PRC Registered Shareholder(s)**") and the ultimate beneficial owner to each of the OPCOs (the "**PRC Beneficial Owner(s)**") agreed and undertook that, without the WFOE's prior written consent or unless otherwise provided in the OPCO contracts, it shall not in any way engage in any conduct that may adversely affect or materially affect the assets, business, management model and management activities of the relevant OPCO and its subsidiaries (if any). Without limiting the foregoing, each of the OPCOs and their subsidiaries and the relevant PRC Registered Shareholder(s) and the PRC Beneficial Owner(s) of each of the OPCOs undertake, among other things, that:

(i) its articles of association shall not be amended;

(ii) its registered capital shall not be increased or decreased;

(iii) no subsidiaries shall be set up;

(iv) save as otherwise provided by the relevant set of the Structured Contracts, its shareholding and the legal or beneficial interests in any assets, businesses or income (except for the transfer of accounts receivable arising in the ordinary course of its principal business) shall not be disposed of;

(v) save for those contracts entered into during its ordinary course of business, it shall not enter into any material contract with the value of over RMB5,000,000;

(vi) it shall not provide loans or grant credit to anyone; and

(vii) its business operation model, profit model, marketing strategy, business policy or customer relationship shall not be substantially adjusted.

3. Call Option Agreements

	Beijing Ruyi	Shanghai Ruyi	Beijing Xiaoming	Beijing Jingxiu
Parties	(i) the WFOE (ii) Beijing Ruyi (iii) Mr. Ke Liming (iv) Mr. Zhang Guoliang	(i) the WFOE (ii) Shanghai Ruyi (iii) Mr. Ke Liming (iv) Mr. Zhang Guoliang	(i) the WFOE (ii) Beijing Xiaoming (iii) Mr. Ke Liming (iv) Mr. Qing Gang	(i) the WFOE (ii) Beijing Jingxiu (iii) Mr. Ke Liming (iv) Beijing Ruyi
Date of agreement	1 August 2021	21 December 2020	29 December 2020	12 August 2021
Subject	Pursuant to each of the Call Option Agreements, the relevant PRC Registered Shareholder(s) of each of the OPCOs agreed to, upon fulfilment of certain terms and conditions, dispose of all or part of the equity interests in the relevant OPCO held by them to the WFOE or its designated party.			

4. Equity Pledge Agreements

	Beijing Ruyi	Shanghai Ruyi	Beijing Xiaoming	Beijing Jingxiu
Parties	(i) the WFOE (ii) Beijing Ruyi (iii) Mr. Ke Liming (iv) Mr. Zhang Guoliang	(i) the WFOE (ii) Shanghai Ruyi (iii) Mr. Ke Liming (iv) Mr. Zhang Guoliang	(i) the WFOE (ii) Beijing Xiaoming (iii) Mr. Ke Liming (iv) Mr. Qing Gang	(i) the WFOE (ii) Beijing Jingxiu (iii) Beijing Ruyi
Date of agreement	21 February 2023	30 December 2020	30 December 2020	13 February 2023
Subject	Pursuant to each of the Equity Pledge Agreements, the relevant PRC Registered Shareholder(s) of each of the OPCOs agreed to pledge all equity interests in the relevant OPCOs held by it to the WFOE, as continuing security for the performance of all their respective obligations under the relevant set of Structured Contracts. As advised by our PRC legal counsel, pledge of equities in Beijing Ruyi will become enforceable upon perfection via registration with the competent Administration for Market Regulation.			

5. Shareholder Voting Right Agreements

	Beijing Ruyi	Shanghai Ruyi	Beijing Xiaoming	Beijing Jingxiu
Parties	(i) the WFOE (ii) Beijing Ruyi (iii) Mr. Ke Liming (iv) Mr. Zhang Guoliang	(i) the WFOE (ii) Shanghai Ruyi (iii) Mr. Ke Liming (iv) Mr. Zhang Guoliang	(i) the WFOE (ii) Beijing Xiaoming (iii) Mr. Ke Liming (iv) Mr. Qing Gang	(i) the WFOE (ii) Beijing Jingxiu (iii) Mr. Ke Liming (iv) Beijing Ruyi
Date of agreement	1 August 2021	21 December 2020	29 December 2020	12 August 2021
Subject	Pursuant to each of the Shareholder Voting Right Agreements, the relevant PRC Registered Shareholder(s) and the PRC Beneficial Owner(s) of each of the OPCOs agree to authorise the WFOE, its designated nominee and the Company to exercise shareholder voting rights over the relevant OPCO at the sole discretion of the WFOE, its designated nominee and/or the Company.			

6. Nominee Shareholding Agreements

	Beijing Ruyi	Shanghai Ruyi	Beijing Xiaoming
PRC Beneficial Owner(s)	Mr. Ke Liming	Mr. Ke Liming	Mr. Ke Liming
PRC Registered Shareholder(s) (other than Mr. Ke Liming)	Mr. Zhang Guoliang	Mr. Zhang Guoliang	Mr. Qing Gang
Date of agreement	1 August 2021	21 December 2020	29 December 2020
Subject	Pursuant to each of the Nominee Shareholding Agreements, the relevant PRC Registered Shareholder(s) shall be the nominee of the PRC Beneficial Owner(s) for the beneficial interests and rights in Beijing Ruyi, Shanghai Ruyi and Beijing Xiaoming.		

On 29 December 2020, Beijing Jingxiu, its then PRC Registered Shareholder (Mr. Chen Cong) and the beneficial owner and the WFOE (as the case may be) entered into a structured contract which allowed Beijing Jingxiu to engage and operate the content production, online streaming business and game business involving production and operation of audiovisual program service, commercial internet cultural activities, value-added telecommunication services and game operation business. On 19 March 2021, the PRC registered shareholder of Beijing Jingxiu had been changed from Mr. Chen Cong into Mr. Zhang Guoliang, while Beijing Jingxiu, its then PRC registered shareholder (Mr. Zhang Guoliang), the beneficial owner and the WFOE (as the case may be) entered into another structured contract effective from 19 March 2021 to 12 August 2021. On 12 August 2021, the PRC Registered Shareholder of Beijing Jingxiu changed from Mr. Zhang Guoliang to Beijing Ruyi, while Beijing Ruyi, its PRC Registered Shareholder, the beneficial owner and the WFOE (as the case may be) entered into the above relevant Structured Contracts on 1 August 2021, and Beijing Jingxiu, Beijing Ruyi (as the PRC Registered Shareholder of Beijing Jingxiu), the beneficial owner of Beijing Jingxiu (Mr. Ke Liming) and the WFOE entered into the above relevant Structured Contracts on 12 August 2021.

Following the completion of change of name and registered address of Beijing Jingxiu, for the purpose of registration of the equity pledge agreements with the competent authority, (i) on 13 February 2023, WFOE, Beijing Jingxiu and Beijing Ruyi entered into an equity pledge agreement in respect of the equity interests in Beijing Jingxiu; and (ii) on 21 February 2023, WFOE, Beijing Ruyi, Mr. Ke Liming and Mr. Zhang Guoliang entered into an equity pledge agreement in respect of the equity interests in Beijing Ruyi, pursuant to which the relevant PRC Registered Shareholder(s) of each of Beijing Jingxiu and Beijing Ruyi agreed to pledge all equity interests in Beijing Jingxiu and Beijing Ruyi (as the case may be) held by him/it to WFOE.

Shanghai Ruyi established three wholly-owned subsidiaries, namely Ruhu Tianyi, Hengyang Ruyi, and Hubei Ruyi, on 2 November 2022, 11 January 2023, and 7 December 2023, respectively. Each of Ruhu Tianyi, Hengyang Ruyi, and Hubei Ruyi engages in the Streaming Restricted Business. In order for the Group to recognise and receive the economic benefit of the business and operations of each of Ruhu Tianyi, Hengyang Ruyi, and Hubei Ruyi, each of Ruhu Tianyi, Hengyang Ruyi, and Hubei Ruyi entered into (i) the joinder agreement to the master exclusive services agreement effective from their respective establishment dates to assume the obligations to the same extent as those of Shanghai Ruyi under the master exclusive services agreement; and (ii) the joinder agreement to the master management and operation agreement effective from their respective establishment dates to assume the obligations to the same extent as those of Shanghai Ruyi under the master management and operation agreement.

Shanghai Ruyi established two wholly-owned subsidiaries, Beijing Ruyi Film and Television and Quanzhou Ruyi, on 15 January 2024 and 2 August 2024, respectively. Beijing Ruyi Film and Television established two wholly-owned subsidiaries, Shaanxi Ruyi and Wuxi Ruyi, on 21 August 2024 and 23 September 2024, respectively. Each of Beijing Ruyi Film and Television, Quanzhou Ruyi, Shaanxi Ruyi, and Wuxi Ruyi engages in the Streaming Restricted Business. In order for the Group to recognise and receive the economic benefit of the business and operations of each of Beijing Ruyi Film and Television, Quanzhou Ruyi, Shaanxi Ruyi, and Wuxi Ruyi, each of Beijing Ruyi Film and Television, Quanzhou Ruyi, Shaanxi Ruyi, and Wuxi Ruyi entered into (i) the joinder agreement to the master exclusive services agreement effective from their respective establishment dates to assume the obligations to the same extent as those of Shanghai Ruyi under the master exclusive services agreement; and (ii) the joinder agreement to the master management and operation agreement effective from their respective establishment dates to assume the obligations to the same extent as those of Shanghai Ruyi under the master management and operation agreement.

Beijing Jingxiu acquired C4-Games and C4-Games became a wholly-owned subsidiary of Beijing Jingxiu, which, was registered with the competent authority on 3 July 2024. C4-Games has a wholly-owned subsidiary, Youai Hudong. Both C4-Games and Youai Hudong engage in the Game Restricted Business. In order for the Group to recognise and receive the economic benefit of the business and operations of C4-Games and Youan Hudong, both C4-Games and Youan Hudong entered into (i) the joinder agreements to the master exclusive services agreement dated 3 July 2024 to assume the obligations to the same extent as those of Beijing Jingxiu under the master exclusive services agreement; and (ii) the joinder agreements to the master management and operation agreement dated 3 July 2024 to assume the obligations to the same extent as those of Beijing Jingxiu under the master management and operation agreement.

Subject to validity considerations of the Structured Contracts set out herein, the provisions set out in the Structured Contracts are binding on the successors of the PRC Registered Shareholder(s) and/or the PRC Beneficial Owner(s), as if the successors were a signing party to the Structured Contracts. Although the Structured Contracts do not specify the identities of successors to such PRC Registered Shareholder(s) and/or the PRC Beneficial Owner(s), under the Civil Code of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents, and any breach by the successors would be deemed to be a breach of the Structured Contracts.

We have also implemented measures to protect against the potential conflicts of interest between the Group and relevant PRC Registered Shareholder(s) and the PRC Beneficial Owner(s) of each of the OPCOs. Firstly, under the Call Option Agreements, the PRC Registered Shareholder(s) and the PRC Beneficial Owner(s) shall irrevocably and unconditionally grant to the WFOE (or through its designated nominee) an exclusive option to purchase, when permitted by the applicable PRC laws and regulations, all or any part of the equity interests of the OPCOs. Secondly, pursuant to the Shareholder Voting Right Agreements, the PRC Registered Shareholder(s) and the PRC Beneficial Owner(s) shall irrevocably entrust the WFOE, its designated nominee and the Company to exercise on his/its behalf all rights as a shareholder of the relevant OPCO. Furthermore, Mr. Ke Liming, Pumpkin Films Limited and their respective affiliate(s) entered into a Deed of Non-Competition Undertaking dated 20 January 2021 in favour of the Group pursuant to which each of them undertook that he/she/it will not (other than through the Group or the OPCOs) directly or indirectly operate, engage in, or have an interest in, invest in or otherwise participate in, through any corporate body, partnership, joint venture or other contractual arrangement (whether or not acting as a principal or agent for profit or other reasons), any business which is similar to or in competition with or may be in competition with any business conducted by the OPCOs or associated companies hereof from time to time or any such business which the OPCOs or its associated companies engage in, invest in or otherwise participate in unless otherwise provided for in the Deed of Non-Competition Undertaking. Therefore, we have minimised the impact of the relevant PRC Registered Shareholder(s) and the PRC Beneficial Owner(s) of each of the OPCOs on the business operations of each of the OPCOs.

The entering into of the above Structured Contracts does not constitute any notifiable transaction under Chapter 14 of the Listing Rules or any connected transaction of the Company under Chapter 14A of the Listing Rules.

THE RISKS ASSOCIATED WITH THE STRUCTURED CONTRACTS AND THE ACTIONS TAKEN BY THE COMPANY TO MITIGATE THE RISKS (WHERE APPLICABLE)

Business risks and financial risks borne by the Group as the primary beneficiary of the OPCOs

As the primary beneficiary of the OPCOs, the Group is exposed to the business risks and financial risks faced by the OPCOs. Any profit or loss of the OPCOs, their subsidiaries will be reflected in the consolidated financial results of the Group.

The PRC government may determine that the Structured Contracts do not comply with applicable PRC laws, rules and regulations

As advised by our PRC legal counsel, each OPCO Structured Contract is individually binding on the parties subject to validity considerations set out herein. In addition, our PRC legal counsel believes that each OPCO Structured Contract itself does not directly violate relevant PRC mandatory laws enacted by the National People's Congress of the PRC and its Standing Committee.

The Company has been advised by its PRC legal counsel that there are uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Our PRC legal counsel has advised that there is a possibility that the PRC authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the Structured Contracts comply with the current PRC laws, regulations or rules or those that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the Structured Contracts. Hence, there is no assurance by the Group that the Structured Contracts could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the Structured Contracts do not comply with applicable regulations. If the authorities deny the validity, effectiveness and enforceability of the Structured Contracts, it could have a material adverse impact on the Group's businesses, financial condition and results of operations. On 13 July 2006, the MIIT issued the Circular on Strengthening the Administration of Foreign Investment in the Operation of Value-added Telecommunications Services issued by the MIIT (the "**MIIT Circular**"), which provides that a domestic company that holds a VATS License is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors to operate telecommunications business illegally in the PRC. In addition, Article 4 of the GAPP Notice prohibits foreign investors from gaining control over or participating in domestic online game operations indirectly by, among others, establishing joint venture companies, establishing contractual arrangements or providing technical support. Due to a lack of interpretative materials from the authorities, the Group cannot assure that the MIIT, the GAPP, and other PRC authorities will not consider the structural arrangements as a kind of foreign investment in telecommunication services or gaining control over or participating in domestic online game operations, in which case the OPCOs or their subsidiaries, the WFOE and/or its overseas investor may be found in violation of the MIIT Circular or the GAPP Notice (as the case may be) and as a result may be subject to various penalties, including nullification of the Structured Contracts, restricting the Group's right to collect revenue, a revocation of the relevant licenses, fines and the discontinuation of or restrictions on the operations of the OPCOs and/or their subsidiaries.

To mitigate the above risks, the Board will closely monitor the implementation and compliance with the Structured Contracts and will handle any regulatory enquiries from the government authorities in a timely manner, and will consult its legal advisers or other professional advisors whenever necessary.

In addition, although the Structured Contracts contain dispute resolution clauses in the event that a dispute arises, these provisions may not be enforceable under PRC laws and regulations. For example, an arbitration institution is not entitled to grant such injunction and shall not order each of the OPCOs and their subsidiaries to be liquidated in accordance with the prevailing PRC laws. In addition, certain temporary remedies granted by overseas courts such as Hong Kong and Bermuda courts may not be recognised or otherwise be enforceable in the PRC.

The possible impact of the PRC Foreign Investment Law on the Structured Contracts and the OPCOs

On 15 March 2019, the Second Session of the 13th National People's Congress of the PRC passed the Foreign Investment Law, which was implemented on 1 January 2020.

The abovementioned law has no significant impact on the Structured Contracts and the business of OPCOs for the time being.

Despite this, our PRC legal counsel advised that according to the Foreign Investment Law of the PRC, "investment as stipulated in laws, administrative regulations or other methods prescribed by the State Council" is also a "foreign investment". Due to uncertain new laws in the future, administrative regulations or regulations of the State Council on defining "foreign investment", it's not guaranteed whether there will be any significant impact on the future of the Structured Contracts and the business of the OPCOs and their subsidiaries.

If the law, administrative regulations or the State Council stipulate otherwise that "foreign investment" is defined and the authorities deny the legality, validity and enforceability of the Structured Contracts, the Group will lose the control right of the OPCOs and their subsidiaries, fail to merge the financial results of the OPCOs and their subsidiaries or properly safeguard, determine and control the assets of the OPCOs, and their subsidiaries, which will have significant adverse impacts on the Group's business, financial condition and results of operations.

The Board will continue to monitor the progress of relevant laws, administrative regulations or the regulations of State Council and discuss with the Company's PRC legal counsel. If the business of the Group or the OPCOs or their subsidiaries is significantly affected, the Company will promptly publish the announcement regarding the relevant significant progress and its impact.

The Structured Contracts may not be as effective in providing control over and entitlement to the economic interests in the OPCOs as direct ownership

The Structured Contracts may not be as effective in providing the WFOE with control over and entitlement to the economic interests in the OPCOs and their subsidiaries.

If the WFOE had shareholding ownership of the OPCOs and their Subsidiaries, the WFOE would be able to exercise its rights as a shareholder to effect changes in the boards of directors of the OPCOs and the Subsidiaries (either directly or indirectly). However, under the Structured Contracts, the WFOE does not have shareholding ownership of the OPCOs and their Subsidiaries and can only rely on the performance of the OPCOs and the PRC Registered Shareholder(s), the PRC Beneficial Owner(s) of the OPCOs, and the Subsidiaries of their contractual obligations to exercise effective control. The PRC Registered Shareholder(s), the PRC Beneficial Owner(s) of the OPCOs and their Subsidiaries may not act in the best interests of the WFOE or may not perform their obligations under the Structured Contracts. The WFOE may replace the PRC Registered Shareholder(s) as registered shareholder of the OPCOs by its other nominees pursuant to the Structured Contracts. However, if any dispute relating to the Structured Contracts remains unresolved, the WFOE will have to enforce its rights under the Structured Contracts and seek to interpret the terms of the Structured Contracts in accordance with the PRC laws and will be subject to uncertainties in the PRC legal system.

The Structured Contracts are governed by the PRC laws. When a dispute arises under any of the Structured Contracts, the relevant parties thereto shall settle the dispute through negotiation in an amicable manner. In case the dispute is not resolved, the parties to the dispute may have to rely on legal remedies under the PRC laws. The Structured Contracts in respect of the WFOE and the OPCOs provide that dispute will be submitted to the China International Economic and Trade Arbitration Commission, Shanghai Sub-commission for arbitration to be conducted in Shanghai. The decision of such arbitration is final and binding on the parties to the dispute.

Since the legal environment in the PRC is different from that in Hong Kong and other jurisdictions, the uncertainties in the PRC legal system could limit the ability of the WFOE to enforce the Structured Contracts. There is no assurance that such arbitration result will be in favour of the WFOE and/or that there will not be any difficulties in enforcing any arbitral awards granted, including specific performance or injunctive relief and claiming damages by the WFOE. As the WFOE may not be able to obtain sufficient remedies in a timely manner, its ability to exert effective control over the OPCOs and their subsidiaries and the conduct of the businesses of the OPCOs and their subsidiaries could be materially and adversely affected, which may disrupt the business of the WFOE and have a material adverse impact on the WFOE's business, prospects and results of operation.

The insurance of the Company does not cover the risks relating to the enforcement of the Structured Contracts and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard.

Potential conflicts of interest among the WFOE, the OPCOs and the OPCO Shareholders may exist

The Group's control over the OPCOs is based on the contractual arrangement under the Structured Contracts. Therefore, conflict of interests of the PRC Registered Shareholder(s) and the PRC Beneficial Owner(s) will adversely affect the interests of the Group. Pursuant to the Shareholder Voting Right Agreements, the PRC Registered Shareholder(s) and the PRC Beneficial Owner(s) of each of the OPCOs shall irrevocably authorise the WFOE, persons designated by the WFOE and the Company as their representative to exercise all of their rights as shareholders of the relevant OPCOs.

Furthermore, Mr. Ke Liming, Pumpkin Films Limited and their respective affiliate(s) entered into a Deed of Non-Competition Undertaking dated 20 January 2021 in favour of the Group pursuant to which each of them undertook that he/she will not (other than through the Group or the OPCOs) directly or indirectly operate, engage in, or have an interest in, invest in or otherwise participate in, through any corporate body, partnership, joint venture or other contractual arrangement (whether or not acting as a principal or agent for profit or other reasons), any business which is similar to or in competition with or may be in competition with any business conducted by the OPCOs or associated companies hereof from time to time or any such business which the OPCOs or its associated companies engage in, invest in or otherwise participate in unless otherwise provided for in the Deed of Non-Competition Undertaking.

As a result, we have minimised the influence of the PRC Registered Shareholder(s) and the PRC Beneficial Owner(s) of the OPCOs on the business operations of each of the OPCOs.

The Structured Contracts may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed

The Structured Contracts may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed on the WFOE. The WFOE may face adverse tax consequences if the PRC tax authorities determine that the Structured Contracts were not entered into based on arm's length negotiations.

The operating and financial results of the WFOE may be materially and adversely affected if the tax liabilities of each of the OPCOs and the WFOE increase significantly or if they are required to pay interest on late payments.

Internal control measures

In order to retain effective control over, and to safeguard, the assets of the OPCOs, the Structured Contracts provide that, without the prior written consent of the WFOE, the PRC Registered Shareholder(s) and the PRC Beneficial Owner(s) shall not or shall not procure to at any time sell, transfer, mortgage or dispose of in any manner any assets, legitimate interests in the business or revenue of the OPCOs, or allow any encumbrance thereon of any security interest (other than pursuant to the relevant Equity Pledge Agreements). Under the Management and Operation Agreements, each of the OPCOs will appoint its directors and senior management as recommended by the WFOE. The WFOE shall regularly and at any time review the books and records of each of the OPCOs.

During the Year, the OPCOs had, at all times, operated all of its businesses in the ordinary and usual course of business and shall maintain its asset value and refrain from any action/omission that may adversely affect its operating status and asset value.

EMOLUMENT POLICY

The emolument policy of employees of the Group is set up by the remuneration committee of the Company on the basis of their merit, qualifications, experience and competence. The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics.

CONNECTED TRANSACTIONS

Please refer to the sub-section headed "Material Acquisition and Disposal" under the section headed "Management Discussion and Analysis" of this report for details of the acquisition of 30% equity interest in Beijing Yonghang by the Group at a total consideration of RMB825 million, including (i) RMB742.5 million in cash, and (ii) 36,666,667 Consideration Shares to be allotted and issued by the Company to Tencent Hong Kong or its designated parties at the price of HK$2.432 per Consideration Share, which constituted a non-exempt connected transaction for the Company under the Listing Rules.

Saved as disclosed above and saved as disclosed in note 36 to the consolidated financial statements which is fully exempted from Chapter 14A of the Listing Rules, the Company was not aware of any other related party transactions which constitute a connected transaction of the Group, nor are there any connected transactions that need to be disclosed in this report under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

As of the date of this report, the Group conducted the following transactions which constituted non-exempt continuing connected transactions for the Company under the Listing Rules.

1. 2023 Game Cooperation Framework Agreement between Beijing Jingxiu and Tencent Computer

On 22 February 2023, Beijing Jingxiu and Tencent Computer entered into a cooperation framework agreement (the "**2023 Game Cooperation Framework Agreement**") in relation to the cooperation of games between the parties, under which the parties agreed that Beijing Jingxiu and Tencent Group, but excluding (i) China Literature Limited, its subsidiaries and its controllable companies through contractual arrangements; and (ii) Tencent Music Entertainment Group, its subsidiaries, and its controllable companies through contractual arrangements (the "**Tencent Representative Companies**") shall cooperate in the field of gaming. The term of the 2023 Game Cooperation Framework Agreement is from 22 February 2023 to 31 December 2025.

The expected annual maximum transaction amounts under the 2023 Game Cooperation Framework Agreement (i) for total amount payable by the Group to Tencent Representative Companies for the three financial years ending 31 December 2025 amount to RMB1,000,000,000, RMB1,000,000,000 and RMB1,000,000,000, respectively; and (ii) for total amount receivable by the Group from Tencent Representative Companies for the three financial years ending 31 December 2025 amount to RMB1,200,000,000 (as revised pursuant to a resolution passed by the independent shareholders of the Company in the special general meeting convened on 19 December 2023), RMB1,300,000,000 (as revised pursuant to a resolution passed by the independent shareholders of the Company in the special general meeting convened on 18 December 2024 (the "**2024 SGM**")) and RMB1,300,000,000 (as revised pursuant to a resolution passed by the independent shareholders of the Company in the 2024 SGM), respectively.

As Tencent Holdings is a shareholder indirectly holding more than 10% of the shares of the Company, Tencent Holdings and its subsidiaries are connected persons of the Company. Pursuant to Chapter 14A of the Listing Rules, the aforesaid 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the annual caps) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the annual review, reporting, announcement and independent shareholder approval requirements under Chapter 14A of the Listing Rules.

For details, please refer to the announcements of the Company dated 22 February 2023, 22 November 2023 and 8 November 2024, and circulars of the Company dated 12 June 2023, 4 December 2023 and 29 November 2024. The aforesaid continuing connected transactions have been reviewed by independent non-executive Directors of the Company. The independent non-executive Directors confirmed that the aforesaid continuing connected transaction was entered into (i) in accordance with the pricing principles of the 2023 Game Cooperation Framework Agreement; (ii) in the ordinary and usual course of business of the Group; (iii) on normal or better commercial terms; and (iv) in accordance with the 2023 Game Cooperation Framework Agreement, and that the terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

The Company has engaged the auditor of the Company to report on the aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules and nothing has come to their attention that causes them to believe that the disclosed continuing connected transaction: (i) has not been approved by the Board; (ii) was not entered into, in all material respects, in accordance with the relevant agreement(s) governing the transaction; and (iii) has exceeded the maximum aggregate annual caps in respect of the disclosed continuing connected transactions.

2. Existing transactions of C4-Games pursuant to the agreement between C4-Games and the Tencent Subsidiaries

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

Prior to the completion of the C4-Games Equity Transfer, C4-Games entered into an agreement dated 17 October 2021 (amended and supplemented by the supplemental agreements dated 1 November 2022, 13 December 2022 and 31 May 2023) (the "**Existing Transactions Agreement**") with Shenzhen Tencent Computer Systems Company Limited and Shenzhen Tencent Tianyou Technology Company Limited (collectively, the "**Tencent Subsidiaries**"), which are the subsidiaries of Tencent Holdings, a shareholder indirectly holding more than 10% of the shares of the Company. The term of the Existing Transactions Agreement is from 17 October 2021 to 17 October 2025. Pursuant to the Existing Transactions Agreement, the Tencent Subsidiaries shall act as the exclusive agents in the PRC to provide C4-Games with distribution, operation and promotion services for the game "Red Alert Online" (《紅警OL》). C4-Games shall authorise the Tencent Subsidiaries to act as the exclusive agents in the PRC for the distribution of "Red Alert Online" (《紅警OL》) on platforms operated by Tencent Holdings and other third parties, and the Tencent Subsidiaries will receive revenue directly from the end-users of the game on these platforms. The Tencent Subsidiaries shall pay C4-Games a share of revenue generated from the distribution and operation of "Red Alert Online" (《紅警OL》) on these platforms, and the revenue generated from paid promotions in accordance with the revenue sharing ratio agreed with C4-Games pursuant to the Existing Transactions Agreements. The said revenue share will be settled on a monthly basis (the "**C4-Games' Existing Transactions**").

Pursuant to the Existing Transactions Agreement, the C4-Games' Existing Transactions are conducted under fixed formula as disclosed in the announcement of the Company dated 9 July 2024. The Existing Transactions Agreement has not fixed transaction amount between the parties. It is expected that the annual revenue share to be received by C4-Games will not more than RMB300 million, taking into account the business development plan of "Red Alert Online" (《紅警OL》).

Tencent Holdings is a shareholder indirectly holding more than 10% of the shares of the Company. Accordingly, Tencent Holdings and its subsidiaries are connected persons of the Company under Chapter 14A of the Listing Rules. Such transactions shall constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon completion of the C4-Games Equity Transfer.

For details, please refer to the announcements of the Company dated 7 May 2024 and 9 July 2024. The aforesaid continuing connected transactions have been reviewed by independent non-executive Directors of the Company. The independent non-executive Directors confirmed that the aforesaid continuing connected transaction was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the Existing Transactions Agreement, and that the terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

The Company has engaged the auditor of the Company to report on the aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules and nothing has come to their attention that causes them to believe that the disclosed continuing connected transaction: (i) has not been approved by the Board; (ii) was not entered into, in all material respects, in accordance with the relevant agreement(s) governing the transaction; and (iii) has exceeded the maximum aggregate annual caps in respect of the disclosed continuing connected transactions.

Saved as disclosed above and in note 36 to the consolidated financial statements which is fully exempted from Chapter 14A of the Listing Rules, the Company was not aware of any other related party transactions which constitute a continuing connected transaction of the Group, nor are there any continuing connected transactions that need to be disclosed in this report under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and as of the date of this report, none of the Directors and their respective associates are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company has maintained a sufficient public float throughout the Year.

CHARITABLE DONATIONS

The Group has made a charitable donation in the total amount of HK$10 million to the Hong Kong Red Cross during the Year.

EVENT AFTER THE END OF THE REPORTING PERIOD

Issue of HK$2,574 million zero coupon convertible bonds due 2027 under general mandate (the **"2026 Bonds"**)

On 26 January 2026 (after trading hours), the Company and Deutsche Bank AG, Hong Kong Branch (the "**Sole Lead Manager**") entered into a conditional subscription agreement (the "**2026 Bonds Subscription Agreement**"), under which, among other things, the Sole Lead Manager has agreed to subscribe and pay for, or to procure to subscribe and pay for, the 2026 Bonds to be issued by the Company in an aggregate principal amount of HK$2,574 million, subject to the terms and conditions as set out in the 2026 Bonds Subscription Agreement.

The 2026 Bonds may be converted into conversion shares pursuant to the conditions at an initial conversion price of HK$2.6 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2026 Bonds).

The conversion shares to be allotted and issued upon conversion of the 2026 Bonds shall rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date, and will utilise, based on the initial conversion price, approximately 989,999,010 Shares under the 2025 General Mandate.

The aggregate gross proceeds from the issue of the 2026 Bonds were HK$2,574 million. The aggregate net proceeds from the issue of the 2026 Bonds, after deduction of fees, commissions and other related expenses, were estimated to be approximately HK$2,548 million, representing a net issue price of approximately HK$2.574 per conversion share based on the initial conversion price. The Company intends to apply the net proceeds from the 2026 Bonds in the following manner: (i) approximately HK$593 million (approximately 23.27%) for the repayment of the Group's indebtedness; (ii) approximately HK$366 million (approximately 14.36%) for partial consideration for purchase of 30% equity interest in Beijing Yonghang; (iii) approximately HK$510 million (approximately 20.02%) for strategic investments and acquisitions to expand the Group's business; (iv) approximately HK$390 million (approximately 15.31%) for operational needs of the Group's gaming business; and (v) approximately HK$689 million (approximately 27.04%) for drama series for streaming platforms.

The issue of the 2026 Bonds in an aggregate principal amount of HK$2,574 million was completed on 2 February 2026 and the 2026 Bonds have been listed on the Vienna Stock Exchange.

For further details of the issue of the 2026 Bonds, please refer to the announcements of the Company dated 27 January 2026 and 2 February 2026.

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

FIVE YEARS FINANCIAL SUMMARY

The summary of the results, assets and liabilities of the Group in the past five years is set out on page 196 of this report.

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every director of the Group’s companies shall be entitled to be indemnified by the relevant company against all costs, charges, losses, expenses and liabilities incurred by him or her in the execution and discharge of his or her duties or in relation thereto pursuant to such company’s constitutional documents. Such provisions were in force during the course of the Year and remained in force as of the date of this report.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights (including entitlements to any relief of taxation) in relation to the shares of the Company, they are advised to consult their professional advisers.

AUDITORS

The consolidated financial statements for the Year were audited by PricewaterhouseCoopers (“**PwC**”). A resolution will be submitted to the forthcoming AGM of the Company to re-appoint PwC as auditor of the Company.

Approved by the Board on 31 March 2026
For and on behalf of the Board

Ke Liming
Chairman

Hong Kong, 31 March 2026

PROFILE OF DIRECTORS

The biographical details of Directors as at 31 March 2026, being the date of this report, are set out below:

EXECUTIVE DIRECTORS

Mr. Ke Liming ("**Mr. Ke**"), aged 42, was appointed as an executive Director and the chairman of the Board in August 2021. Currently, he is also the chief executive officer of Shanghai Ruyi Film and Television Production Co., Ltd.* (上海儒意影視製作有限公司) and the chief executive officer of Pumpkin Films Limited, and previously served as a senior analyst at a hedge fund management company. He graduated from Griffith University, Australia, with a bachelor's degree in risk management in 2005 and a master's degree in monetary banking in 2006. Mr. Ke has led and invested as the investor and producer in films including "One and only《熱烈》","Johnny Keep Walking《年會不能停》", "Post Truth《保你平安》", "Five Hundred Miles《交換人生》", "Moon Man《獨行月球》", "Hi, Mom《你好李煥英》", "A Little Red Flower《送你一朵小紅花》", "Animal World《動物世界》", "City of Rock《縫紉機樂隊》", "Never Gone《致青春 • 原來你還在這裏》", "So Young《致我們終將逝去的青春》, "Old Boys: The Way of the Dragon《老男孩猛龍過江》", as well as television shows including "Love Is Full of Jiudaowan《情滿九道彎》", "Doctor of Traditional Chinese Medicine《老中醫》", "The Legendary Tavern《老酒館》", "Frontier of Love《愛情的邊疆》", "All Quiet in Peking《北平無戰事》", "Nirvana in Fire《瑯琊榜》", "Legend of MiYue《羋月傳》" and "We Fall in Love《咱們相愛吧》".

Mr. Zhang Qiang ("**Mr. Zhang**"), aged 61, was appointed as an executive Director in December 2021. Mr. Zhang is a renowned producer in the film and television field and is currently the Chief Content Officer (首席內容官) of the Group's Pumpkin Films (南瓜電影). Mr. Zhang graduated from Peking University with a Bachelor of Arts degree in Chinese Literature and later received a master's degree in film aesthetics from The Beijing Film Academy. He was previously the chairman of the board and general manager of Beijing Forbidden City Xindu TV Media Co., Ltd.* (北京紫禁城信都電視文化有限公司), the Deputy Editor-in-Chief (副總編輯) of Beijing Television, the deputy managing director (董事副總經理) of China Film Co., Ltd.* (中國電影股份有限公司), the executive director and chief executive officer of Alibaba Pictures Group Limited (the shares of which listed on the Stock Exchange; stock code: 1060), with over 27 years of experience in the film and television media industry in China. Mr. Zhang's representative masterpieces include "American Dreams in China《中國合夥人》", "So Young《致我們終將逝去的青春》" and "Wolf Totem《狼圖騰》".

NON-EXECUTIVE DIRECTOR

Mr. Yang Ming ("**Mr. Yang**"), aged 43, was appointed as a non-executive Director in June 2023. Mr. Yang joined Tencent Holdings in July 2006 and has been in charge of a number of Tencent's key businesses. He has led the game of "League of Legends" growing rapidly from a nascent game to a nationwide electronic sports game, and has led the team of "Dungeons & Warriors" game to win several major business breakthrough awards. Currently, Mr. Yang is the person in charge of the domestic distribution line at Tencent Interactive Entertainment Group. Mr. Yang obtained a master's degree in management from Wuhan University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chau Shing Yim, David ("**Mr. Chau**"), aged 62, was appointed as an independent non-executive Director in October 2015. Mr. Chau has over 30 years of experience in corporate finance and was formerly a partner of one of the big four accounting firms. Mr. Chau was a key member who found their corporate finance division and held the position as their Head of Merger and Acquisition and Corporate Advisory.

Mr. Chau is a member of the Institute of Chartered Accountants in England and Wales ("**ICAEW**"), and was granted the Corporate Finance Qualification of ICAEW. Mr. Chau is also a member of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and was a committee member of the Disciplinary Panel of HKICPA. Mr. Chau is a Senior Fellow and a director of the Hong Kong Securities and Investment Institute, a member of the Corporate Committee and the Ex-Chairman of China and Corporate Committee. Mr. Chau is a member of Hong Kong Metropolitan University Foundation Advisory Committee.

Mr. Chau is a member of Pamela Youde Nethersole Eastern Hospital ("**PYNEH**") Fund Raising Committee, Charitable Trust and also an ex-member of the Hospital Governing Committee.

Mr. Chau is currently an independent non-executive director and chairman of audit committee of OSL Group Limited (Stock Code: 863), the Company (Stock Code: 136), Productive Technologies Company Limited (Stock Code: 650), Lee & Man Paper Manufacturing Limited (Stock Code: 2314) and Man Wah Holdings Limited (Stock Code: 1999). Mr. Chau previously served as an independent non-executive director and chairman of audit committee of China Evergrande New Energy Vehicle Group Limited (Stock Code: 708) and China Evergrande Group (In Liquidation) (Stock Code: 3333). All the aforesaid companies are listed on the Stock Exchange.

Mr. Nie Zhixin ("**Mr. Nie**"), aged 63, was appointed as an independent non-executive Director in October 2015. Mr. Nie is the standing vice president of the Henan Chamber of Commerce in the Guangdong province, vice president of the Tianhe Road Chamber of Commerce in Guangzhou, vice president of the Chain-operations Management Association in Guangzhou and general manager of Gladith Fashion Co., Ltd.* in Guangzhou. In 1990, Mr. Nie established the "GLADITH • 葛來娣" fashion brand in Guangzhou which has now become one of the well-known women's fashion brands in the PRC.

Mr. Chen Haiquan ("**Mr. Chen**"), aged 56, was appointed as an independent non-executive Director in October 2015. Mr. Chen is a doctorate holder from the Chuo University, Japan, a professor and doctoral supervisor at the Jinan University. He also serves as the president of the Guangdong Logistics and Supply Chain Association, dean of the Asia-Pacific E-commerce Institute, dean of the Guangdong Research Institute of Modern Logistics, vice president of the Guangdong E-commerce Standardized Technology Committee, member of the E-Commerce Advisory Committee of the Department of Commerce of Guangdong Province and member of the Advisory Committee of Guangzhou Municipality for Building an International Consumption Center City. Mr. Chen previously served as an independent director of Guangzhou Jiacheng International Logistics Co., Ltd. (listed on the main board of Shanghai Stock Exchange Limited, stock code: 603535). Mr. Chen graduated from the graduate school of Daito Bunka University, Japan and the graduate school of Chuo University, Japan and obtained a master's degree in economics and a doctorate in comprehensive policy, respectively. He is currently the independent non-executive Director of the Company, external director of Guangzhou Lingnan Business Travel Investment Group Co., Ltd.* (廣州嶺南商旅投資集團有限公司) and independent director of Canton Tower Cultural Tourism Development Co. Ltd.* (廣州塔旅遊文化發展股份有限公司).

Professor Shi Zhuomin ("**Professor Shi**"), aged 55, was appointed an independent non-executive Director in September 2016. Professor Shi has obtained a doctoral degree in management from Sun Yat-sen University and a postdoctoral degree from Hitotsubashi University in Japan and is a visiting scholar under the China-US Fulbright Program. Professor Shi studied at and visited The Chinese University of Hong Kong, Harvard Business School and the University of Missouri and visited various countries and regions including the United States, Japan, Germany, Brazil and Hong Kong for academic exchange. She also held lectures on "Marketing Practice in China" and "Chinese Luxury Consumption" for students from Europe, the United States and Japan studying in China and held lectures on "Understanding Chinese Consumers" at certain universities in the United States. Professor Shi currently focuses on the research of consumption behaviour and psychology, cross-cultural consumption behaviour comparison research and international marketing. Professor Shi is currently a professor and doctoral supervisor in the management school at Sun Yat-sen University. She is also a council member of China Marketing Association of University, a provincial investigation and consulting expert of Guangdong Province and an external academic advisor of the MScMIB program of Lingnan University in Hong Kong.

* *For identification only*

CORPORATE GOVERNANCE PRACTICES

The Board considers that good corporate governance practices are crucial to the smooth and effective operation of the Group and the safeguarding of the interests of the shareholders and other stakeholders of the Company. The Company has put in place internal policies to ensure the compliance and has adopted and complied with the code provisions set out in the Corporate Governance Code (the "**Code**") contained in Appendix C1 to the Listing Rules during the year ended 31 December 2025 except for the following deviations from the Code:

- Code provision C.2.1 stipulated that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2025, the Company has no such title as chief executive officer. The overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operation and execution is vested in the Board itself. The Board believes that the current structure is conducive to strong and consistent leadership and oversight enabling the Group to operate efficiently; and

- Code provision B.3.5 (which takes effect on 1 July 2025) stipulated that every listed issuer must appoint at least one director of a different gender to the nomination committee. During the year ended 31 December 2025 and as at the date of this report, the composition of the Nomination Committee of the Company comprises only one gender. The Board is in the process of identifying suitable candidate(s) to fill and join the Nomination Committee as soon as practicable and the Company will make further announcement(s) as and when appropriate. Nevertheless, the Board already includes one female director, demonstrating our commitment to gender diversity.

To ensure compliance with anti-corruption policies and regulations, the Company has formulated an anti-corruption and whistle-blowing policy to regulate conduct of employees and external parties. Anti-bribery provisions are incorporated in the contracts between the Company and its customers and suppliers. The Company provides regular training in anti-corruption and anti-fraud policies to all Directors and employees to promote and support compliance with the relevant laws and regulations. The Company has also established whistleblowing channels for employees to report possible misconduct or file complaints in a confidential manner.

BOARD OF DIRECTORS

The Board determines the overall strategies of the Group, monitors and controls operating and financial performance, analyses and formulates strategies to manage risks in pursuit of the Group's strategic objectives. The Board also decides on matters such as annual and interim results, dividend policy, director appointments, and significant changes in accounting policy, material contracts and major investments. The Board has delegated the authority and responsibility of overseeing the Group's day-to-day operations to management executives.

Composition of the Board

During the Year and up to the date of this report, the Board comprises the following executive Directors, non-executive Director and independent non-executive Directors.

Executive Directors:
Mr. Ke Liming *(Chairman)*
Mr. Zhang Qiang

Non-executive Director:
Mr. Yang Ming

Independent Non-executive Directors:
Mr. Chau Shing Yim, David
Mr. Nie Zhixin
Mr. Chen Haiquan
Professor Shi Zhuomin

Biographical details of current members of the Board are set out on page 52 to page 54 of this report.

During the Year, the Company has at all times met the requirements of Rule 3.10 of the Listing Rules relating to the appointment of at least three independent non-executive Directors, and at least one independent non-executive Director possesses appropriate professional qualifications, or accounting or related financial management expertise.

Each of the executive Directors has entered into a service contract with the Company for a period of three years. Each of the non-executive Director and independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years. The Directors are subject to retirement by rotation pursuant to the Bye-laws of the Company. In accordance with the Bye-laws, at every annual general meeting of the Company, one-third of the Directors for the time being or, if their number is not three or a multiple of three, 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 at least once every three years.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Board was satisfied with the independence of the independent non-executive Directors.

None of the Directors has any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

Board Diversity

The Board has established a set of board diversity policy setting out the approach to achieve diversity on the Board with the aims of enhancing Board effectiveness and corporate governance as well as achieving the Group's business objectives and sustainable development. Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, required expertise, skills, knowledge and length of service. The Board reviews the implementation and effectiveness of the board diversity policy at least annually.

As the Board comprised one female member as at the date of this report, the Board considers its diversity of gender is appropriate and no additional measurable objective is necessary in this respect. Also, the current Board consists of a diverse mix of Board members who match the requirement of the business of the Company.

To develop a pipeline of potential successors to the Board to achieve gender diversity, the Board has adopted and implemented structured recruitment, selection and training programmes at various level within the Group for the purpose of developing a pool of skill and experienced potential Board members and enhancing gender diversity.

As of 31 December 2025, the proportion of female members among all employees of the Company was 41%. The Group is committed to maintain among all employees.

Roles and Duties

The Board is in charge of formulating strategic business development, reviewing and monitoring the business performance of the Group, approving major funds allocation and investment proposals as well as preparing and approving the financial statements of the Group. The Board also gives clear instructions on the authority delegated to the management in relation to the administration and management of the Group.

The Board has the following duties and responsibilities in respect of the corporate governance functions of the Company:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the Code and disclosures in the Corporate Governance Report in the annual report of the Company.

During the Year and up to the date of this report, the Board has performed the corporate governance duties.

The Board may delegate the corporate governance duties to a committee of the Board. The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate in the meetings either in person, by proxy, or by means of electronic communications. 10 Board meetings were convened by the Company during the Year.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Company has set up the audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**") (as detailed in the following section) in respect of the Board.

The Company has in place internal policies (including but not limited to the Bye-Laws, and Terms of Reference of the Remuneration and Nomination Committee) to ensure that the Board has access to independent views and opinions. The Company also engaged external experts to assist the Directors to perform their duties. The Company has reviewed the implementation and effectiveness of such mechanisms on an annual basis and believes that the aforesaid mechanisms can ensure the independent views and opinions of the Board.

The attendance of individual Directors at the Board meetings, the meetings of the three committees and general meetings held during the Year is set out below:

	No. of meetings attended/held				
	Board Meeting	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting**
Executive Directors					
Mr. Ke Liming	10/10	N/A	0	0	2/2
Mr. Zhang Qiang	10/10	N/A	N/A	N/A	2/2
Non-executive Director					
Mr. Yang Ming	10/10	N/A	N/A	N/A	2/2
Independent non-executive Directors					
Mr. Chau Shing Yim, David	10/10	2/2	0	N/A	2/2
Mr. Nie Zhixin	10/10	2/2	0	0	2/2
Mr. Chen Haiquan	10/10	2/2	N/A	0	2/2
Professor Shi Zhuomin	10/10	N/A	N/A	N/A	2/2

Apart from the Board meetings stated above, the Chairman of the Board also held a meeting with the independent non-executive Directors without the presence of other Directors during the Year.

Directors' Training

All Directors have complied with the Code provisions in relation to continuous professional development. This has involved various forms of activities including attending presentations given by external professional parties in respect of the new regime on disclosure, reading materials relevant to corporate governance and other regulatory requirements.

The Company has an induction policy for every new member of the Board. On appointment, the new member will receive an induction which includes meetings with members of the Board introducing the Group's business segments in which the Group operates, the roles and responsibilities as a Director and the requirements under the Listing Rules in respect of the Code provisions in relation to continuous professional development.

The Company regularly updates Directors on the developments in respect of the Listing Rules and applicable regulatory requirements, to enhance their awareness of good corporate governance practices. During the Year, all of the Directors have attended training sessions with an emphasis on the roles, functions and duties of a director of a listed company in compliance as follows:

	Reading relevant materials	**Attending seminars/ training sessions/ briefings**
Executive Directors	✓	✓
Mr. Ke Liming	✓	✓
Mr. Zhang Qiang	✓	✓
Non-executive Director		
Mr. Yang Ming	✓	✓
Independent non-executive Directors		
Mr. Chau Shing Yim, David	✓	✓
Mr. Nie Zhixin	✓	✓
Mr. Chen Haiquan	✓	✓
Professor Shi Zhuomin	✓	✓

Directors' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors.

AUDIT COMMITTEE

As at 31 December 2025, the Audit Committee comprised three members, namely, Mr. Chau Shing Yim, David, chairman of the Audit Committee, Mr. Nie Zhixin and Mr. Chen Haiquan all being independent non-executive Directors. The Audit Committee adopted the written terms of reference which were basically the same as those set forth in code provision D.3.3 of the Code. The Audit Committee is principally responsible for reviewing the effectiveness of the Company's internal audit function, reviewing and supervising the Group's financial reporting process, reviewing annually the risk management and internal control system and providing advice and recommendations to the Board.

The Audit Committee has reviewed the results of the Group for the year ended 31 December 2025.

During the Year, two meetings have been held by the Audit Committee to approve the audited financial statements for the Year and to review interim financial statements (including accounting policies and practices adopted) of the Group for the Year, and recommended such financial statements to the Board for approval. The record of attendance of members at such meetings is set out on page 58 of this report.

The Audit Committee also met to review the risk management and internal control systems of the Group, the financial statements and other reports for the Year and discuss any significant audit matters with the Company's external auditor and the senior management before recommending them to the Board for consideration and approval. The Audit Committee recommended the Board in relation to the re-appointment of PricewaterhouseCoopers as the Company's external auditor for the financial year ending 31 December 2026 at the AGM.

REMUNERATION COMMITTEE

The majority of the members of the Remuneration Committee were independent non-executive Directors. As at 31 December 2025, the members of the Remuneration Committee included Mr. Chau Shing Yim, David, the chairman of the Remuneration Committee, Mr. Nie Zhixin and Mr. Ke Liming. The Remuneration Committee adopted the written terms of reference which were basically the same as those set forth in code provision E.1.2 of the Code. The Remuneration Committee is principally responsible for assessing performance of executive Directors, approving executive Directors' service contracts, reviewing and determining, with delegated responsibility, the remuneration policy and packages of the individual executive Directors and senior management. This includes benefits in kind, pension rights and compensation payments, including any compensation payable for loss on termination of their office or appointment. No Director is involved in deciding his/her own remuneration.

During the Year, the Remuneration Committee had discussed and reviewed the remuneration packages for all Directors and senior management, including but not limited to review of the 2013 Share Option Scheme and the 2023 Share Option Scheme.

NOMINATION COMMITTEE

The majority of the members of the Nomination Committee were independent non-executive Directors. As at 31 December 2025, the members of the Nomination Committee included Mr. Ke Liming, the chairman of the Nomination Committee, Mr. Nie Zhixin and Mr. Chen Haiquan. The Nomination Committee's terms of reference are basically the same as those set forth in code provision B.3.1 of the Code.

The Nomination Committee is principally responsible for reviewing the structure, size and composition of the Board, and selecting and making recommendations to the Board on the appointment of Directors and senior management.

The nomination policy of Directors sets as one of its objectives to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. For a summary of the Company's Board diversity policy, please refer to the relevant paragraph in the "Board Diversity" section of this Corporate Governance Report.

Pursuant to these policies, in assessing and selecting candidates, the Nomination Committee considers various factors when identifies or selects candidates, such as integrity, age, gender, skills, knowledge, experience, expertise, professional and educational qualifications, background, the Board's composition and diversity, availability of service to the Company, expected contribution, independence, conflicts of interest, and any other relevant factors. The Company has provided the Nomination Committee sufficient resources to perform its duties. Where necessary, the Nomination Committee may seek independent professional advice, at the Company's expense, to perform its responsibilities.

During the Year, the Nomination Committee had reviewed the structure, size and composition of the Board and the independence of the independent non-executive Directors.

COMPANY SECRETARY

Mr. Fong Kar Chun, Jimmy is the company secretary of the Company (the "**Company Secretary**"). He has complied with the 15 hours training requirements under Rule 3.29 of the Listing Rules during the Year.

SECURITIES TRANSACTIONS BY THE DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as the code of conduct for securities transactions conducted by the Directors and any employee or a director or employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to possess inside information in relation to the Company or its securities ("**Relevant Employees**"). The Company, having made detailed and cautious enquiries, confirmed that all Directors and Relevant Employees have abided by the Model Code for the Year.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner.

The Directors are responsible for ensuring the maintenance of proper accounting records of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities. The reporting responsibilities of the external auditor, PricewaterhouseCoopers are set out in the Independent Auditor's Report on page 69 to page 73 of the annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

Duties of the Board and the Management

The Board is responsible for the risk management and internal control system and has the responsibility to review the effectiveness of the system. The Board is responsible for assessing and determining the nature and extent of the risks that the Group is willing to take in achieving strategic objectives, and monitoring the establishment and maintenance by the management of appropriate and effective risk management and internal control systems. The management is responsible for designing and maintaining an effective risk management and internal control system as well as providing confirmations to the Board on the effectiveness of the system.

Risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance that there will be no material misstatements or losses.

Risk Management

- ### Enhancement in risk management system and structure

  Based on the latest group organizational structure and the work completed in the prior year, the Group has continued to improve the risk management system structure at the group level to guide the risk assessment activities and ongoing risk monitoring activities for various departments by way of the following:

  ✓ **Refined and reiterated the risk management organizational structure** — An organizational structure with the Board as the decision-maker and the leading groups and management of various business segments of the Group as the implementation unit has been established to divide risk management responsibilities and clarify the direct management responsibilities for risk management and the risk information reporting line. Among which, the Board and the Audit Committee supervise, identify and evaluate company-level risks from top to bottom, while the Group and the management of various departments identify, manage and report risks from the bottom up.

  The main roles and responsibilities of the risk management system are as follows:

Roles	Primary Duties
Board	• Assess and determine the nature of the risk and the degree of acceptance to ensure the achievement of strategic objectives • Ensure the establishment and maintenance of an effective risk management and internal control system • Supervise management for the design, implementation and monitoring of the risk management and internal control system
Audit Committee	• To oversee, on behalf of the Board, the adequacy and effectiveness of the internal audit function and the risk management and internal control system
Senior management of the Group	• Design, implement and supervise the risk management work of the Group, report on risk management to the Audit Committee on a regular basis, and report and disclose significant risk information to the Audit Committee • Provide the Audit Committee with the confirmation of the effectiveness of the risk management system
Management at the headquarters of the Group and management of various departments	• Regularly update the list of risks involved in the relevant activities, and carry out risk identification and evaluation and other related work • Develop and implement a risk response program for the relevant activities • Responsible for the implementation of specific risk management measures • Monitor all kinds of risks involved in the relevant activities, timely report to the risk management coordinator and risk management leadership on risk information • Conduct other relevant work on risk management

✓ **Updated the risk assessment criteria** — During the Year, in response to the changes in internal and external environment, taking into account the business nature, operation characteristics and strategic objectives of the Group and each segment and the risk appetite of the management, the Group updated the risk assessment standards applicable to each business segment including the consideration of qualitative and quantitative dimensions (strategy, finance, operations, compliance and legal regulations, market etc.), took into account the risk related to environment, social and governance when updating the assessment checklist and carried out the assessment on the risks that are most likely to affect the achievement of the corporate objectives by using commonly recognized assessment methods and assessment criteria.

✓ **Refined and standardized the risk management workflow** — Based on the business operations, the Group continuously monitors and manages risks through the risk management workflow covering major steps including identification, assessment, response, monitoring and reporting (please refer to figure 1 "Risk management workflow" below for details). The main elements include, for the purposes of business objectives of the Group and various business segments, identifying the risk factors that affect the achievement of business objectives, assessing the likelihood and potential impacts of each specific risk; adopting measures to deal with the risks identified; and continuously monitoring the changes in risks and timely adjusting countermeasures. During the Year, the Group reviewed, adjusted and improved the risk management workflow, improving the efficiency and standardization of its operation.

Figure 1: Risk management workflow

✓ **Refined and reiterated the risk management review frequency** — The frequency of risk management assessment and reporting of the Group was reiterated (to be at least once a year).

- ## Risk assessment work of the Group for 2025

  In addition to the aforesaid risk management framework at the group level, the Group continued its maintenance of the risk management system in 2025, details of which include the following:

  - *Advance the implementation of material risk assessment results of the Group for the prior year*

    During the Year, the management of the Group followed up on the implementation of the measures in respect of the areas for improvement in management and control identified in the risk assessment for the prior year, establishing a continuous management and control cycle model of "Risk identification — Implementation of risk management and control — review and tracking — Continuous optimization" in order to ensure that the material risk management gaps have been effectively improved and to continuously improve the Group's ability to prevent and cope with risks (for details, please refer to Figure 2: Risk assessment, management and control model below).

Figure 2: Risk assessment, management and control model

  - *Conduct a comprehensive review of risk management system of the Group for the year of 2025*

    The management of the Group updated the risk assessment standards and the risk database based on the changes in the external market environment and the internal operating environment, the progress of business and risk appetite. In addition, it adopted a systematic risk assessment method to review the changes in the nature and degree of the material risks that its business segments face, identified the material risks faced by its business segments, analyzed the status of risk management and control and countermeasures to be adopted and key risk management strategies, and reported the risk assessment results to the Audit Committee. The Audit Committee reviewed and assessed the changes in the nature and degree of material risks on behalf of the Board, and completed the review of the risk management systems and considered these systems effective and sufficient.

Internal Control

1. Enhancement of the internal control framework

The Group has established its own internal control system by making reference to the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (please refer to figure 3: COSO Internal Control and Management Framework below). The Group's internal control system consists of five interdependent elements, which coordinate and operate to ensure the effectiveness of internal control functions of the Group. The five elements are: control environment, risk assessment, control activities, information and communication and monitoring activities.

Figure 3: COSO Internal Control and Management Framework

The internal control system of the Group, as an integral part of its risk management, is established based on the risks faced by the Group. The management at the headquarters of the Group, its business segments and departments has designed and implemented a series of policies and procedures in view of the process relating to finance, operation and compliance, and monitors the implementation of these policies and procedures and their effectiveness.

2. Internal Audit

The Group has in place internal audit functions. In the future, the internal audit of the Group will continue to adopt a risk-based internal audit approach to ensure that significant matters of concern and risks are considered in the scope of the audit.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

During the Year, the Group, through the Audit Committee, conducted a comprehensive review of the risk management and internal control systems of the Group for the financial year of 2025, which mainly involved the continuous advancement of risk assessment and the major assessment of the results of the internal control review for the prior year as well as the risk assessment and internal control review for key business process for the Year that covered the Group and its major business segments. All important aspects of control, including financial, operation and compliance areas, were reviewed, and the nature and severity change of major risks as well as the Group's ability to cope with the changes in its business and external environment, were reviewed, and these systems were considered effective and adequate.

The Audit Committee has reviewed the resources, staff qualifications and experience of the Company on accounting, internal audit and financial reporting functions as well as its staff training programs and budget and is satisfied with the results.

ANTI-CORRUPTION SYSTEM

The Group has set up a whistleblowing letterbox. The Audit Committee is responsible for following up and investigating alleged fraud incidents and assisting the Group in promoting a culture of integrity. When working with business partners, the Group requires them to sign the "Sunshine Integrity and Anti-Commercial Bribery Agreement for Business Partners", which sets out clear anti-corruption requirements and establishes the basis of integrity and probity for cooperation.

FRAMEWORK FOR DISCLOSURE OF INSIDE INFORMATION

The Company has put in place a framework for the handling and disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls, including but not limited to establishing controls for monitoring business and corporate developments and events so that any potential inside information is promptly identified and escalated, restricting access to inside information to a limited number of employees on a need-to-know basis, and ensuring employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality, for the handling and dissemination of inside information in a timely manner so as to allow all shareholders and stakeholders of the Group to assess the latest position of the Group.

AUDITOR'S REMUNERATION

For the Year, the emolument to the external auditor of the Company for the annual audit of financial statements amounted to approximately RMB5,900,000.

For the Year, the emolument of the external auditor of the Company for providing non-audit services amounted to approximately RMB632,000, for providing tax compliance and convertible bond services.

AMENDMENTS TO THE COMPANY'S CONSTITUTIONAL DOCUMENTS

There was no change in the constitutional documents of the Company during the Year.

SHAREHOLDERS' RIGHTS

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up share capital of the Company carrying the right of voting at the general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting ("**SGM**") 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. Eligible Shareholders who wish to convene a SGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Room 3701, 37/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the Company Secretary. If within 21 days of the deposit of the Requisition the Board fails to proceed to convene such SGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the provisions of section 74(3) of the Companies Act 1981 of Bermuda.

RIGHT TO NOMINATE DIRECTORS FOR ELECTION AT GENERAL MEETINGS

Shareholder who wishes to propose a person other than a Director of the Company for election as a Director must deposit a written notice (the "**Notice**") to the principal place of business of the Company in Hong Kong at Room 3701, 37/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, or the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited (the "**Hong Kong Branch Share Registrar**"), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for the attention of the Company Secretary. The Notice must state clearly the name of the Shareholder(s) and his/her/their shareholding, the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned (not the person to be nominated). The Notice must also be accompanied by a letter of consent signed by the person nominated to be elected on his/her willingness to be elected as a Director. The period for lodgment of the Notice will commence on the day after the dispatch of the notice of the general meeting held for the election of Directors and end no later than seven (7) days prior to the date of such general meeting.

The Notice will be verified by the Hong Kong Branch Share Registrar and upon their confirmation that the request is proper and in compliance with the rules of procedures, the Company Secretary will ask the nomination committee of the Company and the Board to consider to include the resolution in the agenda for the general meeting proposing such person to be elected as a Director.

The right and procedures to convene a general meeting and to demand a poll on resolutions at general meetings by Shareholders are set out in the Company's amended and restated Bye-laws headed "General Meetings", "Notice of General Meetings", "Proceedings At General Meetings" and "Voting".

DISCLAIMERS

The contents of the sections headed "Shareholders' Rights" and "Right to Nominate Directors for Election at General Meetings" in this report are for reference only and in compliance with disclosure requirements, which do not represent and shall not be regarded as legal or other professional advice to the Shareholders. Shareholders should seek their independent legal or other professional advice as to their rights as shareholders of the Company. The Company disclaims any liability for all liabilities and losses incurred by the Shareholders in reliance upon any contents of the sections headed "Shareholders' Rights" and "Right to Nominate Directors for Election at General Meetings".

INVESTOR RELATIONS

The Company emphasises communication with investors so as to enhance the transparency of the Company, and stresses the importance of channels to collect and respond to the opinions of investors. The Company releases information and responded to questions from the media through press conferences and the Company's website, and communicates with the media on a regular basis.

Shareholders, investors and the media can make enquiries with us by the following methods:

By telephone: (86) 010-5789-2935#8305/(852) 2153-1136
By post: Room 3701, 37/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong

The Board has reviewed the implementation and effectiveness of the Group's communication policy including steps taken at the annual general meeting and the handling of queries received (if any) which were conducted during the year ended 31 December 2025, and considered the Group's communication policy effective and adequate.

羅兵咸永道

To the Shareholders of China Ruyi Holdings Limited
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of China Ruyi Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 74 to 195, comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss and other 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. 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.

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Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

THE KEY AUDIT MATTER

The key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

The key audit matter identified in our audit is related to impairment assessment of goodwill and operating licenses with indefinite useful life.

The Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill and operating licenses with indefinite useful life from acquisition of Virtual Cinema Entertainment Limited ("Virtual Cinema") Refer to Notes 4(a) and 8 to the consolidated financial statements. As at 31 December 2025, there was goodwill and operating licenses with indefinite useful life with carrying amount of approximately RMB4,214,619,000 and RMB674,557,000 respectively, arisen from the acquisition of Virtual Cinema in the previous year, which in aggregate represented approximately 16% of the total assets of the Group. Management performed impairment test of goodwill and operating licenses with indefinite useful life by comparing their carrying amounts to the recoverable amounts of relevant cash generating units ("CGUs"). Management determined the recoverable amounts of the CGUs based on value in use ("VIU"), which is the present value of the future cash flows expected to be derived from the CGUs. Based on the assessments, management considered no impairment is necessary in respect of the goodwill and operating licenses with indefinite useful life as at 31 December 2025.	Our procedures in relation to impairment assessment of goodwill and operating licenses with indefinite useful life included: • We obtained an understanding of management's internal control and process over the impairment assessment of goodwill and operating licenses with indefinitely useful life and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity and subjectivity; • We assessed the model used and challenged the reasonableness of key assumptions used in the impairment assessment of goodwill and operating licenses with indefinite useful life with the involvement of our internal valuation expert, such as the revenue growth rate, gross profit margin, pre-tax discount rate and terminal growth rate, by comparing these assumptions against historical performance, relevant market data and industry research;

The Key Audit Matter (Continued)	How our audit addressed the Key Audit Matter (Continued)
We focused on this area due to the magnitude of the carrying amounts of goodwill and operating licenses with indefinite useful life and the fact that significant judgements and estimates were required by management as the VIU of the related CGUs is determined based on assumptions used in the cash flow forecast. The key assumptions adopted by management include the revenue growth rate, terminal growth rate, gross profit margin and pre-tax discount rate.	• We evaluated management's sensitivity analysis over the revenue growth rate, terminal growth rate, gross profit margin and pre-tax discount rate as adopted in the impairment test so as to assess the potential implication on the results of the impairment test for changes of assumptions within a reasonable range; and • We assessed the adequacy of related disclosures in the consolidated financial statements. Based on the work performed, we considered that the key assumptions and estimates adopted by management in the impairment assessment on goodwill and operating licenses with indefinite useful life were supportable by available evidence.

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 HKFRS Accounting Standards as issued by the HKICPA 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, in accordance with Section 90 of the Companies Act 1981 of Bermuda, 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 HKSAs 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 HKSAs, 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 matter communicated with the Audit Committee, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter 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 YAU, Lai Ting, Cecilia (practising certificate number: P05271).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	**80,350**	92,177
Right-of-use assets	*7*	**56,467**	63,613
Goodwill	*8*	**4,443,665**	4,443,665
Film and television programmes rights	*15*	**1,353,174**	1,939,333
Other intangible assets	*8*	**743,097**	715,570
Deferred tax assets	*23*	**95,917**	40,424
Investments accounted for using equity method	*9*	**1,712,143**	33,799
Financial assets at fair value through profit or loss	*17*	**4,277,999**	3,117,420
Financial assets at fair value through other comprehensive income	*12*	**513**	516
Prepayments and other non-financial assets	*13*	**40,384**	195,773
Deposits	*14*	**5,457**	6,106
		12,809,166	10,648,396
Current assets			
Film and television programmes rights	*15*	**2,251,005**	1,809,113
Inventories	*10*	**3,039**	2,874
Prepayments and other non-financial assets	*13*	**440,939**	276,891
Other receivables and deposits	*14*	**1,398,223**	1,611,573
Trade and bills receivables	*16*	**2,517,984**	2,956,914
Financial assets at fair value through profit or loss	*17*	**3,596,181**	871,310
Term deposits	*18*	**957,718**	—
Cash and cash equivalents	*18*	**6,286,066**	3,493,642
		17,451,155	11,022,317
Total assets		**30,260,321**	21,670,713
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*19*	**318,541**	273,444
Share premium	*19*	**22,673,729**	17,069,660
Other reserves	*20*	**127,663**	49,736
Retain earnings/(accumulated losses)		**749,011**	(1,047,625)
		23,868,944	16,345,215
Non-controlling interests		**(23,221)**	(12,608)
Total equity		**23,845,723**	16,332,607

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	22	**69,398**	479,821
Lease liabilities	7	**27,628**	37,311
Deferred tax liabilities	23	**436,668**	459,022
Contingent consideration payable	9(b)(ii)	**17,000**	—
Convertible bonds	27	**1,841,893**	—
		2,392,587	976,154
Current liabilities			
Contract liabilities	5(f)	**18,563**	18,232
Borrowings	22	**663,563**	1,221,043
Trade payables	24	**530,859**	835,888
Film and television programmes investment funds from investors	25	**673,136**	743,375
Other payables and accruals	26	**1,460,522**	832,924
Current income tax liabilities		**571,217**	682,124
Lease liabilities	7	**23,522**	28,366
Convertible bonds	27	**80,629**	—
		4,022,011	4,361,952
Total liabilities		**6,414,598**	5,338,106
Total equity and liabilities		**30,260,321**	21,670,713

The consolidated financial statements on 74 to 195 were approved by the Board of Directors on 31 March 2026 and were signed on its behalf.

Ke Liming
Director

Zhang Qiang
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2025 RMB'000	2024 RMB'000
Revenue	*5*	**3,342,975**	3,670,760
Cost of revenue	*28*	**(2,159,234)**	(1,760,345)
Gross profit		**1,183,741**	1,910,415
Selling and marketing costs	*28*	**(363,980)**	(161,738)
Administrative expenses	*28*	**(302,859)**	(328,608)
Net impairment losses on financial assets	*3.1(d)*	**(155,483)**	(144,525)
Other income	*30*	**15,007**	11,693
Other gain/(loss) — net	*31*	**1,281,717**	(1,222,041)
Operating profit		**1,658,143**	65,196
Finance cost	*32*	**(141,965)**	(103,574)
Finance income	*32*	**214,925**	110,244
Finance income — net	*32*	**72,960**	6,670
Share of profit/(loss) of associates accounted for using the equity method	*9*	**201,249**	(215)
Profit before income tax		**1,932,352**	71,651
Income tax expenses	*33*	**(146,329)**	(278,227)
Profit/(Loss) for the year, net of tax		**1,786,023**	(206,576)
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
Changes at fair value through other comprehensive income/(loss)		**10**	(7)
Currency translation difference		**242,578**	48,056
Items that will not be reclassified to profit or loss:			
Currency translation difference		**(410,893)**	(73,247)
Other comprehensive losses for the year, net of tax		**(168,305)**	(25,198)
Total comprehensive income/(loss) for the year		**1,617,718**	(231,774)

	Notes	**2025** **RMB'000**	2024 RMB'000
Profit/(loss) attributable to:			
— Equity holders of the Company		**1,796,636**	(190,533)
— Non-controlling interests		**(10,613)**	(16,043)
		1,786,023	(206,576)
Total comprehensive income/(loss) attributable to:			
— Equity holders of the Company		**1,628,331**	(215,731)
— Non-controlling interests		**(10,613)**	(16,043)
		1,617,718	(231,774)
Earning/(loss) per share for profit/(loss) attributable to the equity holders of the Company for the years: (expressed in RMB cents per share)			
— Basic earning/(loss) per share	*34*	**11.42**	(1.57)
— Diluted earning/(loss) per share	*34*	**11.42**	(1.57)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
	Share capital RMB'000 *(Note 19)*	Share premium RMB'000 *(Note 19)*	Other reserves RMB'000 *(Note 20)*	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024	222,761	11,664,209	7,662	(857,092)	11,037,540	(1,556)	11,035,984
Comprehensive income							
Loss for the year	—	—	—	(190,533)	(190,533)	(16,043)	(206,576)
Other comprehensive loss							
Changes in the fair value of debt instruments at fair value through other comprehensive income	—	—	(7)	—	(7)	—	(7)
Currency translation difference	—	—	(25,191)	—	(25,191)	—	(25,191)
Total other comprehensive loss	—	—	(25,198)	—	(25,198)	—	(25,198)
Total comprehensive loss	—	—	(25,198)	(190,533)	(215,731)	(16,043)	(231,774)
Transactions with equity holders							
Issuance of ordinary shares *(Note 19)*	50,683	5,405,451	—	—	5,456,134	—	5,456,134
Disposal of subsidiaries	—	—	—	—	—	4,991	4,991
Employees share option scheme — share-based compensation expenses *(Note 21)*	—	—	67,272	—	67,272	—	67,272
Total transactions with equity holders	50,683	5,405,451	67,272	—	5,523,406	4,991	5,528,397
Balance at 31 December 2024	273,444	17,069,660	49,736	(1,047,625)	16,345,215	(12,608)	16,332,607

	Attributable to equity holders of the Company						
	Share capital RMB'000 *(Note 19)*	Share premium RMB'000 *(Note 19)*	Other reserves RMB'000 *(Note 20)*	(Accumulated losses)/ retain earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2025	273,444	17,069,660	49,736	(1,047,625)	16,345,215	(12,608)	16,332,607
Comprehensive income							
Profit for the year	—	—	—	1,796,636	1,796,636	(10,613)	1,786,023
Other comprehensive loss							
Changes in the fair value of debt instruments at fair value through other comprehensive income	—	—	10	—	10	—	10
Currency translation difference	—	—	(168,315)	—	(168,315)	—	(168,315)
Total other comprehensive loss	—	—	(168,305)	—	(168,305)	—	(168,305)
Total comprehensive income	—	—	(168,305)	1,796,636	1,628,331	(10,613)	1,617,718
Transactions with equity holders							
Issuance of ordinary shares *(Note 19)*	45,097	5,604,069	—	—	5,649,166	—	5,649,166
Employees share option scheme — share-based compensation expenses *(Note 21)*	—	—	50,317	—	50,317	—	50,317
Issuance of convertible bonds *(Note 27)*	—	—	195,915	—	195,915	—	195,915
Total transactions with equity holders	45,097	5,604,069	246,232	—	5,895,398	—	5,895,398
Balance at 31 December 2025	318,541	22,673,729	127,663	749,011	23,868,944	(23,221)	23,845,723

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	*35(a)*	**863,478**	604,127
Interest paid		**(53,504)**	(17,774)
Interest received		**119,283**	32,060
Income tax paid		**(335,083)**	(101,309)
Net cash generated from operating activities		**594,174**	517,104
Cash flows in investing activities			
Purchase of property, plant and equipment		**(12,615)**	(17,252)
Proceeds from disposal of property, plant and equipment		**366**	—
Purchase of intangible assets		**(24,354)**	(395)
Purchase of financial assets at fair value through profit or loss		**(5,871,231)**	(1,112,732)
Purchases of investments accounted for using the equity method	*9*	**(88,250)**	—
Proceeds from disposal of financial assets at fair value through profit or loss		**2,417,033**	485,749
Advance of receivables from investments in films and television programmes rights		**(15,000)**	(10,000)
Repayment of receivables from investments in films and television programmes rights		**108,676**	188,768
Dividend income from financial assets at fair value through profit or loss		**18,714**	—
Interest received from investments in film and television programmes rights		**—**	943
Advance of loans to third parties		**(614,394)**	(1,604,133)
Repayment of loans to third parties		**617,662**	2,006,956
Interest received from loans to third parties		**7,978**	—
Advance of loans to related parties	*36(b)*	**—**	(69,750)
Payments for term deposit with original maturity of more than three months		**(1,014,298)**	—
Proceeds from maturity of term deposits		**71,754**	—
Repayment of loans to related parties		**—**	52,500
Cash disposed from the disposal of subsidiaries		**—**	(1,242)
Acquisition of a subsidiary, net of cash acquired		**—**	(315,889)
Net cash used in investing activities		**(4,397,959)**	(396,477)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	*19*	**5,607,446**	2,925,273
Proceeds from issuance of convertible bonds	*27*	**2,126,998**	—
Proceeds from borrowings		**198,500**	179,910
Repayment of bank and other borrowings		**(1,192,439)**	(302,304)
Repayment of principal elements of lease		**(35,053)**	(26,913)
Net cash generated from financing activities		**6,705,452**	2,775,966
Net increase in cash and cash equivalents		**2,901,667**	2,896,593
Cash and cash equivalents at the beginning of the financial year		**3,493,642**	569,902
Effect of exchange rate changes on cash and cash equivalents		**(109,243)**	27,147
Cash and cash equivalents at end of year	*18*	**6,286,066**	3,493,642

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

China Ruyi Holdings Limited (the "Company") was incorporated in Bermuda with limited liability and is engaged in investment holding. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company and its subsidiaries (the "Group") are principally engaged in content production, online streaming services, online gaming services and manufacturing and sales of accessories.

The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in thousands of Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000"), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors (the "Board", or "Directors") of the Company on 31 March 2026.

2 SUMMARY OF ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The preparation of financial statements in conformity with HKFRS 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.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2025:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)

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

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) Amendments to existing standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2025 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
HK Int 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

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

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

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies

2.2.1 Principles of consolidation and equity accounting

(a) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has controlled. The Group controls an entity when 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.

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised 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.

Subsidiaries controlled through contractual arrangements

The Group's wholly-owned subsidiaries have entered certain contractual arrangements (the "Contractual Arrangements") with the Company's subsidiaries' (all established in the People's Republic of China ("PRC")) equity holders, which enable the Group to:

— exercise effective financial and operational control over the variable interest entities ("VIE");

— exercise equity holders' voting rights of the VIE;

— receive substantially all of the economic interests and returns generated by the VIE in consideration for the business support, technical and consulting services provided by the wholly foreign-owned enterprise ("WFOE"), at the WFOE's discretion;

— obtain an irrevocable and exclusive right to purchase the entire equity interest in the VIE from the equity holders; and

— obtain a pledge over the entire equity interest in the VIE from its equity holders as collateral security for all of the VIE's payments due to the WFOE and to secure performance of the VIE's obligations under the VIE Contracts, respectively.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.1 Principles of consolidation and equity accounting (Continued)

(a) Subsidiaries (Continued)

The Group does not have any equity interest in the VIE. However, as a result of the contractual arrangements, the Group has rights to variable returns from its involvement with the VIE and has the ability to affect those returns through its power over the VIE and is considered to control the VIE. Consequently, the Group regards the VIE as controlled structure entities and consolidated the financial position and result of operations of the VIE in the consolidated financial statements.

Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The Directors of the Group, based on the advice of its legal counsel, consider that the use of contractual arrangements does not constitute a breach of relevant laws and regulations.

(b) 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, after initially being recognised at cost.

(c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise 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 recognised 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 recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised 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.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.1 Principles of consolidation and equity accounting (Continued)

(d) Joint arrangements

Under HKFRS 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.

Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings.

(e) Changes in ownership interests

When the Group ceases to consolidate for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised 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 recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2.2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

2.2.3 Foreign currency translation

(a) 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 consolidated financial statements are presented in RMB, which is the presentation currency of the Company. The functional currency of the Company is Hong Kong dollars ("HK$").

(b) 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 recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.3 Foreign currency translation (Continued)

(b) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gain/(loss) — net.

(c) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of profit or loss and other 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 currency translation differences are recognised in other comprehensive income.

2.2.4 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use ("VIU") and the fair value less costs of disposal ("FVLCD"). Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.4 Intangible assets (Continued)

(b) Operating licences

Separately acquired licences are shown at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date.

Operating licences for production and distribution of television drama series, television programs and films in the PRC have indefinite useful lives. The renewal of these licences are subject to the approval of the relevant bureau. In the opinion of the Directors of the Company, the renewal of these licences will continue to be approved with minimal costs and accordingly they are deemed to have indefinite lives. These intangible assets will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication they may be impaired.

(c) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. Software acquired in a business combination are recognised at fair value at the acquisition date.

Capitalised development costs are recorded as intangible assets and amortised over its useful life of 5 years from the point at which the asset is ready for use.

(d) Internal development costs

Internal costs incurred on development projects are capitalised as intangible assets when recognition criteria are met:

- it is technically feasible to complete the application so that it will be available for use;
- management intends to complete the application and use or sell it;
- there is an ability to use or sell the application;
- it can be demonstrated how the application will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the application are available; and
- the expenditure attributable to the application during its development can be reliably measured.

Directly attributable costs that are capitalised include employment costs and an appropriate portion of relevant overheads. Development costs previously recognised as an expense is not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over their estimated useful lives of 3 years.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.4 Intangible assets (Continued)

(d) Internal development costs (Continued)

Research expenditure and development expenditure that do not meet the capitalisation criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(e) Game source code

The game source code is acquired in a business combination and recognised at fair value at the acquisition date. The game source code is amortised using the straight-line method over its useful life of 10 years which reflects the pattern in which the game source code's future economic benefits are expected to be consumed.

(f) Copyrights and game licenses

Copyrights are initially recorded at cost and are amortised on a straight-line basis over their estimated useful lives of one to three years.

Under certain arrangements entered between the Group and the intellectual property ("IP") holders, the Group pays non-refundable upfront licensing fees to the IP holders as the Group is entitled to use such IP to develop and operate online games. The Group recognises the licensing fee as an intangible asset. This intangible asset is amortised on a straight-line basis over license period of the relevant online games ranging from one to three years.

2.2.5 Film and television programmes rights

Depending on the expected use of these rights, film and television programmes rights are treated either as intangible assets or inventory.

For those treated as inventory, they are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

For those treated as intangible assets, they are stated at cost less accumulated amortisation and impairment losses, if any.

(a) Film and television programmes rights under production

Film and television programmes rights under production are carried at cost, less accumulated impairment loss. Cost includes procurement of film and television scripts, salary of directors and actors and other direct costs or expenses incurred during the production of films and television programmes rights.

Film and television programmes rights under production are transferred to "film and television programmes rights completed" upon completion of production.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.5 Film and television programmes rights (Continued)

(b) Film and television programmes rights completed

Film and television programmes rights completed are carried at cost method, less accumulated impairment losses, if any. The films and television programmes rights might be released through various distribution channels, such as theatrical release, television release or internet release, and other licensing arrangement. However, if the Group plans to consume the future economic benefits of the films and television rights substantially through the first theatrical or television release, the corresponding cost is then charged to profit or loss over the period of the first release of those film and television programmes rights through theatrical release or television release. Cost of television programmes rights is charged to profit or loss upon the delivery of master tapes of the respective television programmes.

(c) Licensed film and television programmes rights

Licensed film and television programmes rights represent the Group's investments in film and television programmes rights licenses. The Group acquired or licensed rights from third parties for broadcasting of films or television programmes series on its online streaming platform or sub-licensing the license rights to other parties. Licensed film and television programmes rights are carried at cost, less accumulated amortisation and accumulated impairment losses, if any.

The Group allocates cost of film and television programmes rights relevant to sub-licensing and recognise it as cost of revenue when sub-licensing the license rights to other parties.

For the rest of cost which the expected future economic benefits are expected to be consumed by subscription on the online streaming platform, it is amortised on a straight-line basis over their estimated useful lives of primarily 2 to 3 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimation being accounted for on a prospective basis.

(d) Current and non-current classification and derecognition

Film and television programmes rights and prepayment for film and television programmes rights are classified as current assets if the expected time to complete the production is within the Group's operating cycle. The remaining film and television programmes rights and prepayment for film and television programmes rights are classified as non-current assets.

Film and television programmes rights are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of film and television programmes rights, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.5 Film and television programmes rights (Continued)

(e) Film rights investments

The Group has certain investments in film and TV production projects which entitles the Group to receive a fixed and/or variable income based on the Group's investment amount and expected rate of return as specified in the respective film and TV investment agreements. The investments are carried at fair value and included in 'Financial assets at fair value through profit or loss' in the consolidated statement of financial position.

(f) Impairment

Film and television programmes rights under production and completed and licensed film and television programmes rights are tested for impairment when impairment indicators existed or annually.

In determining whether there is any impairment indicator on film and television programmes rights completed, the Group considered, on a title-by-title basis, factors such as current market condition, political environment, latest regulatory changes, and whether there is any adverse change on the expected performance and distribution plan, as well as whether their costs exceed its net realisable value.

In determining whether there is any impairment indicator on the licensed film and television programmes rights, management considered them, on a portfolio basis as one CGU, together with the Group's online streaming platform where the licensed film and television programmes rights are available for subscription on its online streaming platform.

When impairment assessment is needed, management will perform impairment assessment by determining the recoverable amount through value-in-use method, which will be calculated based on the present value of future cash flows directly generated by the relevant film and television programmes rights, or with reference to net realisable value.

2.2.6 Film and television programmes investment funds from investors

The amounts represent investments made by certain investors in respect of film rights developed by the Group and the amounts payable to these investors. In accordance with the terms of the respective investment agreements, the investors are entitled to the rights to recoup their investment amounts as appropriate by the predetermined percentage of income to be generated from the films. The financial liabilities are measured at amortised cost.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.7 Investments and other financial assets

(a) 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 amortised cost.

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.

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

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised 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.

(c) 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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss 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 ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.7 Investments and other financial assets (Continued)

(c) 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:

- Amortised 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 amortised 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 recognised directly in profit or loss and presented in other gain/(loss) — net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- Financial assets at fair value through other comprehensive income ("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 OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gain/(loss) — net. 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 gain/(loss) — net and impairment expenses are presented as separate line item in the statement of profit or loss.

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

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.7 Investments and other financial assets (Continued)

(c) Measurement (Continued)

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 recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gain/(loss) — net in the consolidated statement of profit or loss and other comprehensive income 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.

(d) Impairment

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

- Trade and bills receivables;
- Deposits and other receivables;
- FVOCI;
- Term deposits; and
- Cash and cash equivalents

The Group assesses, on a forward-looking basis, the expected credit losses associated with these financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and bills receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on deposits and other receivables, FVOCI, term deposits, and cash and cash equivalents is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. To manage risk arising from cash and cash equivalents, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.7 Investments and other financial assets (Continued)

(d) Impairment (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.2.8 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities of the Group are classified, at initial recognition, at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

(b) Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

2.2.9 Financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise 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.

2.2.10 Impairment of other non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation 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 recognised 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. Intangible assets that have an indefinite useful life are the operating licences required on the online streaming platform. 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.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.11 Trade and other receivables

Trade and bills receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other 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. If not, they are presented as non-current assets.

Trade and bills receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and bills receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

See Note 3.1(d) for a description of the Group's impairment policies.

2.2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.2.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.2.14 Borrowings

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

Fees paid to the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that part 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 capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.14 Borrowings (Continued)

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

2.2.15 Convertible bonds

The component parts of the Convertible Bonds are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue of the Convertible Bonds, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the Convertible Bonds as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. When the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.16 Share-based payments

(a) *Equity-settled share-based payment transactions*

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

- including any market performance conditions (for example, an entity's share price), if any;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. 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 recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(b) *Share-based payment transactions among Group entities*

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.17 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.

(a) 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided, 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 recognised 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 substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.17 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when 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 realise the asset and settle the liability simultaneously.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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

2.2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods and provision of internet platform services in the ordinary course of the Group's activities.

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

Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services. Specific criteria where revenue is recognised are described below.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.18 Revenue recognition (Continued)

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a service to the customer, the Group presents the contract as a contract liability when the payment is made, or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset represents the Group's right to consideration for the services that the Group has transferred to the customers but is not yet unconditional. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is requited before payment of that consideration is due.

Revenue is recognised when specific criteria have been met for the Group's activity as described below:

(a) Sales of goods

The Group manufactures and sells accessories for photographic and electrical products in wholesale market, and sells building furnishing materials in wholesale and retail market. Revenue from sales of goods is recognised when the products have been delivered to the customers. Control is considered to be transferred at the point in time when the products have been delivered to the wholesaler and the customer.

(b) Content production

The Group invests in and produces entertainment content such as film and television programmes series. Revenue derived from box office income, production and sub-licensing of film and television programmes rights is recognised at a point in time when the control of the entertainment content is transferred to the customers so that the customers can direct the use and obtain associated benefit.

(c) Online streaming services

The Group's online streaming services business focus on the monetisation of paid memberships as well as high quality licenses procured from different major international and domestic leading copyright suppliers, all of which are empowered by the pumpkin films online streaming platform operated by the Group and the experiences and knowledge of key management team of the online streaming services business who have years of experiences in the industry.

Under such online streaming services business model, the Group provides the users with membership services under the pumpkin films online streaming platform, online display-based advertising services (to corporate customers with media advertisements specifically displayed on the pumpkin platform), promotion advisory services and also sub-licenses film and television programmes rights to corporate customers.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.18 Revenue recognition (Continued)

(c) Online streaming services (Continued)

For the membership services, the revenue is recognised over time during the period of membership as the users simultaneously receives and consumes the benefits provided by the membership services.

For online advertising services, the revenue is recognised over time during the advertisement display period on the pumpkin platform.

For promotion advisory services, the revenue is recognised at a point in time when the advisory materials are delivered to and confirmed by corporations.

For the sub-licensing of film and television programmes rights, the revenue is recognised at the point in time when the film and television programmes rights are available to the licensee and the licensee is able to use and benefit from the license, generally on delivery of master file of the film and television programmes rights when a customer is provided with a right to film and television programmes rights.

(d) Online gaming services

Gaming services as a publisher and a developer

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

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

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

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.18 Revenue recognition (Continued)

(d) Online gaming services (Continued)

Gaming services as a publisher and a developer (Continued)

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

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

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

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

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

Gaming promotion, advertising and game-play design advisory services to publishers

The Group provides game-play design advisory services to game publishers and receives revenue-sharing based on gross merchandise volume of the selected games. 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 game publisher. As such, the Group recognises this revenue over time based on certain percentage of selling prices of gaming to each day.

The Group also provides game promotion and advertising services to game publishers for a fixed fee that is agreed upon between the Group and the game publishers before the commencement of the work. The Group recognises the revenue at a point in time when the advisory materials are delivered to and confirmed by the publishers or over time during the advertisement display period.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.19 Earnings per share

(a) 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.

(b) 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.

2.3 Other accounting policies

2.3.1 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.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.3 Other accounting policies

2.3.2 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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 the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the shorter of lease term and useful life
Buildings	20 years
Plant and machinery	5–10 years
Furniture, fixtures and equipment	5–10 years
Network equipment	3 years
Motor vehicles	4–5 years

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gain/(loss) — net" in profit or loss.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.3 Other accounting policies (Continued)

2.3.3 Inventories

Inventories mainly comprise raw material, work in progress and finished goods of textile fabric, accessories for photographic and electrical products on manufacture and sales of accessories business.

All the inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. 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.

2.3.4 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised 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 capitalisation.

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

2.3.5 Share capital

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

2.3.6 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.3 Other accounting policies (Continued)

2.3.6 Employee benefits (Continued)

(b) Retirement benefits

In accordance with the rules and regulations in the PRC, PRC-based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC-based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

2.3.7 Provisions

Provisions are recognised 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 recognised 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 recognised 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.3 Other accounting policies (Continued)

2.3.8 Interest income

Interest income from financial assets at FVPL is included in fair value change in financial assets at FVPL on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated statement of profit or loss and other comprehensive income as part of finance income.

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

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).

2.3.9 Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised 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 recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2.3.10 Leases

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.3 Other accounting policies (Continued)

2.3.10 Leases (Continued)

Leases are recognised 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.

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 an index or a rate, initially measured using the index or rate as at 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
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, 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 an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.3 Other accounting policies (Continued)

2.3.10 Leases (Continued)

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.

Payments associated with short-term leases and all leases of low-value assets are recognised 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 modification is a change in the scope of a lease, or the consideration for a lease, that was not part of its original terms and conditions. After the commencement date, the Group remeasures the lease liability to reflect any lease modification using the interest rate implicit in the lease for the remainder of the lease term. If that rate cannot be determined, the lessee's incremental borrowing rate at the effective date of the lease modification is used. The Group adjusts the carrying amount of the right-of-use asset for the remeasurement of the lease liability. If the carrying amount of the right-of-use asset has already been reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

2.3.11 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.3.12 Government grant

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

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit or loss information has been included where relevant to add further context.

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and net monetary assets and liabilities are denominated in RMB, United States dollars ("US$"), Euro ("EUR") and HK$, currencies other than the functional currencies of respective group entities.

The Group has not used any forward contracts, currency borrowings and other means to hedge its foreign currency exposure but manages through constant monitoring to limit as much as possible its net exposure.

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates. In the opinion of directors, HK$ are reasonably stable against the US$ under the Linked Exchange Rate System, and accordingly, no sensitivity analysis with respect to the US$ against HK$ is performed.

Most of the transactions of the Company and its major subsidiaries are denominated in their respective functional currency. The Company and its subsidiaries do not have significant financial assets or financial liabilities denominated in currencies other than their functional currencies. Accordingly, the Group does not have significant foreign currency exposure.

The directors of the Company are of the opinion that the impact on exchange difference for EUR, RMB and HK$ are immaterial as at 31 December 2025 and 2024 due to most of the transactions of the Company and its major subsidiaries are denominated in their respective functional currency. The Company and its subsidiaries do not have significant financial assets or financial liabilities denominated in currencies other than their functional currencies. Accordingly, the Group does not have significant foreign currency exposure.

(b) Price risk

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

As at 31 December 2025, if the fair values of the investments classified as financial assets at FVPL and FVOCI had been 5% higher/lower, with all other variables held constant, the Group's pre-tax profit and other components of equity would have been approximately RMB393,709,000 higher/lower(2024: RMB199,437,000 higher/lower) and approximately RMB26,000 higher/lower (2024: RMB26,000 higher/lower) respectively. Pre-tax profit for the year would increase/decrease as a result of gains/losses on financial asset classified as at FVPL. Other components of equity would increase/decrease as a result of gains/losses on financial asset classified as FVOCI.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factor (Continued)

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank deposits and fair value interest rate risk in relation to fixed-rate other borrowings and interest-free other borrowing, respectively.

The Group currently does not have a policy to hedge against the interest rate risk as management does not expect any significant interest rate risk as at the end of the reporting period.

As at 31 December 2025, the Group is not exposed to interest rate risk in relation to variable-rate bank deposits.(2024: RMB16,568,000 higher/lower) .

(d) Credit risk

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

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

(i) Risk management

As at 31 December 2025 and 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

As at 31 December 2025 and 2024, 63% and 56% of the total trade and bills receivables were due from the Group's five largest customers. The directors of the Company consider these counterparties with good credit worthiness based on their past repayment history. The directors closely monitor the subsequent settlement of the customers. The Group does not grant long credit period to the counterparties.

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factor (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets

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

- Cash and cash equivalents
- Term deposits
- Financial assets at FVOCI
- Bills receivables
- Trade receivables
- Deposits and other receivables

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

Trade receivables

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

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

Measurement of expected credit loss on individual basis

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a prepayment plan with the Group, and a failure to make contractual payments. As at 31 December 2025, the balance of loss allowance in respect of these individually assessed receivables was approximately RMB62,616,000 (as at 31 December 2024: RMB62,616,000).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factor (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

Measurement of expected credit loss on collective basis（Continued）

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

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

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

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

— Other customers
For trade receivables from other customers being private companies that are neither state-owned nor listed, the expected loss rates are based on the corresponding historical credit losses experienced, industry credit loss rates and aging profiles of trade receivables over a period of 36 months before 31 December 2025 or 1 January 2025 respectively within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and urban per capital disposable income of the PRC in which the Group sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in this factor.

As at 31 December 2025, the amount of loss allowance in respect of these collectively assessed receivables was approximately RMB264,995,000 (as at 31 December 2024: RMB234,188,000).

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factor (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Deposits and other receivables

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

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

Especially the following indicators are incorporated:

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

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factor (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factor (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

The loss allowance for trade and other receivables as at 31 December 2025 and 2024 reconcile to the opening loss allowance as follows:

	Trade and bills receivables RMB'000	Deposits and other receivables RMB'000	Total RMB'000
Balance as at 1 January 2024	162,727	72,630	235,357
Impairment provision	134,472	10,053	144,525
Exchange difference	(395)	252	(143)
Balance as at 31 December 2024	296,804	82,935	379,739
Balance as at 1 January 2025	**296,804**	**82,935**	**379,739**
Impairment provision	**30,812**	**124,671**	**155,483**
Exchange difference	**(5)**	**(219)**	**(224)**
Balance as at 31 December 2025	**327,611**	**207,387**	**534,998**

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factor (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

The loss allowance on trade receivables as at 31 December 2025 and 2024 was determined as follows:

	Up to 3 months past due RMB'000	3 to 6 months past due RMB'000	6 to 12 months past due RMB'000	Over 1 year past due RMB'000	Total RMB'000
As at 31 December 2025					
On collective basis					
Expected loss rate	**0.32%**	**1.23%**	**2.57%**	**21.24%**	**9.52%**
Gross carrying amount	**678,062**	**245,090**	**724,047**	**1,135,780**	**2,782,979**
Loss allowance provision	**2,151**	**3,020**	**18,636**	**241,188**	**264,995**
On individual basis					
Expected loss rate	**—**	**—**	**—**	**100.00%**	**100.00%**
Gross carrying amount	**—**	**—**	**—**	**62,616**	**62,616**
Loss allowance provision	**—**	**—**	**—**	**62,616**	**62,616**
Total					
Expected loss rate	**0.32%**	**1.23%**	**2.57%**	**25.35%**	**11.51%**
Gross carrying amount	**678,062**	**245,090**	**724,047**	**1,198,396**	**2,845,595**
Loss allowance provision	**2,151**	**3,020**	**18,636**	**303,804**	**327,611**
As at 31 December 2024					
On collective basis					
Expected loss rate	1.34%	0.89%	1.87%	22.95%	7.34%
Gross carrying amount	1,471,437	95,301	755,185	869,179	3,191,102
Loss allowance provision	19,694	848	14,131	199,515	234,188
On individual basis					
Expected loss rate	—	—	—	100.00%	100.00%
Gross carrying amount	—	—	—	62,616	62,616
Loss allowance provision	—	—	—	62,616	62,616
Total					
Expected loss rate	1.34%	0.89%	1.87%	28.13%	9.12%
Gross carrying amount	1,471,437	95,301	755,185	931,795	3,253,718
Loss allowance provision	19,694	848	14,131	262,131	296,804

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factor (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

The loss allowance on deposits and other receivables as at 31 December 2025 and 2024 was determined as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 31 December 2025				
Gross carrying amount				
Receivables from investments in film and television programmes rights	889,008	—	114,036	1,003,044
Receivables from redemption of investments funds	237,770	—	—	237,770
Loans to third parties	219,551	—	38,720	258,271
Amounts due from related parties	16,338	—	—	16,338
Others	54,385	—	41,259	95,644
	1,417,052	—	194,015	1,611,067
Loss allowance				
Receivables from investments in film and television programmes rights	10,481	—	114,036	124,517
Loans to third parties	2,012	—	38,720	40,732
Amounts due from related parties	133	—	—	133
Others	746	—	41,259	42,005
	13,372	—	194,015	207,387
Expected credit loss rate	0.94%	—	100.00%	12.87%

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factor (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factor (Continued)

(e) Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from advance receipts and long-term borrowings to meet its operating demands.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2025				
Borrowings (including interest payable)	677,373	72,500	—	749,873
Trade payables *(Note 24)*	530,859	—	—	530,859
Film and television programmes investment funds from investors (including interest payable)*(Note a)*	673,463	—	—	673,463
Other payables (excluding provisions for other taxes and accrued salaries)	1,323,041	—	—	1,323,041
Convertible bonds	83,526	83,526	2,323,445	2,490,497
Lease liabilities	24,988	13,595	15,338	53,921
Contingent consideration payable *(Note 9(b)(ii))*	—	17,000	—	17,000
Total	3,313,250	186,621	2,338,783	5,838,654
As at 31 December 2024				
Borrowings (including interest payable)	1,224,793	466,756	68,750	1,760,299
Trade payables *(Note 24)*	835,888	—	—	835,888
Film and television programmes investment funds from investors (including interest payable) *(Note a)*	746,234	—	—	746,234
Other payables (excluding provisions for other taxes and accrued salaries)	654,702	—	—	654,702
Lease liabilities	30,591	21,038	18,112	69,741
Total	3,492,208	487,794	86,862	4,066,864

(a) Certain portion of the film and television programmes investment funds from investors, which recoup their investment amounts as appropriate by the predetermined percentage of income to be generated from the films, is subject to variable interests without fixed contractual cash outflows.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

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

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings, lease liabilities and convertible bonds divided by total assets, as shown in the consolidated statements of financial position.

The gearing ratios as at 31 December 2025 and 2024 were as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Total borrowings, lease liabilities and convertible bonds	**2,706,633**	1,766,541
Total assets	**30,260,321**	21,670,713
Gearing ratio	**9%**	8%

Increase in gearing ratio as at 31 December 2025 compared to 31 December 2024 was primarily attributable to the issuance of convertible bonds in April 2025.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value as at 31 December 2025 and 2024 on a recurring basis:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2025				
Financial assets				
Financial assets at FVPL *(Note 17)*				
— Film rights investments	—	—	64,648	64,648
— Investments in listed equity securities	206,362	—	—	206,362
— Investments in unlisted funds	—	397,978	4,606,026	5,004,004
— Investments in unlisted companies	—	2,378,377	193,479	2,571,856
— Investments in unlisted bonds	—	27,310	—	27,310
	206,362	2,803,665	4,864,153	7,874,180
Financial assets at FVOCI *(Note 12)*				
— Listed fund	513	—	—	513
	206,875	2,803,665	4,864,153	7,874,693
As at 31 December 2025				
Financial liability				
Contingent consideration payable *(Note 9(b)(ii))*	—	—	17,000	17,000

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024				
Financial assets				
Financial assets at FVPL *(Note 17)*				
— Film rights investments	—	—	120,265	120,265
— Investments in listed equity securities	28,592	—	—	28,592
— Investments in unlisted funds	—	348,462	859,156	1,207,618
— Investments in unlisted companies	—	2,540,804	55,510	2,596,314
— Investments in unlisted bonds	—	35,941	—	35,941
	28,592	2,925,207	1,034,931	3,988,730
Financial assets at FVOCI *(Note 12)*				
— Listed fund	516	—	—	516
	29,108	2,925,207	1,034,931	3,989,246

During the year ended 31 December 2025 and 2024, there were no transfers between levels 1 and 2 for recurring fair value measurements.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2025.

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

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

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

The following table presents the changes in level 3 financial instruments of the Group for the years ended 31 December 2024 and 2025:

	Film rights investments RMB'000	Investments in unlisted funds RMB'000	Investments in an unlisted company RMB'000	Total RMB'000	Contingent consideration payable RMB'000
Balance as at 1 January 2024	34,591	166,000	50,000	250,591	(1,322,833)
Additions	121,625	946,956	—	1,068,581	—
Changes in fair values	29,452	71,763	5,510	106,725	(1,121,447)
Currency exchange difference	—	481	—	481	(45,836)
Disposal	(65,403)	(326,044)	—	(391,447)	—
Exercised during the year	—	—	—	—	2,490,116
Balance as at 31 December 2024	120,265	859,156	55,510	1,034,931	—
Balance as at 1 January 2025	**120,265**	**859,156**	**55,510**	**1,034,931**	**—**
Additions	**91,134**	**4,634,326**	**246,716**	**4,972,176**	**(17,000)**
Changes in fair values	**32,884**	**919,615**	**297,633**	**1,250,132**	**—**
Currency exchange difference	**—**	**(84,142)**	**—**	**(84,142)**	**—**
Transfer	**—**	**—**	**(406,380)**	**(406,380)**	**—**
Disposal	**(179,635)**	**(1,722,929)**	**—**	**(1,902,564)**	**—**
Balance as at 31 December 2025	**64,648**	**4,606,026**	**193,479**	**4,864,153**	**(17,000)**

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

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

The following table summaries the information about the significant unobservable inputs and valuation techniques used in recurring level 3 fair value measurement:

	Fair value as at 31 December			
	2025 RMB'000	2024 RMB'000	**Current/ Non-current**	**Valuation techniques and key inputs and relationships of unobservable inputs to fair value**
Financial assets at fair value through profit or loss:				
Film rights investments	**64,648**	120,265	Current	Expected future cash flows are discounted at rates that reflect the internal rates of return of the underlying investments. The higher internal rates of return, the lower the fair value.
Investments in unlisted funds	**4,606,026**	859,156	Current/Non-current	a. Market approach Reference to a combination of unobservable inputs, including market multiples. The higher the market multiples, the higher the fair value. A qualitative analysis was also conducted on these funds. b. Expected rate of return Reference to the consolidated statements from administrators of the fund. The higher the expected rate of return, the higher the fair value.
Investments in unlisted companies	**193,479**	55,510	Non-current	Market approach Reference to a combination of unobservable inputs, including market multiples. The higher the market multiples, the higher the fair value.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

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

	Fair value as at 31 December 2025 RMB'000	2024 RMB'000	Current/ Non-current	Valuation techniques and key inputs and relationships of unobservable inputs to fair value
Financial liability at fair value through profit or loss:				
Contingent consideration payable	17,000	—	Non-Current	Reference to a combination of unobservable inputs, including probability. The higher the probability of trigger events being incurred, the lower the fair value.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and bills receivables
- Other receivables
- Cash and cash equivalents
- Term deposits
- Trade and other payables
- Borrowings

There were no changes in valuation techniques during the periods.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill and operating licenses with indefinite useful life

The Group tests annually whether goodwill and operating licenses with indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in Note 2.2.4. The recoverable amounts of CGUs are determined based on VIU, which require the use of estimates and valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment and estimation is required in establishing fair values.

Based on management's assessment, there was no impairment on goodwill and operating licenses with indefinite useful life charged to administrative expenses during the years ended 31 December 2025 and 2024.

(b) Operating licenses with indefinite useful life

The production and distribution of film and television programmes rights are extensively regulated in the PRC, which requires certain licenses and approvals to conduct and develop Internet related business. The Group holds the certain licenses that are necessary for conducting the online streaming services business in the PRC. Further, those licenses are subject to periodical renewal upon expiration. The Group can only provide the users with membership services on online streaming platform in the future with successful continuous renewal of these licenses.

The Group continuously reviews and assesses whether it complies with the criteria set by the PRC legal system that need to be met when renew relevant licenses, as well as consider the historical renewal experience of itself and other market participants. The Group believes that it will comply with the relevant the PRC laws and renewal conditions in the future.

(c) Measurement, cost and impairment of film and television programmes rights

At the end of each reporting period, the directors of the Group assessed the amortisation policy and expected useful lives of the film and television programmes rights classified as intangible assets. The determination of amortisation policy and expected useful lives requires management's significant judgement.

The Group charged the cost of the film and television programmes rights completed based on the management's assessment of their potential benefits brought to the Group and the expected consumption pattern.

Based on the management's assessment, cost of film is charged to profit or loss over the period of the first release of the films through various distribution channels, such as theatrical release, television release or internet release, and other licensing arrangement. Cost of television programmes rights is charged to profit or loss upon the delivery of master tapes of the respective television programmes.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Measurement, cost and impairment of film and television programmes rights (Continued)

Other than the cost, the directors also performed impairment assessment on film and television programmes rights under production, and on licensed film and television programme rights and film and television programme rights completed which have been identified with impairment indicators, in accordance with the accounting policy stated in Note 2.2.5(f).

When performing the impairment assessment, the recoverable amount of the film and television programmes rights is determined based on VIU approach. If the recoverable amount is lower than the carrying amount, the carrying amount of the film and television programmes rights will be written down to its recoverable amount. The Group's estimation of impairment provision of film and television programmes rights reflects management's best estimate of future cash flows expected to be generated from film and television programmes rights.

During the year ended 31 December 2025, based on management's impairment assessment, no impairment (2024: Nil) of film and television programmes rights was recognised.

(d) Impairment of trade and other receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used 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.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. Details of the loss allowance on trade and other receivables are disclosed in Note 3.1 (d).

(e) Tax provisions

The Group is subject to turnover and income taxes in the Chinese mainland and Hong Kong. Judgement is required in determining the tax provision. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. At the end of each reporting period, the Group reassess the provision for turnover and income taxes based on the reported financial results and the estimates of whether additional taxes will be due or any taxes are over or under provided. However, where the final tax outcome of these matters is different from the provision amounts that were initially recorded by the Group, such difference will impact the tax provision in the year in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(f) Estimate of Player Relationship Period

As described in Note 2.2.18(d), the Group recognises the revenues and contract fulfilment costs rateably over the estimated Player Relationship Period for games license arrangements where the Group acts as principal. The determination of Player Relationship Period is made based on the Group's best estimates that take into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on an appropriate 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.

(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 amortised 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 amortised 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.

5 SEGMENT INFORMATION

(a) Description of segments and principal activities

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

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

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

5 SEGMENT INFORMATION (Continued)

(b) Segment profit/(loss)

The segment results and other segment items included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025 are as follows:

	Content Production business RMB'000	Online streaming and online gaming businesses RMB'000	Other businesses RMB'000	Inter segment transactions RMB'000	Consolidated RMB'000
Revenue					
Timing of revenue recognition					
— At a point	661,606	372,424	39,657	—	1,073,687
— Over time	16,800	2,269,288	—	(16,800)	2,269,288
	678,406	2,641,712	39,657	(16,800)	3,342,975
Segment profit	1,139,712	819,184	21,604	—	1,980,500
Unallocated corporate expenses					(91,127)
Unallocated other gains — net					68,703
Unallocated finance cost — net					(25,724)
Profit before income tax					1,932,352
Depreciation of property,plant and equipment	15,069	8,563	680		24,312
Depreciation of right-of-use assets	16,668	12,050	3,713		32,431
Amortisation of other intangible assets	6	17,704	—		17,710
Cost of film and television programmes rights	593,177	749,101	—		1,342,278
Share of profit/(loss) of associates accounted for using the equity method	(865)	202,114	—		201,249

5 SEGMENT INFORMATION (Continued)

(b) Segment profit/(loss) (Continued)

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

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

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

5 SEGMENT INFORMATION (Continued)

(c) Segment assets and liabilities

Segment assets and liabilities as at 31 December 2025 are as follows:

	Content production business RMB'000	Online streaming and online gaming businesses RMB'000	Other businesses RMB'000	Consolidated RMB'000
ASSETS				
Segment assets	9,246,685	5,109,113	20,762	14,376,560
Unallocated property, plant and equipment				1,491
Unallocated right of use assets				2,997
Unallocated prepayments, other receivables and deposits				664,879
Financial assets at FVPL				7,874,180
Financial assets at FVOCI				513
Deferred tax assets				95,917
Term deposits				957,718
Cash and cash equivalents				6,286,066
Consolidated total assets				30,260,321
LIABILITIES				
Segment liabilities	(1,877,161)	(1,132,489)	(15,353)	(3,025,003)
Unallocated trade and other payables				(13,310)
Unallocated lease liabilities				(3,335)
Unallocated borrowings				(442,543)
Unallocated convertible bonds				(1,922,522)
Current income tax liabilities				(571,217)
Deferred tax liabilities				(436,668)
Consolidated total liabilities				(6,414,598)

5 SEGMENT INFORMATION (Continued)

(c) Segment assets and liabilities (Continued)

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

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

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

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

5 SEGMENT INFORMATION (Continued)

(d) Disaggregation of revenue from contracts with customers

Revenue of the Group is analysed as follows:

	2025	2024
	RMB'000	RMB'000
Content production	**661,606**	127,043
Online streaming and advertising services	**492,739**	1,515,668
Online gaming services	**2,148,973**	1,991,719
Sales of goods	**39,657**	36,330
	3,342,975	3,670,760

(e) Geographical information

The Group's operations are located in the Chinese mainland and Hong Kong for the years ended 31 December 2025 and 2024.

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

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

	2025	2024
	RMB'000	RMB'000
Chinese Mainland	**3,305,633**	3,600,630
Europe	**13,594**	15,937
Hong Kong	**10,614**	46,412
Others	**13,134**	7,781
	3,342,975	3,670,760

5 SEGMENT INFORMATION (Continued)

(e) Geographical information (Continued)

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

	31 December 2025 RMB'000	31 December 2024 RMB'000
Chinese Mainland	**8,420,086**	7,482,381
Hong Kong	**14,651**	7,655
	8,434,737	7,490,036

(f) Liabilities related to contracts with customers

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
Contract liabilities	**18,563**	18,232	8,820

Revenue recognised in relation to contract liabilities

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

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
— Online streaming membership services	**9,876**	6,943
— Online gaming services	**7,588**	—
	17,464	6,943

Unsatisfied performance obligations

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

5 SEGMENT INFORMATION (Continued)

(g) Information about major customers

During the year ended 31 December 2025, there are four customers individually contributed more than 10% of the Group's revenue. The revenue from these customers during the year was approximately RMB738,656,000, RMB718,138,000, RMB450,000,000 and RMB326,509,000, accounting for 22%, 21%, 13% and 10% of the Group's revenue, respectively. (2024: four customers, approximately RMB547,654,000, RMB417,271,000, RMB382,967,000 and RMB377,358,000, accounting for 15%, 11%, 10% and 10% of the Group's revenue).

6 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Network equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2024							
Opening net book amount	32,155	—	42	758	2,788	8,402	44,145
Additions	9,770	52,292	1,025	2,285	4,172	—	69,544
Currency translation differences	—	—	—	12	2	—	14
Depreciation charge *(Note 28)*	(9,989)	(1,145)	(49)	(207)	(2,343)	(2,075)	(15,808)
Disposals	(5,684)	—	—	—	—	—	(5,684)
Disposal of subsidiaries	—	—	—	(34)	—	—	(34)
Closing net book amount	26,252	51,147	1,018	2,814	4,619	6,327	92,177
As at 31 December 2024							
Cost	38,112	52,292	2,386	4,065	58,762	9,832	165,449
Accumulated depreciation	(11,860)	(1,145)	(1,368)	(1,251)	(54,143)	(3,505)	(73,272)
Net book amount	26,252	51,147	1,018	2,814	4,619	6,327	92,177

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold improvements RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Network equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2025							
Opening net book amount	26,252	51,147	1,018	2,814	4,619	6,327	92,177
Additions	8,174	—	7	405	3,307	722	12,615
Currency translation differences	(1)	—	(1)	(16)	(1)	(7)	(26)
Depreciation charge *(Note 28)*	(15,916)	(2,761)	(33)	(722)	(2,639)	(2,241)	(24,312)
Disposals	—	—	—	—	(4)	(100)	(104)
Closing net book amount	18,509	48,386	991	2,481	5,282	4,701	80,350
As at 31 December 2025							
Cost	46,285	52,292	2,392	4,454	62,064	10,447	177,934
Accumulated depreciation	(27,776)	(3,906)	(1,401)	(1,973)	(56,782)	(5,746)	(97,584)
Net book amount	18,509	48,386	991	2,481	5,282	4,701	80,350

Depreciation charge of the Group was included in the following categories in the consolidated statement of profit or loss and other comprehensive income:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Administrative expenses	9,554	8,527
Cost of revenue	12,180	5,327
Selling and marketing costs	2,578	1,954
	24,312	15,808

7 LEASE

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Right-of-use assets		
Building, office premises and plant	**55,305**	63,500
Warehouses	**277**	—
Motor vehicles	**885**	113
	56,467	63,613
Lease liabilities		
Current	**23,522**	28,366
Non-current	**27,628**	37,311
	51,150	65,677

Additions to the right-of-use assets during the year ended 31 December 2025 were approximately RMB28,928,000 (2024: RMB50,638,000).

The right-of-use assets derecognized due to termination of lease during the year ended 31 December 2025 were approximately RMB3,563,000 (2024: RMB43,616,000).

7 LEASE (Continued)

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

	2025 **RMB'000**	2024 RMB'000
Depreciation charge of right-of-use assets		
Building, office premises and plant	**30,900**	32,219
Warehouses	**65**	90
Motor vehicles	**1,466**	135
	32,431	32,444
Interest expenses on lease liabilities *(Note 32)*	**5,809**	3,046
Expenses relating to short-term leases (included in administrative expenses) *(Note 28)*	**2,321**	3,980

The total cash outflow for leases in 2025 was approximately RMB43,183,000 (2024: RMB33,939,000), and the amount offset against the lease liabilities from prepayment was approximately 4,759,000 (2024: Nil) (Note 35(c)).

(c) The Group's leasing activities and how these are accounted for

The Group leases various warehouses and office premises for long-term contracts. Rental contracts are typically made for fixed periods of 2 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets cannot be used as security for borrowing purposes.

8 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Other intangible assets			
		Software	Game source code	Operating licenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Opening net book amount	4,214,619	5,292	—	674,557	679,849
Additions	—	395	—	—	395
Acquired from business combination	229,046	32	39,940	—	39,972
Amortisation charge *(Note 28)*	—	(2,649)	(1,997)	—	(4,646)
Closing net book amount	4,443,665	3,070	37,943	674,557	715,570
As at 31 December 2024					
Cost	4,443,665	13,424	39,940	674,557	727,921
Accumulated amortisation	—	(10,354)	(1,997)	—	(12,351)
Net book amount	4,443,665	3,070	37,943	674,557	715,570

	Goodwill	**Other intangible assets**				
		Software	**Game source code**	**Copyrights and game licenses**	**Operating licenses**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Year ended 31 December 2025						
Opening net book amount	**4,443,665**	**3,070**	**37,943**	**—**	**674,557**	**715,570**
Additions	**—**	**—**	**—**	**45,237**	**—**	**45,237**
Amortisation charge *(Note 28)*	**—**	**(2,464)**	**(3,994)**	**(11,252)**	**—**	**(17,710)**
Closing net book amount	**4,443,665**	**606**	**33,949**	**33,985**	**674,557**	**743,097**
As at 31 December 2025						
Cost	**4,443,665**	**13,424**	**39,940**	**45,237**	**674,557**	**773,158**
Accumulated amortisation	**—**	**(12,818)**	**(5,991)**	**(11,252)**	**—**	**(30,061)**
Net book amount	**4,443,665**	**606**	**33,949**	**33,985**	**674,557**	**743,097**

8 GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

For the year ended 31 December 2025, amortisation of approximately RMB15,250,000 and RMB2,460,000 were included in "cost of revenue" and "administrative expenses" (2024: approximately RMB2,052,000 and RMB2,594,000 were included in "cost of revenue" and "administrative expenses") respectively in the consolidated statement of profit or loss and other comprehensive income.

Operating licenses with indefinite useful life which is not subject to amortisation and are tested annually for impairment.

Impairment review on the goodwill and operating licenses with indefinite useful life of the Group was conducted by management with the assistance of an independent professional valuer as at 31 December 2025, according to HKAS 36 "Impairment of assets". For the purpose of impairment review, the recoverable amount of the CGUs is the higher of its fair value less costs of disposal and its VIU.

For the purpose of impairment testing, goodwill and operating licenses with indefinite useful life have been allocated to three CGUs (namely the CGUs of content production business, online streaming services business and online gaming business carried out by Beijing C4-Games Technology Co., Ltd ("Online gaming business").

	31 December 2025 RMB'000	31 December 2024 RMB'000
Goodwill:		
Content production business *(Note a)*	**3,278,395**	3,278,395
Online streaming services business *(Note a)*	**936,224**	936,224
	4,214,619	4,214,619
Online gaming business	**229,046**	229,046
	4,443,665	4,443,665
Operating licenses with indefinite useful life:		
Online streaming services business *(Note a)*	**674,557**	674,557

(a) As at 31 December 2025 and 2024, there was goodwill and operating licenses with indefinite useful life with carrying amount of approximately RMB4,214,619,000 and RMB674,557,000 respectively, arisen from the acquisition of Virtual Cinema in the previous year.

8 GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

The Group has determined the recoverable amount of the respective CGUs based on VIU calculations which uses cash flows projections based on financial budget prepared by management covering a five-year period with a terminal value related to the future cash flows extrapolated using the estimated terminal growth rates beyond the 5-year period.

For the impairment testing of the CGUs of content production business and online streaming services business, the key underlying assumptions adopted as at 31 December 2025 and 2024 are summarised below:

	CGU of content production business		CGU of online streaming services business	
	31 December 2025	31 December 2024	**31 December 2025**	31 December 2024
Compound annual growth rate of revenue for the five-year period (%)	**48**	80	**46**	13
Gross profit margin for five-year period (%)	**29 to 43**	31 to 57	**39 to 60**	55 to 59
Pre-tax discount rate (%)	**21**	21	**35**	37
Terminal growth rate (%)	**2**	3	**2**	3

Management has determined the values assigned to each of the above key assumptions as follows:

(i) Revenue growth rate

For content production business, revenue for the five-year period is forecasted by management based on the number of films and television programmes in different stages (including those to be released, under production, in script development and pre-planning stage), and taking reference to estimated films' box offices and television programmes' selling prices of similar genres, directors, casting and investment costs, etc.

For online streaming services business, revenue for the five-year period is forecasted by management based on the acquisition of paid memberships as well as high quality licenses procured from different major international and domestic leading copyright suppliers, all of which were empowered by the pumpkin films online streaming platform and experiences and knowledge of key management team of the online streaming services business who have years of experiences in the industry and have been involved with the online streaming services business before the acquisition.

When estimating the revenue of the five-year period, management also took reference to the industry outlook of the PRC's films and television programmes market.

8 GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

(ii) Gross profit margin

For content production business, the budgeted gross margin of the five-year period between 29% and 43% (2024: between 31% and 57%) was determined by the management based on past performance, the current market conditions and its expectation for market development.

For online streaming services business, the budgeted gross margin of the five-year period between 39% and 60% (2024: between 55% and 59%) was determined by the management based on past performance, the current market conditions and its expectation for market development.

(iii) Terminal growth rate

Cash flows of content production business and online streaming business beyond the five-year period are extrapolated using the estimated terminal growth rates of 2% (2024: 3%).

(iv) Pre-tax discount rate

The discount rate used is pre-tax and reflects market assessments of the time value and the specific risks relating to the industry. The management has taken into account the expected recovery of the PRC's pan-entertainment industry when applying the pre-tax discount rate.

For the impairment testing of the CGU of online gaming business, the key underlying assumptions adopted as at 31 December 2025 are summarised below:

(i) Revenue growth rate

Compound annual growth rate of revenue for the five-year period was determined to be 8% (2024: 30%). Revenue for the five-year period is forecasted by management based on past performance and their expectation of future business plans and market development. When estimating the revenue of the five-year period, management also took reference to the industry outlook of the PRC's online gaming market.

(ii) Gross profit margin

The budgeted gross margin of the five-year period between 55% and 88% (2024: between 62% and 75%) was determined by the management based on past performance, the current market conditions and its expectation for market development.

(iii) Terminal growth rate

Cash flows of online gaming business beyond the five-year period are extrapolated using the estimated terminal growth rates of 3% (2024: 3%).

(iv) Pre-tax discount rate

The rate used of 25% (2024: 34%) is pre-tax and reflects market assessments of the time value and the specific risks relating to the industry. The management has taken into account the expected recovery of the PRC's pan-entertainment industry when applying the pre-tax discount rate.

8 GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

With regard to the assessment of the value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGUs to exceed their respective recoverable amounts. As at 31 December 2025, the recoverable amount of the CGUs of content production business, online streaming services business and online gaming business were approximately RMB7,416,971,000 (2024: RMB6,713,651,000), RMB3,003,897,000 (2024: RMB3,207,991,000),and RMB379,064,000 (2024: RMB317,565,000) respectively.

The amounts are estimated to exceed the carrying amounts of the CGUs as at 31 December 2025 by approximately RMB813,468,000 (2024: RMB643,113,000), RMB396,095,000 (2024: RMB468,592,000), and RMB49,933,000 (2024: RMB36,519,000) respectively. Based on above assessment, the directors of the Company have concluded that no impairment was required to be recognised for the goodwill and other intangible assets as of 31 December 2025 and 2024.

9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2025 **RMB'000**	2024 RMB'000
At the beginning of the year	**33,799**	34,014
Additions *(Note b)*	**1,477,095**	—
Share of post-tax profit/(loss) of associates	**201,249**	(215)
At the end of the year	**1,712,143**	33,799

9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

As at 31 December 2025 and 2024, the Group had interests in the following associates:

Name	Place of incorporation and kind of legal entity	Principal activities	Registered/ issued capital	Percentage of ownership interest attributable to the Group	
				2025.12.31	2024.12.31
Sichuan Wenyoudao Film and Television Culture Co., Ltd. ("Sichuan Wenyoudao")	The PRC, limited liability company	Media and film production	RMB3,000,000	**49%**	49%
Fengchuibudong Pictures (Haikou) Co., Ltd.	The PRC, limited liability company	Media and film production	RMB5,000,000	**20%**	20%
Xihuanjijie (Tianjin) Culture and Entertainment Co., Ltd.	The PRC, limited liability company	Media and film production	RMB10,000,000	**20%**	20%
Beijingchuangwai Film and Television Culture Media Co., Ltd.	The PRC, limited liability company	Media and film production	RMB555,600	**10% *(Note a)***	10% *(Note a)*
Beijing Yonghang Technology Co., Ltd. ("Beijing Yonghang")	The PRC, limited liability company	Software development and promotion	RMB18,668,743	**30% *(Note b(i))***	—
Kuai Qian Financial Services (Shanghai) Co., Ltd. ("Kuaiqian")	The PRC, limited liability company	Financial information services	RMB482,745,534	**40% *(Note b(ii))***	—
Kuaipay Coinlink Technology Hong Kong Limited (Kuaipay")	HongKong, limited liability company	Financial Technology	HKD25,000,000	**25% *(Note b(iii))***	—

(a) The Group holds less than 20% of the ownership interest of the entity, however the Group has significant influence in the entity as the Group has the right to appoint director to the board of the entity.

(b) Total additions of approximately RMB1,477,095,000 during the year ended 31 December 2025 is comprised of:

	RMB'000
— Beijing Yonghang *(Note i)*	825,000
— Kuaiqian *(Note ii)*	646,380
— Kuaipay *(Note iii)*	5,715
Total	1,477,095

9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(i) In April 2025, the Group completed its acquisition of 30% equity interest of Beijing Yonghang, which mainly engaged in the development of mobile games, for a total consideration of approximately RMB825,000,000, comprising (1) cash consideration of approximately RMB742,500,000; and (2) equity consideration of approximately HK$89,173,000 (equivalent to approximately RMB82,500,000) from the issuance of 36,666,667 shares of the Company at the price of HK$2.432 per share.

During the year ended 31 December 2025, the aforementioned issuance of shares was completed with share issuance costs of approximately RMB35,000, and approximately RMB82,500,000 of the aforementioned cash consideration was settled with the remaining cash consideration of approximately RMB660,000,000 (Note 26) remained payable as at 31 December 2025.

(ii) In July 2025, the Group entered into an equity transfer agreement with Shanghai Wanda Network Financial Services Co., Ltd. ("Wanda Network"), pursuant to which the Group has conditionally agreed to acquire a 30% equity interest in Kuaiqian, at a total consideration of RMB240,000,000. The consideration consists of:

(1) refundable deposits amounting to approximately RMB190,000,000 were settled via transfer from loans to third parties of the equivalent amount. The deposits were previously disclosed as refundable deposits of RMB199,000,000, with approximately RMB9,000,000 of deposit interest waived.

(2) a cash consideration of approximately RMB33,000,000(Note 26), which remained payable as of 31 December 2025 and is scheduled to be settled in July 2026 pursuant to the equity transfer agreement; and

(3) a contingent consideration of approximately RMB17,000,000, arising from a contractual provision that, on or before 13 August 2027, if Wanda Network, Kuaiqian Group, or any of its subsidiaries incurs trigger events as specified in the agreement, the Group shall be entitled to deduct a certain amount from the outstanding consideration till the total consideration be fully offset. The fair value of the contingent consideration as of 31 December 2025 was valued by an independent external valuer. A significant unobservable input to the model as of that date was the probability of trigger events being incurred.

As Kuaiqian primarily provides comprehensive cross-border payment solutions, the acquisition is subject to the fulfillment of a number of conditions, including but not limited to the approval of the People's Bank of China. The transaction has not been completed until 11 December 2025 (the "Completion Date").

In September 2025, the Group entered into separate share purchase agreements with the other two shareholders of Kuaiqian. Pursuant to the agreements, the Group acquired 8.5594% and 1.4406% equity interests in Kuaiqian held by two shareholders respectively, representing a total of 10% equity interests, for a total cash consideration of RMB185,000,000, which has been fully paid in September 2025, and the investment was initially classified and accounted for at fair value through profit or loss.

9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD(Continued)

(ii) From the Completion Date onwards, the Group is able to exercise significant influence over Kuaiqian, and has recognised the total aggregate amount of approximately RMB646,380,000 as the initial cost of investment in an associate:

(1) approximately RMB190,000,000 of loan to a third party;

(2) approximately RMB406,380,000 of the Group's investments in Kuaiqian recognised as financial assets at fair value through profit or loss as at the Completion Date (Note 17);

(3) cash consideration payable of approximately RMB33,000,000 (Note 26); and

(4) the provisional fair value of contingent consideration payable of RMB17,000,000.

(iii) In September 2025, the Group completed its acquisition of 25% equity interest of Kuaipay, a Hong Kong indirect subsidiary of Kuaiqian, at a total cash consideration of HK$6,250,000 (equivalent to approximately RMB5,715,000), which has been fully paid in September 2025.

During the year ended 31 December 2025, the total investing cash outflow totaling RMB88,250,000 in respect of the acquisitions of Yonghang, Kuaiqian and Kuaipay amounted to RMB82,535,000, nil and RMB5,715,000, respectively, as detailed in above Note 9(b).

The tables below provide summarized financial information for those associates acquired during the year ended 31 December 2025. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts. The amounts have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments.

9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

	Combined Year ended 31 December 2025 RMB'000
Summarized statements of financial position	
Current assets	3,358,077
Non-current assets	1,508,626
Current liabilities	(2,171,700)
Non-current liabilities	(370,182)
Net assets	2,324,821
Reconciliation to carrying amounts	
Opening net (liabilities)/assets at 1 January	—
Opening net assets at acquisition date	1,649,390
Profit for the year	675,431
Closing net assets at 31 December	2,324,821
Percentage of interest	30%–40%
Group's share of net assets	799,789
Goodwill	873,704
Carrying amount	1,673,493

10 INVENTORIES

	31 December 2025 RMB'000	31 December 2024 RMB'000
Raw materials	**809**	670
Work in progress	**182**	115
Finished goods	**2,048**	2,089
	3,039	2,874

(a) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The cost of inventories recognised as expense and included in "cost of revenue" during the year ended 31 December 2025 amounting to approximately RMB18,696,000 (2024: RMB18,253,000) (Note 28).

(b) For the year ended 31 December 2025, there is no provision for obsolete inventories (2024: Nil) was recognised in the consolidated statement of profit or loss and other comprehensive income.

11 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Notes	**31 December 2025 RMB'000**	31 December 2024 RMB'000
Financial assets			
Financial assets at amortised cost			
Other receivables and deposits	*14*	**1,403,680**	1,617,679
Trade and bills receivables	*16*	**2,517,984**	2,956,914
Cash and cash equivalents	*18*	**6,286,066**	3,493,642
Term deposits	*18*	**957,718**	—
Financial assets at FVOCI			
Listed fund	*12*	**513**	516
Financial assets at FVPL			
Investments in listed equity securities	*17*	**206,362**	28,592
Film rights investments	*17*	**64,648**	120,265
Investments in unlisted funds	*17*	**5,004,004**	1,207,618
Investments in unlisted companies	*17*	**2,571,856**	2,596,314
Investments in unlisted bonds	*17*	**27,310**	35,941
		19,040,141	12,057,481
Financial liabilities			
Financial Liabilities at amortised cost			
Borrowings	*22*	**732,961**	1,700,864
Film and television programmes investment funds from investors	*25*	**673,136**	743,375
Trade payables	*24*	**530,859**	835,888
Other payables (excluding provisions for other taxes and accrued salaries)	*26*	**1,323,041**	654,702
Lease liabilities	*7*	**51,150**	65,677
Convertible bonds	*27*	**1,922,522**	—
Financial liability at FVPL			
Contingent consideration payable *(Note 9(b)(ii))*		**17,000**	—
		5,250,669	4,000,506

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2025 RMB'000	31 December 2024 RMB'000
Listed fund	**513**	516

13 PREPAYMENTS AND OTHER NON-FINANCIAL ASSETS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Current portion		
Prepayments for:		
— Film and television programmes rights	**129,840**	161,607
— Gaming production and promotion fees	**248,004**	68,084
— Film directors' fees	**—**	4,000
Prepayment to related parties *(Note 36(d))*		
— Film and television programmes rights	**7,241**	1,000
— Revenue sharing to content providers	**21,178**	—
— Gaming promotion and other expenses	**—**	411
Deductible value-added tax	**26,185**	32,365
Others	**8,491**	9,424
	440,939	276,891
Non-current portion		
Prepayments for:		
— Licensed film and television programmes rights	**16,984**	195,773
— Film and television programmes rights	**23,400**	—
	40,384	195,773
Total	**481,323**	472,664

14 OTHER RECEIVABLES AND DEPOSITS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Amounts due from related parties *(Note 36(d))*	**16,338**	57,083
Receivables from investments in film and television programmes rights *(a)*	**1,003,044**	1,064,144
Loans to third parties *(b)*	**258,271**	436,857
Receivables from redemption of investments funds *(c)*	**237,770**	—
Others	**95,644**	142,530
	1,611,067	1,700,614
Less: Impairment for other receivables and deposits *(Note 3.1(d))*	**(207,387)**	(82,935)
	1,403,680	1,617,679
Less: non-current portion	**(5,457)**	(6,106)
	1,398,223	1,611,573

(a) The receivables are interest-bearing at fixed rates between 5% to 15% and repayable within 12 months. Balances of RMB39,693,000 are secured with certain assets and the remaining are unsecured.

(b) As at 31 December 2025 and 2024, the balances are interest-bearing at fixed rates between 3% to 8% and repayable within 12 months commencing from the date of the loans. Balances of RMB100,000,000 are secured with certain equity or assets and the remaining are unsecured.

(c) The receivables represent the redemption of investments fund and were settled on 2 January 2026.

15 FILM AND TELEVISION PROGRAMMES RIGHTS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Film and television programmes rights completed	**907,184**	790,785
Film and television programmes rights under production	**2,286,083**	2,163,047
Licensed film and television programmes rights	**410,912**	794,614
	3,604,179	3,748,446
Less: Current portion	**(2,251,005)**	(1,809,113)
	1,353,174	1,939,333

15 FILM AND TELEVISION PROGRAMMES RIGHTS (Continued)

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

	Film and television programmes rights completed RMB'000	Film and television programmes rights under production RMB'000	Licensed film and television programmes rights RMB'000	Total RMB'000
As at 1 January 2024	503,432	1,787,553	439,320	2,730,305
Additions	125,526	694,994	1,118,719	1,939,239
Transfer from prepayment	—	—	4,053	4,053
Charged as expenses included in cost of revenue *(Note 28)*	(99,132)	—	(767,478)	(866,610)
Disposal of subsidiaries	—	(58,541)	—	(58,541)
Transfer	260,959	(260,959)	—	—
As at 31 December 2024	790,785	2,163,047	794,614	3,748,446
As at 1 January 2025	**790,785**	**2,163,047**	**794,614**	**3,748,446**
Additions	**44,758**	**422,797**	**446,700**	**914,255**
Transfer from prepayment	**—**	**99,057**	**184,699**	**283,756**
Charged as expenses included in cost of revenue *(Note 28)*	**(327,177)**	**—**	**(1,015,101)**	**(1,342,278)**
Transfer	**398,818**	**(398,818)**	**—**	**—**
As at 31 December 2025	**907,184**	**2,286,083**	**410,912**	**3,604,179**

15 FILM AND TELEVISION PROGRAMMES RIGHTS (Continued)

(a) Impairment assessment of film and television programmes

(i) Licensed film and television programmes

For licensed film and television programmes, no impairment indicator has been identified by management during the years ended 31 December 2025 and 2024.

(ii) Film and television programmes rights under production and completed

For film and television programmes rights under production and the completed ones treated as intangible assets with impairment indicators identified, management has performed impairment assessment using the VIU method, which is calculated based on the present value of future cash flows directly generated by the relevant film and television programmes rights.

When estimating the future cash flows to be generated by the relevant film and television programmes rights, management considers inputs including but not limited to revenue streams from different distribution channels such as theatrical release, television release or internet release, the expected timing of various revenue streams, and production and distribution costs.

When discounting the future cash flows in the VIU projections, management has used pre-tax discount rates primarily ranging from 23.07% to 24.17% (2024: 22.34% to 23.43%), which reflected time value of money and specific risks of the relevant industries.

For film and television programmes rights under production, no impairment was recognised during the years ended 31 December 2025 and 2024 based on management's assessment.

During the years ended 31 December 2025 and 2024, no impairment indicator was identified for film and television programmes rights completed.

16 TRADE AND BILLS RECEIVABLES

	31 December 2025 RMB'000	31 December 2024 RMB'000
Trade receivables from third parties	**2,023,088**	1,959,897
Trade receivables from related parties *(Note 36 (d))*	**822,507**	1,293,821
	2,845,595	3,253,718
Less: allowance for impairment of trade receivables *(Note 3.1(d))*	**(327,611)**	(296,804)
	2,517,984	2,956,914

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

	31 December 2025 RMB'000	31 December 2024 RMB'000
— RMB	**2,513,814**	2,940,058
— HK$	**—**	13,509
— US$	**4,170**	3,347
	2,517,984	2,956,914

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

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 90 days	**675,911**	1,451,743
91 days to 180 days	**242,070**	94,453
181 days to 365 days	**705,411**	741,054
1 year to 2 years	**593,202**	441,263
Over 2 years	**301,390**	228,401
	2,517,984	2,956,914

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investments in unlisted funds	1,706,143	512,318
Investments in unlisted companies	2,571,856	2,596,314
Investments in listed equity securities	—	8,788
	4,277,999	3,117,420
Current assets		
Film rights investments	64,648	120,265
Investments in listed equity securities	206,362	19,804
Investments in unlisted bonds	27,310	35,941
Investment in unlisted funds	3,297,861	695,300
	3,596,181	871,310
	7,874,180	3,988,730

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

	Year ended 31 December 2025 RMB'000	Year ended 31 December 2024 RMB'000
At the beginning of the year	3,988,730	3,514,380
Additions	5,871,232	1,106,225
Disposal	(2,654,804)	(485,749)
Transfer to an investment accounted for using the equity method *(Note 9(b)(ii))*	(406,380)	—
Net fair value changes in financial assets at FVPL *(Note 31)*	1,169,262	(156,927)
Currency translation differences	(93,860)	10,801
At the end of the year	7,874,180	3,988,730

18 CASH AND CASH EQUIVALENT AND TERM DEPOSITS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Cash at banks and on hand	**7,243,784**	3,493,642
Less：		
Term deposits with original maturity of more than three months	**(957,718)**	—
	6,286,066	3,493,642

The carrying amounts of Cash at banks and on hand are denominated in the following currencies:

	31 December 2025 RMB'000	31 December 2024 RMB'000
— US$	**4,688,745**	1,587,267
— RMB	**1,575,182**	1,208,782
— HK$	**979,759**	697,592
— EUR	**98**	1
	7,243,784	3,493,642

As at 31 December 2025, the Group has cash and bank balances amounting to approximately RMB1,572,569,000 (2024: RMB1,092,714,000) which are held in the PRC. These cash and bank balances are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

19 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000
As at 1 January 2024	11,585,897,545	222,761	11,664,209
Issuance of ordinary shares *(a)*	2,753,029,307	50,683	5,405,451
As at 1 January 2025	14,338,926,852	273,444	17,069,660
Issuance of ordinary shares *(b)(c)(d)*			
— Share placing	2,425,021,096	44,415	5,522,286
— Acquisition of Beijing Yonghang *(Note 9(b)(i))*	36,666,667	682	81,783
As at 31 December 2025	16,800,614,615	318,541	22,673,729

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

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

During the year ended 31 December 2024, warrants issued by the Company for the acquisition of Virtual Cinema in 2021, which were fully exercised. The Company issued 1,834,279,307 shares at the subscription prices of HK$0.96 per share, with gross proceeds of approximately HK$1,760,908,000 (equivalent to approximately RMB1,630,249,000) and transfer of contingent consideration payable amounting to approximately RMB2,490,116,000 from financial liabilities to equity. The derecognition of the liabilities and the transfer to equity caused the share premium to increase by approximately RMB2,490,116,000. After netting off these gross proceeds with share issuance costs, the respective share capital amount was approximately RMB33,963,000 and share premium arising from the issuance was approximately RMB1,595,816,000. Among the total net proceeds, approximately RMB1,589,504,000 were settled in 2024 and approximately RMB40,745,000 of receivables from Pumpkin Films Limited, a company controlled by Mr. Ke Liming ("Mr. Ke") (Note 36(d)), were settled in January 2025.

19 SHARE CAPITAL AND SHARE PREMIUM (Continued)

(b) On 28 January 2025, the Company entered into share placing and subscription agreements pursuant to which a maximum of 1,635,021,096 placing shares could be issued at the subscription prices of HK$2.37 per share.

During the year ended 31 December 2025, the Company issued a total of 1,635,021,096 placing shares under the aforementioned subscription agreements at the subscription prices of HK$2.37 per share with gross proceeds of approximately HK$3,875,000,000 (equivalent to approximately RMB3,560,946,000). After netting off these gross proceeds with share issuance costs, the respective share capital amount was approximately RMB 30,050,000 and share premium arising from the issuance was approximately RMB3,530,195,000. The share issuance costs mainly include lawyers' fees and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These share issuance costs were treated as a deduction against the share premium arising from the issuance.

(c) In April 2025, the Company issued 36,666,667 shares at the subscription prices of HK$2.432 per share as part of the consideration for the acquisition of Beijing Yonghang (Note 9(b)(i)). The respective share capital amount was approximately RMB682,000 and share premium arisen from the issuance was approximately RMB81,783,000. The share issuance costs mainly included lawyers' fees and other related costs, which were incremental costs directly attributable to the issuance of the new shares and therefore treated as a deduction against the share premium arising from the issuance.

(d) During the year ended 31 December 2025, the Company issued a total of 790,000,000 placing shares under the subscription agreements with gross proceeds of approximately HK$2,210,000,000 (equivalent to approximately RMB2,009,618,000). After netting off these gross proceeds with share issuance costs, the respective share capital amount was approximately RMB14,365,000 and share premium arising from the issuance was approximately RMB1,992,091,000. The share issuance costs mainly include lawyers' fees and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These share issuance costs were treated as a deduction against the share premium arising from the issuance.

The directors do not recommend the payment of final dividend for the years ended 31 December 2025 and 2024.

20 OTHER RESERVES

	Financial assets at FVOCI RMB'000	Special reserve RMB'000	Capital Surplus RMB'000	Translation reserve RMB'000	Statutory reserve *(Note a)* RMB'000	Share option reserve *(Note b)* RMB'000	Reserve fund RMB'000	Enterprise expansion reserve RMB'000	Total RMB'000
Balance as at 1 January 2024	(338)	18,888	9,471	(211,210)	6,368	182,178	1,153	1,152	7,662
Changes in the fair value of debt instruments at FVOCI	(7)	—	—	—	—	—	—	—	(7)
Currency translation difference	11	—	—	(25,202)	—	—	—	—	(25,191)
Employees share option scheme:									
— share-based compensation expenses	—	—	—	—	—	67,272	—	—	67,272
Balance as at 31 December 2024	(334)	18,888	9,471	(236,412)	6,368	249,450	1,153	1,152	49,736

20 OTHER RESERVES (Continued)

	Financial assets at FVOCI RMB'000	Special reserve RMB'000	Capital Surplus RMB'000	Translation reserve RMB'000	Statutory reserve *(Note a)* RMB'000	Share option reserve *(Note b)* RMB'000	Reserve fund RMB'000	Enterprise expansion reserve RMB'000	Convertible bonds reserve RMB'000	Total RMB'000
Balance as at 1 January 2025	(334)	18,888	9,471	(236,412)	6,368	249,450	1,153	1,152	—	49,736
Changes in the fair value of debt instruments at FVOCI	10	—	—	—	—	—	—	—	—	10
Currency translation difference	(13)	—	—	(168,302)	—	—	—	—	—	(168,315)
Employees share option scheme:										
— share-based compensation expenses	—	—	—	—	—	50,317	—	—	—	50,317
— Issuance of convertible bonds *(Note 27)*	—	—	—	—	—	—	—	—	195,915	195,915
Balance as at 31 December 2025	(337)	18,888	9,471	(404,714)	6,368	299,767	1,153	1,152	195,915	127,663

(a) Pursuant to the relevant laws and regulations in the PRC and the provision of the articles of association of the Group's subsidiaries, the Group's subsidiaries which are registered in the PRC shall appropriate certain percentage of profit after tax (after offsetting any accumulated losses brought forward from prior years) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds. Depending on the nature, the reserve fund can be used to set off accumulated losses of the subsidiaries or distribute to owners in form of bonus issue.

(b) The share option reserve represents the fair value of the number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in Note 2.2.16.

21 SHARE-BASED PAYMENT

2013 Share option scheme

A share option scheme was approved on 31 October 2013 by the shareholders of the Company ("2013 Share Option Scheme"). Share options are granted to selected eligible participants. The options have a contractual option term of ten years. The Company does not have a legal or constructive obligation to repurchase or settle the options in cash.

On 26 November 2021, options of 181,917,000 shares were conditionally granted under the 2013 Share Option Scheme and the exercisable period is from 26 November 2022 to 25 November 2031.

No share option granted was exercised during the years ended 31 December 2025 and 2024.

21 SHARE-BASED PAYMENT (Continued)

2013 Share option scheme (Continued)

(a) Set out below are summaries of options granted under the 2013 Share Option Scheme:

	2025 Average exercise price per share option (HK$)	**2025** Number of options (thousands)	2024 Average exercise price per share option (HK$)	2024 Number of options (thousands)
As at 1 January	**3.43**	**181,228**	3.43	181,917
Granted during the year	**—**	**—**	—	—
Exercised during the year	**—**	**—**	—	—
Forfeited during the year	**—**	**—**	3.43	(689)
Outstanding as at 31 December	**3.43**	**181,228**	3.43	181,228
Exercisable as at 31 December		**108,737**		54,368

(b) The terms and conditions at the date of grants are as follows:

Options granted to eligible participants:	**Number of options (thousands)**	**Vesting conditions**	**Contractual life of options**
— on 26 November 2021	181,917	5% after one year, 10% after two years, 15% after three years, 30% after four years and 40% after five years from the date of grant	10 years commencing on the date of grant

The total number of share options of the Share Option Scheme outstanding was 181,228,000 and the exercise price was HK$3.43.

21 SHARE-BASED PAYMENT (Continued)

2013 Share option scheme (Continued)

(c) Fair value of share options and assumptions

The fair values of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimates of the fair value of the share options granted are measured based on a Binomial Option Pricing Model. The contractual lives of the share option are used as an input into this model. Expectations of early exercise are incorporated into the Binomial Option Pricing Model.

Fair value of share options and assumptions

Date granted	26 November 2021
Fair value at measurement date	HK$1.87–HK$1.95
Share price at grant date	HK$3.43
Exercise price	HK$3.43
Expected volatility	53.72%–56.27%
Option life	10 years
Dividend yield	0%
Risk-free interest rate	1.29%–1.46%

The expected volatilities are based on the historic volatilities (calculated based on the weighted average remaining lives of the share options), adjusted for any expected changes to future volatilities based on publicly available information. Dividend yield based on estimated dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under certain service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

For the year ended 31 December 2025, the total share-based payment expenses is recognised in respect of these share options granted in prior year amounted to approximately RMB50,317,000 (2024: RMB67,272,000).

2023 Share option scheme

2013 Share Option Scheme was terminated by a resolution passed in the annual general meeting of the Company held on 28 June 2023. (the "2023 AGM"). A new share option scheme ("2023 Share Option Scheme") was adopted at the 2023 AGM, for the primary purpose of enabling the Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group, and which will expire 10 years after the date of adoption (i.e. 27 June 2033).

The Company has not granted any share option under the 2023 Share Option Scheme during the years ended 31 December 2025 and 2024.

22 BORROWINGS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current other borrowings:		
— Unsecured with guarantee *(a)*	**69,398**	65,647
— Unsecured without guarantee *(b)*	**—**	414,174
	69,398	479,821
Current bank and other borrowings:		
— Unsecured with guarantee — other borrowing *(a)*	**22,520**	22,520
— Unsecured without guarantee — other borrowing *(b)*	**442,543**	1,018,613
— Unsecured with guarantee — bank borrowing *(c)*	**65,000**	5,000
— Secured bank borrowings *(d)*	**133,500**	174,910
	663,563	1,221,043
Total borrowings	**732,961**	1,700,864

(a) As at 31 December 2025 and 2024, the borrowing was denominated in RMB with fixed interest rate of 7.5% per annum and guaranteed by Mr. Ke, a director of the Company. The borrowing was originally repayable in October 2024. Pursuant to an extension of borrowing before 31 December 2024, the repayment date of the borrowing was extended to October 2027.

(b) As at 31 December 2025 and 2024, the borrowing was denominated in HK$ and non-interest bearing.

The entire borrowing was originally repayable in August 2026. In December 2024, the lender agreed to reduce the principal amount in exchange for an accelerated payment schedule. In 2025, the loan of RMB1,018,613,000 was repaid on time according to the contract with approximately RMB 442,543,000 left to be repaid in 2026.

During the year ended 31 December 2024, as a result of the aforementioned modification, remeasurement gains amounting to approximately RMB55,140,000 were recognised in the consolidated statement of profit or loss and other comprehensive income and included in "Other gain/(loss) — net".

Imputed interest has been deducted from the principal and recognised as imputed interest income at initial recognisation and subsequently amortised as imputed interest expenses in "Finance income — net" until maturity.

(c) As at 31 December 2025, the borrowing is denominated in RMB with fixed interest rate of 2.50% to 2.90% per annum (2024: 2.50%), and repayable within 1 year.

22 BORROWING (Continued)

(d) As at 31 December 2025, the borrowings were denominated in RMB with fixed interest rates of 2.80% to 2.90% (2024: 2.95% to 3.25%) per annum. The borrowings were secured by certain trade receivables, and repayable within 1 year.

The Group's borrowings were repayable as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	**663,563**	1,221,043
Between 2 and 5 years	**69,398**	479,821
Total borrowings	**732,961**	1,700,864

23 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	31 December 2025 RMB'000	31 December 2024 RMB'000
Before offsetting		
— Deferred tax assets	**136,211**	89,534
— Deferred tax liabilities	**(476,962)**	(508,132)
After offsetting		
— Deferred tax assets	**95,917**	40,424
— Deferred tax liabilities	**(436,668)**	(459,022)

23 DEFERRED INCOME TAX (Continued)

The movements in deferred tax assets and liabilities prior to offsetting of balances within the same taxation jurisdiction were as follows:

Deferred tax assets

	31 December 2025 RMB'000	31 December 2024 RMB'000
The balance comprises temporary differences attributable to:		
— Loss allowance for trade and other receivables	**104,448**	69,064
— Lease liabilities	**10,322**	15,467
— Advertising and promotional costs	**21,441**	5,003
Total	**136,211**	89,534

	Loss allowance for trade and other receivables RMB'000	**Lease liabilities** RMB'000	**Advertising and promotional costs** RMB'000	**Total** RMB'000
As at 1 January 2024	36,042	11,829	—	47,871
Credit to the consolidated statement of profit or loss and other comprehensive income	33,022	3,638	5,003	41,663
As at 31 December 2024	69,064	15,467	5,003	89,534
As at 1 January 2025	**69,064**	**15,467**	**5,003**	**89,534**
Credit/(charged) to the consolidated statement of profit or loss and other comprehensive income	**35,384**	**(5,145)**	**16,438**	**46,677**
As at 31 December 2025	**104,448**	**10,322**	**21,441**	**136,211**

23 DEFERRED INCOME TAX (Continued)

Deferred tax liabilities

	31 December 2025 RMB'000	31 December 2024 RMB'000
The balance comprises temporary differences attributable to:		
— Cost of film and television programmes rights	**(239,603)**	(243,783)
— Amortisation of intangible assets	**(177,159)**	(178,767)
— Right-of-use assets	**(11,200)**	(15,041)
— Fair value changes of financial instruments	**(49,000)**	(70,541)
	(476,962)	(508,132)

Movement	**Cost of film and television programmes rights** RMB'000	**Amortisation of intangible assets** RMB'000	**Right-of-use assets** RMB'000	**Fair value changes of financial instruments** RMB'000	**Total** RMB'000
As at 1 January 2024	(243,783)	(169,892)	(11,240)	(123,736)	(548,651)
Credit/(charged) to the consolidated statement of profit or loss and other comprehensive income	—	1,110	(3,801)	53,195	50,504
Acquired from business combination	—	(9,985)	—	—	(9,985)
As at 31 December 2024	(243,783)	(178,767)	(15,041)	(70,541)	(508,132)
As at 1 January 2025	**(243,783)**	**(178,767)**	**(15,041)**	**(70,541)**	**(508,132)**
Credit to the consolidated statement of profit or loss and other comprehensive income	**4,180**	**1,608**	**3,841**	**21,541**	**31,170**
As at 31 December 2025	**(239,603)**	**(177,159)**	**(11,200)**	**(49,000)**	**(476,962)**

23 DEFERRED INCOME TAX (Continued)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of approximately RMB730,189,000(2024: approximately RMB727,662,000) in respect of tax losses amounting to RMB4,456,969,000(2024: RMB4,485,535,000) in certain subsidiaries as the future profit streams of these subsidiaries are uncertain. Tax losses of approximately RMB194,889,000 (2024: approximately RMB152,089,000) arising from the PRC subsidiaries will expire in various dates up to 2030 (2024: 2029). Other tax losses may be carried forward indefinitely.

Deferred income tax liabilities have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Unremitted earnings of these subsidiaries amounted to approximately RMB4,040,322,000 as at 31 December 2025 (2024: RMB3,286,621,000).

24 TRADE PAYABLES

	31 December 2025 RMB'000	31 December 2024 RMB'000
Trade payables to:		
— Third parties	**453,502**	769,099
— Related parties *(Note 36(d))*	**77,357**	66,789
	530,859	835,888

Trade payables were denominated in the following currencies:

	31 December 2025 RMB'000	31 December 2024 RMB'000
— RMB	**431,524**	777,114
— HK$	**1,159**	1,016
— US$	**98,176**	57,758
	530,859	835,888

24 TRADE PAYABLES (Continued)

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

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 60 days	**159,085**	194,854
61 days to 150 days	**54,038**	490,215
Over 151 days	**317,736**	150,819
	530,859	835,888

The carrying amounts of trade payables approximate their fair values as at 31 December 2025 and 2024.

25 FILM AND TELEVISION PROGRAMMES INVESTMENT FUNDS FROM INVESTORS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Film and television programmes investment funds from investors		
— Third parties	**519,373**	573,255
— Related parties *(Note 36(d))*	**153,763**	170,120
	673,136	743,375

Represented by	**31 December 2025 RMB'000**	31 December 2024 RMB'000
Current portion	**673,136**	743,375
	673,136	743,375

The amounts represent investments made by certain investors in respect of film and television programmes rights held by the Group. In accordance with the terms of the respective investment agreements, the investors are entitled to recoup their investment amounts as appropriate by the predetermined percentage of income to be generated from films and television programmes.

The carrying amounts of film and television programmes investment funds from investors approximate their fair values and denominated in RMB.

26 OTHER PAYABLES AND ACCRUALS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Other payables and accrued expenses	**63,342**	72,454
Payables to gaming developers	**1,793**	4,230
Advance receipt of film issuance and production	**437,296**	425,745
Provisions for other taxes	**100,883**	135,278
Consideration payable for an investment in an unlisted company *(Note 9(b)(ii))*	**33,000**	—
Amounts due to related parties in relation to *(Note 36 (d))*:		
— gaming distribution channels	**40,739**	74,888
— a gaming developer	**13,806**	91,811
— advance receipt of film issuance and production	**101,887**	28,513
— film investments funds	**7,771**	—
— consideration payable for an investment in an unlisted company *(Note 9(b)(i))*	**660,000**	—
— others	**5**	5
	1,460,522	832,924

Other payables and accruals were denominated in the following currencies:

	31 December 2025 RMB'000	31 December 2024 RMB'000
— RMB	**1,446,141**	820,194
— HK$	**14,381**	12,730
	1,460,522	832,924

The carrying amounts of other payables approximate their fair values as at 31 December 2025 and 2024.

27 CONVERTIBLE BONDS

On 22 April 2025, the Company issued convertible bonds (the "Convertible Bonds") with an aggregate principal amount of HKD2,341 million (approximately RMB2,200 million). The Convertible Bonds bear an interest of 3.95% per annum payable semi-annually and will mature on 22 April 2030.

Upon the occurrence of certain events specified in the agreement, the bondholders will have the right to require the Company to redeem all or some of such holder's bonds on 28 April 2028 at their principal amount, together with unpaid default interest thereon (if any).

Bondholders may convert their bonds into ordinary shares at any time on or after 2 June 2025 up to 10 trading days prior to 22 April 2030. The conversion shares will be issued upon full conversion of the convertible bonds based on the contracted conversion price of HKD2.704 per share.

The Convertible Bonds were recognised as a compound instrument comprising 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 were comprised of the fair value of the holders of the Convertible Bonds to require the Company to redeem the Convertible Bonds and the fair value of the Company's option to redeem the 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, and therefore they do not need to be accounted for separately.

  The initial value of the liability component and the fair value of the embedded redemption options were recognised as a single liability component, and is subsequently carried at amortised cost using the effective interest method; and

- Equity component, being the conversion option of the Convertible Bonds, was initially recognised at the residual amount after deducting the value of the aforesaid liability component from the initial net proceeds.

  As at the date of issue, the fair value of the liability component and the equity component of the Convertible Bonds were set out as below:

	RMB'000
Principal amount	2,174,087
Less: transaction costs	(47,089)
Net proceeds	2,126,998
Liability component	1,931,083
Equity component	195,915
	2,126,998

27 CONVERTIBLE BONDS (Continued)

Interest expense is calculated by applying the effective interest rate of 6.56% per annum to the liability component. The equity component will remain in "convertible bonds reserve" until the embedded conversion option is exercised or the Convertible Bonds reach their maturities.

The movement of the liability component and the equity component of the Convertible Bonds for the year ended 31 December 2025 is set out below:

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
As at 1 January 2025	—	—	—
Issuance	1,931,083	195,915	2,126,998
Interest charged *(Note 32)*	87,239	—	87,239
Interest paid	(42,316)	—	(42,316)
Exchange differences	(53,484)	—	(53,484)
As at 31 December 2025	1,922,522	195,915	2,118,437

As at 31 December 2025, no conversion shares had been issued under the convertible bonds. If bonds were fully converted as of 31 December 2025, 865,754,437 ordinary shares would have been issued.

28 EXPENSES BY NATURE

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

	2025 **RMB'000**	2024 RMB'000
Employees benefit expenses (including directors' emoluments) *(Note 29)*	**300,966**	220,166
Share-based compensation expenses *(Note 21)*	**50,317**	67,272
Costs of gaming development, content revenue-sharing, distribution and promotion and payment handling fees	**344,918**	448,581
Cost of inventories sold *(Note 10)*	**18,696**	18,253
Cost of film and television programmes rights *(Note 15)*	**1,342,278**	866,610
Amortisation of other intangible assets *(Note 8)*	**17,710**	4,646
Depreciation		
— Property, plant and equipment *(Note 6)*	**24,312**	15,808
— Right-of-use assets *(Note 7)*	**32,431**	32,444
Advertising and promotion costs	**552,732**	408,851
Bandwidth and server custody fees	**34,898**	41,970
Rental expenses *(Note 7)*	**2,321**	3,980
Travelling expenses	**8,624**	7,165
Legal and professional fees	**15,331**	12,255
Auditor's remuneration		
— Audit services	**5,900**	5,500
— Non-audit services	**632**	2,000
Others	**74,007**	95,190
	2,826,073	2,250,691

29 STAFF COSTS — INCLUDING DIRECTORS' EMOLUMENTS

	2025 **RMB'000**	2024 RMB'000
Wages and salaries	**231,799**	183,781
Pension costs — statutory pension *(b)*	**20,834**	14,870
Staff welfare	**37,370**	13,580
Medical benefits	**10,963**	7,935
	300,966	220,166

29 STAFF COSTS — INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(a) Five highest paid individuals

During the year ended 31 December 2025, one (2024: one) of the five highest paid individuals is director whose emolument is reflected in the analysis shown in Note 39. The emoluments of the remaining four (2024: four) individual employees were as follows:

	2025 **RMB'000**	2024 RMB'000
Salaries and other benefits	**12,089**	11,532
Bonuses	**2,407**	1,783
Retirement scheme contributions	**573**	302
Share-based compensation	**27,369**	36,592
	42,438	50,209

The emoluments fell within the following bands:

	No. of employees	
	2025	2024
HK$6,500,000 to HK$7,000,000	**1**	1
HK$9,000,000 to HK$9,500,000	**1**	—
HK$9,500,000 to HK$10,000,000	**1**	1
HK$11,500,000 to HK$12,000,000	**—**	1
HK$20,500,000 to HK$21,000,000	**1**	—
HK$26,500,000 to HK$27,000,000	**—**	1
	4	4

(b) Pensions — defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income.

There was no forfeited contribution utilized to offset employers' contributions for the year ended 31 December 2025 (2024: Nil). There was no forfeited contribution available to reduce the contribution payable in the future year as at 31 December 2025 (2024: Nil).

30 OTHER INCOME

	2025	2024
	RMB'000	RMB'000
Government grants	**14,977**	11,661
Others	**30**	32
	15,007	11,693

31 OTHER GAIN/(LOSS) — NET

	2025	2024
	RMB'000	RMB'000
Net fair value changes in financial assets at FVPL *(Note 17)*	**1,169,262**	(156,927)
Gain/(loss) of disposals of property, plant and equipment	**262**	(5,684)
Gain on disposals of subsidiaries	**—**	175
Remeasurement of film and television programmes investment funds from investors	**82,720**	13,865
Dividend income from financial assets at FVPL	**18,714**	—
Remeasurement gain from modification of borrowing *(Note 22(b))*	**—**	55,140
Fair value changes in contingent consideration payable *(a)*	**—**	(1,121,447)
Others	**10,759**	(7,163)
Other gain/(loss) — net	**1,281,717**	(1,222,041)

(a) In December 2024, warrants issued by the Company for the acquisition of Virtual Cinema Entertainment Limited in 2021, were fully exercised. Thus, the contingent consideration payable was derecognised.

32 FINANCE INCOME — NET

	2025 RMB'000	2024 RMB'000
Finance income:		
— Interest income on saving deposits	152,863	32,060
— Interest income on receivables from investments in film and television programmes rights and loans to third parties and related parties	62,062	78,184
	214,925	110,244
Finance cost:		
— Interest expenses on borrowings	(9,129)	(14,303)
— Interest expenses on film and television programmes investment funds from investors	(731)	(3,386)
— Interest expenses on lease liabilities	(5,809)	(3,046)
— Imputed interest expenses	(39,057)	(82,839)
— Interest expenses on convertible bonds	(87,239)	—
	(141,965)	(103,574)
Finance income — net	72,960	6,670

33 INCOME TAX EXPENSES

	2025 RMB'000	2024 RMB'000
Current income tax		
— Provision for the year	224,176	370,394
Deferred income tax	(77,847)	(92,167)
Income tax expenses	146,329	278,227

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

	2025 RMB'000	2024 RMB'000
Profit before income tax	1,932,352	71,651
Tax calculated at the tax rates applicable to profits in the respective jurisdictions	205,192	52,002
Income not subject to tax	(29,218)	—
Tax losses and temporary differences for which no deferred tax asset have been recognised	14,376	34,444
Temporary differences for which no deferred tax liability have been recognised	(55,345)	—
Over provision for previous year	(6,540)	—
Expenses not deductible for tax purposes	29,001	207,382
Utilisation of tax losses previously not recognised	(11,137)	(15,601)
	146,329	278,227

Bermuda corporate tax

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

Hong Kong profits tax

Under the two-tiered profits tax rates regime for the years ended 31 December 2025 and 2024, the profits tax rate for the first HK$2,000,000 of assessable profits is lowered to 8.25% (half of the rate specified in Schedule 8 to the Inland Revenue Ordinance). Assessable profits above HK$2,000,000 continue to be subject to the rate of 16.5%. There is no assessable income for the year under Hong Kong profits tax.

33 INCOME TAX EXPENSES (Continued)

PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25%, except for a subsidiary of the Group which are entitled to preferential tax rate applicable to advanced and new technology enterprises of 15% in 2025 (2024: 15%) on the estimated assessable profit for the year, based on the existing legislation, interpretations and practices in respect thereof.

34 EARNING/(LOSS) PER SHARE

(a) Basic

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

	2025	2024
Profit/(loss) attributable to equity holders of the Company (RMB'000)	**1,796,636**	(190,533)
Weighted average number of ordinary shares in issue (thousands)	**15,733,711**	12,138,635
Basic earning/(loss) per share (RMB cents per share) for the year	**11.42**	(1.57)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary share being (1) share options; and (2) convertible bonds.

The share options granted by the Company should also have potential dilutive effect on the earnings per share. During the years ended 31 December 2025 and 2024, these share options have anti-dilutive effect to the Group's diluted earnings per share.

The convertible bonds are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the profit/(loss) attributable to owners of the Company, if applicable. For the year ended 31 December 2025, the convertible bonds were excluded from the computation of diluted earning per share as they are anti-dilutive. Accordingly, diluted earning/(loss) per share for the years ended 31 December 2025 and 2024 are the same as basic earning/(loss) per share.

35 CASH FLOW INFORMATION

(a) Cash used in operations

	2025 RMB'000	2024 RMB'000
Profit before income tax	1,932,352	71,651
Adjustments for:		
Depreciation of property, plant and equipment *(Note 6)*	24,312	15,808
Depreciation of right-of-use assets *(Note 7)*	32,431	32,444
Amortisation of other intangible assets *(Note 8)*	17,710	4,646
Cost of film and television programmes rights *(Note 15)*	1,342,278	866,610
Net fair value change of financial assets at FVPL *(Note 17)*	(1,169,262)	156,927
Dividend income from financial assets at FVPL *(Note 31)*	(18,714)	—
Fair value change of contingent consideration payable	—	1,121,447
Net impairment losses on financial assets *(Note 3.1(d))*	155,483	144,525
(Gain)/loss on disposal of property, plant and equipment *(Note 31)*	(262)	5,684
Share-based compensation expenses *(Note 28)*	50,317	67,272
Shares of (profits)/losses of associates *(Note 9)*	(201,249)	215
Finance income — net *(Note 32)*	(72,960)	(6,670)
Remeasurement film and television programmes investment funds from investors *(Note 31)*	(82,720)	(13,865)
Remeasurement gain from modification of borrowing *(Note 22(b))*	—	(55,140)
Net gain on disposal of subsidiaries *(Note 31)*	—	(175)
	2,009,716	2,411,379
Changes in working capital:		
Inventories	(165)	26
Trade and bills receivables	294,222	(610,943)
Other receivables and deposits	35,817	(4,839)
Prepayments and other non-financial assets	(182,624)	(191,683)
Film and television programmes investment funds from investors	12,481	33,583
Film and television programmes rights	(914,255)	(1,939,239)
Trade payables	(325,912)	516,958
Contract liabilities	331	9,412
Other payables	(66,133)	379,473
Cash generated from operations	863,478	604,127

35 CASH FLOW INFORMATION (Continued)

(b) Major non-cash transactions

Major non-cash transactions during the years end 31 December 2025 and 2024 were the acquisition of right of-use assets (Note 7(a)) and the acquisitions of investments of associates (Note 9).

(c) Reconciliation of liabilities generated from financing activities

	Lease liabilities RMB'000	Borrowings RMB'000	Contingent consideration payable RMB'000
As at 1 January 2024	(58,636)	(1,755,398)	(1,322,833)
Interest expenses on lease liabilities	(3,046)	—	—
Interest expenses on borrowings	—	(14,303)	—
Imputed interest expenses *(Note 32)*	—	(82,839)	—
Cash flows			
Payment for lease liabilities — principal	26,913	—	—
Payment for lease liabilities — interest *(Note 32)*	3,046	—	—
Repayment of borrowings	—	302,304	—
Payments for borrowings' interests	—	10,543	—
Proceeds from borrowings	—	(179,910)	—
Other non-cash movements			
Additions of lease liabilities *(Note 7)*	(50,638)	—	—
Modification of lease liabilities	337	—	—
Termination of lease	16,370	—	—
Fair value changes of the contingent consideration payable	—	—	(1,121,447)
Currency translation differences	(23)	(36,401)	(45,836)
Remeasurement gain from modification of borrowing *(Note 22(b))*	—	55,140	—
Transfer to equity *(Note 19)*	—	—	2,490,116
As at 31 December 2024	(65,677)	(1,700,864)	—

35 CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities generated from financing activities (Continued)

	Lease liabilities RMB'000	Borrowings RMB'000	Convertible bonds RMB'000
As at 1 January 2025	(65,677)	(1,700,864)	—
Interest expenses on lease liabilities	(5,809)	—	—
Interest expenses on borrowings	—	(9,129)	—
Imputed interest expenses *(Note 32)*	—	(39,057)	—
Interest expenses on convertible bonds	—	—	(87,239)
Cash flows			
Payment for lease liabilities — principal	35,053	—	—
Payment for lease liabilities — interest *(Note 32)*	5,809	—	—
Repayment of borrowings	—	1,192,439	—
Payments for borrowings' interests	—	5,379	—
Payment of convertible bonds' interests	—	—	42,316
Proceeds from borrowings	—	(198,500)	—
Proceeds from issuance of convertible bonds	—	—	(2,126,998)
Other non-cash movements			
Additions of lease liabilities *(Note 7)*	(28,928)	—	—
Disposal of lease liabilities	3,723	—	—
Transfer from prepayments *(Note 7)*	4,759	—	—
Currency translation differences	(80)	16,771	53,484
Transfer to equity *(Note 27)*	—	—	195,915
As at 31 December 2025	(51,150)	(732,961)	(1,922,522)

36 RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

In addition to those disclosed elsewhere in the financial statements, during the years ended and as at 31 December 2025 and 2024, the Group had the following significant transactions and balances with related parties, which were carried out in the normal course of the Group's business.

(a) Name and relationship with related parties

Name	Relationship
Mr. Ke	Director and the Chairman of the board of the Company
Pumpkin Films Limited	A company controlled by Mr. Ke
Tencent Holdings and its subsidiaries (Collectively "Tencent Group")	Tencent Group as a shareholder of the Company with the right to nominate an individual to represent Tencent Group as a director of the Company
Beijing Zhumeng Qiming Culture & Arts Co., Ltd	A company controlled by Mr. Ke
Beijing Ruyi Xingrong Culture Media Co., Ltd.	A company controlled by Mr. Ke's family
Beijing Ruyi Xinxin Film Investment Co., Ltd.	A company controlled by Mr. Ke
Beijing Chuangwai Film and Television Culture Media Co., Ltd.	An associate of the Group
Sichuan Wenyoudao	An associate of the Group
Wanda Film Holding Co.,Ltd and its subsidiaries (Collectively "Wanda Film Group")	A group controlled by Mr. Ke
Shanghai Ruyi Investment Management Co., Ltd	A company controlled by Mr. Ke

36 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(b) Transactions with related parties

	2025 RMB'000	2024 RMB'000
Rental expenses:		
— Beijing Ruyi Xinxin Film Investment Co., Ltd	1,089	1,097
— Shanghai Ruyi Investment Management Co., Ltd	804	804
	1,893	1,901
Online gaming and online steaming and advertising services:		
— Tencent Group	1,633,782	1,511,846
Gaming promotion and other expenses:		
— Tencent Group	98,432	72,049
— Wanda Film Group	17,736	21,228
	116,168	93,277
Internet and content delivery network costs:		
— Tencent Group	7,627	6,354
Purchase of film and television programmes rights and intangible assets:		
— Tencent Group	16,171	47,659
— Sichuan Wenyoudao	415	1,321
— Wanda Film Group	196	—
— Beijing Ruyi Xinxin Film Investment Co., Ltd	—	748
	16,782	49,728
Film and television programmes rights distribution revenue:		
— Tencent Group	160	32,568

36 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

	2025 **RMB'000**	2024 RMB'000
Gaming distribution channel fees:		
— Tencent Group	**68,022**	133,305
Revenue sharing to content providers:		
— Tencent Group	**18,058**	—
Content revenue-sharing, distribution and promotion fees:		
— Wanda Film Group	**7,162**	—
— Sichuan Wenyoudao	**3,464**	—
	10,626	—
Interest income:		
— Sichuan Wenyoudao	**—**	1,680
Receipt of film investment funds from a related party:		
— Wanda Film Group	**5,801**	47,518
Investment in films of a related party:		
— Wanda Film Group	**123,381**	65,767
Advance of loans to related parties:		
— Beijing Ruyi Xinxin Film Investment Co., Ltd	**—**	30,000
— Sichuan Wenyoudao	**—**	39,750
	—	69,750
Acquisition of Beijing Yonghang:		
— Tencent Group *(Note 9(b)(i))*	**825,000**	—

Personal guarantee provided by a director

During the years ended 31 December 2025 and 2024, one of the Group's borrowings was secured by personal guarantee from Mr. Ke as set out in Note 22.

36 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(c) Key management compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	2025 **RMB'000**	2024 RMB'000
Key management compensation		
— Salaries and other employee benefits	**14,225**	15,545
— Share-based payments	**2,776**	3,712
	17,001	19,257

(d) Balances with related parties

As at 31 December 2025 and 2024, the Group had the following significant balances with related parties:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Trade receivable from related parties:		
— Tencent Group *(i)*	**819,701**	1,293,821
— Wanda Film Group	**2,806**	—
	822,507	1,293,821
Other receivables from related parties:		
— Pumpkin Films Limited	**—**	40,745
— Beijing Ruyi Xinxin Film Investment Co., Ltd *(i)*	**8,218**	8,218
— Sichuan Wenyoudao(i)	**6,020**	6,020
— Beijing Zhumeng Qiming Culture & Arts Co., Ltd *(i)*	**1,300**	1,300
— Beijing Ruyi Xingrong Culture Media Co., Ltd *(i)*	**800**	800
	16,338	57,083
Prepayments to related parties:		
— Beijing Chuangwai Film and Television Culture Media Co., Ltd	**1,000**	1,000
— Wanda Film Group	**—**	411
— Tencent Group *(i)*	**27,419**	—
	28,419	1,411

36 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(d) Balances with related parties (Continued)

	31 December 2025 RMB'000	31 December 2024 RMB'000
Trade payables to related parties:		
— Tencent Group *(ii)*	**58,983**	50,749
— Wanda Film Group *(ii)*	**17,626**	15,367
— Beijing Ruyi Xinxin Film Investment Co., Ltd *(ii)*	**748**	673
	77,357	66,789
Other payables to related parties:		
— Tencent Group *(ii)*	**810,771**	166,699
— Wanda Film Group *(ii)*	**13,432**	28,513
— Beijing Ruyi Xinxin Film Investments Co., Ltd *(ii)*	**5**	5
	824,208	195,217
Film and television programmes investment funds from related parties:		
— Tencent Group	**149,000**	149,000
— Wanda Film Group	**1,299**	21,120
— Sichuan Wenyoudao *(i)*	**3,464**	—
	153,763	170,120
Film investments in related parties:		
— Wanda Film Group	**30,986**	65,767

(i) Amounts mainly represented trade receivables and the payment of expenses on behalf of the related parties, which are unsecured, interest-free and receivable on demand.

(ii) Amounts are unsecured, interest-free and repayable on demand.

37 PRINCIPAL SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES

(a) The following is a list of the principal subsidiaries and controlled structured entities of the Company as at 31 December 2025 and 2024:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Registered share capital	Effective interest held by the Group as at 31 December (%) 2025	2024
Direct interest					
Power Wave Holdings Limited	BVI, limited liability company	Investment holding, BVI	US$1	**100%**	100%
Indirect Interest					
Dongguan Tak Ya Leather Goods Manufactory Ltd	The PRC, limited liability company	Manufacture of accessories for photographic, electrical and multimedia products, the PRC	HK$10,400,000	**100%**	100%
Mascotte Industrial Associates (Hong Kong) Limited	Hong Kong, limited liability company	Trading of accessories for photographic, electrical and multimedia product, Hong Kong	HK$2	**100%**	100%
Mascotte (Dongguan) Elect Accessories Ltd	The PRC, limited liability company	Manufacture of accessories for photographic, electrical and multimedia products, the PRC	HK$8,000,000	**100%**	100%
Shenzhen Hengteng Network Services Co., Limited	The PRC, limited liability company	Internet community services, the PRC	US$30,000,000	**100%**	100%
Beijing Xiaoming Zhumeng Data Service Co., Ltd. *(i)*	The PRC, limited liability company	Contents development, production and service provision in the telecommunication industry, the PRC	RMB20,000,000	**100%**	100%
Beijing Ruyi Jingxiu Network Technology Limited *(i)*	The PRC, limited liability company	Data processing, technology development, promotion, transfer consulting and service, the PRC	RMB50,000,000	**100%**	100%
Shanghai Ruyi Film and Television Production Co., Ltd. *(i)*	The PRC, limited liability company	Radio television programme production and operation and film distribution, the PRC	RMB3,000,000	**100%**	100%
Beijing Ruyi Streaming Media Information Technology Co., Ltd. *(i)*	The PRC, limited liability company	Technology development, technology promotion, technology transfer, technical consultation, and technical services, the PRC	RMB200,000,000	**100%**	100%
Beijing C4-Games Technology Co., Ltd *(i)*	The PRC, limited liability company	Technology development, technology promotion, technology transfer, technical consultation, and technical services, the PRC	RMB9,002,111	**100%**	100%
Virtual Cinema Entertainment Limited	BVI, limited liability company	Investment holding, BVI	US$1	**100%**	100%
Shanghai Ruyi Xingchen Enterprise Management Co., Ltd. *(i)*	The PRC, limited liability company	Business Management Consulting; Technical Development, Technical Consulting, Technology Transfer, Technology Promotion, the PRC	RMB900,000,000	**100%**	100%
Guangdong Hengqin Muhong Investment Partnership (Limited Partnership)	The PRC, Limited Partnership	Investment activities, the PRC	RMB2,300,000,000	**100%**	—

(i) These are subsidiaries arising from the Contractual Arrangements as set out in Note 2.2.1(a).

37 PRINCIPAL SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES (Continued)

(b) Material non-controlling interests

The total non-controlling interests as at 31 December 2025 amounted to approximately RMB23,221,000 (2024: approximately RMB12,608,000). No subsidiary has non-controlling interests that are material to the Group.

38 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	Note	**31 December 2025 RMB'000**	31 December 2024 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**17,360,323**	11,677,764
Property, plant and equipment		**1,491**	1,238
Right-of-use assets		**2,997**	5,376
Deposits		**787**	807
		17,365,598	11,685,185
Current assets			
Other receivables and prepayments	*(b)*	**664,091**	782,125
Term deposits	*(c)*	**957,718**	—
Cash and cash equivalents	*(c)*	**2,011,552**	2,202,719
		3,633,361	2,984,844
Total assets		**20,998,959**	14,670,029

38 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**318,541**	273,444
Share premium	*(a)*	**22,673,729**	17,069,660
Other reserves	*(a)*	**247,210**	411,871
Accumulated losses	*(a)*	**(4,634,489)**	(4,547,341)
Total equity		**18,604,991**	13,207,634
LIABILITIES			
Non-current liabilities			
Borrowings	*(d)*	**—**	414,174
Lease liabilities		**850**	3,419
Convertible bonds		**1,841,893**	—
		1,842,743	417,593
Current liabilities			
Trade payables		**748**	748
Other payables and accruals		**16,005**	13,850
Borrowings	*(d)*	**442,543**	1,018,613
Amounts due to subsidiaries		**8,816**	9,144
Lease liabilities		**2,484**	2,447
Convertible bonds		**80,629**	—
		551,225	1,044,802
Total liabilities		**2,393,968**	1,462,395
Total equity and liabilities		**20,998,959**	14,670,029

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2026 and was signed on its behalf.

Ke Liming
Director

Zhang Qiang
Director

38 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Share options reserve RMB'000	Convertible bonds reserve	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	11,664,209	63,481	172,187	182,178	—	(3,655,578)	8,426,477
Loss for the year	—	—	—	—	—	(891,763)	(891,763)
Currency translation difference	—	—	(73,247)	—	—	—	(73,247)
Issuance of ordinary shares *(Note 19)*	5,405,451	—	—	—	—	—	5,405,451
Employees share option scheme: — share-based compensation expenses *(Note 21)*	—	—	—	67,272	—	—	67,272
At 31 December 2024	17,069,660	63,481	98,940	249,450	—	(4,547,341)	12,934,190
At 1 January 2025	**17,069,660**	**63,481**	**98,940**	**249,450**	**—**	**(4,547,341)**	**12,934,190**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(87,148)**	**(87,148)**
Currency translation difference	**—**	**—**	**(410,893)**	**—**	**—**	**—**	**(410,893)**
Issuance of ordinary shares *(Note 19)*	**5,604,069**	**—**	**—**	**—**	**—**	**—**	**5,604,069**
Employees share option scheme: — share-based compensation expenses *(Note 21)*	**—**	**—**	**—**	**50,317**	**—**	**—**	**50,317**
Issuance of convertible bonds *(Note 27)*	**—**	**—**	**—**	**—**	**195,915**	**—**	**195,915**
At 31 December 2025	**22,673,729**	**63,481**	**(311,953)**	**299,767**	**195,915**	**(4,634,489)**	**18,286,450**

38 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Other receivables and prepayments

	31 December 2025 RMB'000	31 December 2024 RMB'000
Receivables from investments in film and television programmes rights	**663,449**	740,689
Amounts due from a related party	**—**	40,417
Others	**642**	1,019
	664,091	782,125

(c) Cash and cash equivalents and term deposits

	31 December 2025 RMB'000	31 December 2024 RMB'000
Cash at banks	**2,969,270**	2,202,719
Less:		
Term deposits with original maturity of more than three months	**(957,718)**	—
	2,011,552	2,202,719

The carrying amounts of Cash at banks are denominated in the following currencies:

	31 December 2025 RMB'000	31 December 2024 RMB'000
— US$	**1,060,920**	1,418,244
— HK$	**950,130**	671,880
— RMB	**408**	112,594
— EUR	**94**	1
	2,011,552	2,202,719

38 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(d) Borrowings

	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current other borrowings:		
— Unsecured without guarantee *(Note 22(b))*	—	414,174
Current other borrowings:		
— Unsecured without guarantee *(Note 22(b))*	442,543	1,018,613

39 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive of the Company for the year ended 31 December 2025 is set out below:

	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Share -based compensation RMB'000	Contribution to pension scheme RMB'000	Total RMB'000
Executive directors						
Ke Liming *(i)*	7,880	1,828	2,825	—	198	12,731
Zhang Qiang *(ii)*	—	1,394	100	2,776	—	4,270
Non-Executive director						
Yang Ming *(iii)*	—	—	—	—	—	—
Independent non-executive directors						
Chau Shing Yim, David	297	—	—	—	—	297
Nie Zhixin	300	—	—	—	—	300
Chen Haiquan	300	—	—	—	—	300
Shi Zhuomin	300	—	—	—	—	300
	9,077	3,222	2,925	2,776	198	18,198

39 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

The remuneration of every director and the chief executive of the Company for the year ended 31 December 2024 is set out below:

	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Share -based compensation RMB'000	Contribution to pension scheme RMB'000	Total RMB'000
Executive directors						
Ke Liming *(i)*	8,022	1,828	3,956	—	193	13,999
Zhang Qiang *(ii)*	—	1,394	100	3,712	52	5,258
Non-Executive director						
Yang Ming *(iii)*	—	—	—	—	—	—
Independent non-executive directors						
Chau Shing Yim, David	302	—	—	—	—	302
Nie Zhixin	300	—	—	—	—	300
Chen Haiquan	300	—	—	—	—	300
Shi Zhuomin	300	—	—	—	—	300
	9,224	3,222	4,056	3,712	245	20,459

There was no arrangement during the years ended 31 December 2025 and 2024 under which a director waived or agreed to waive any remuneration, and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

(i) Mr. Ke Liming has been appointed as an executive Director and chairman of the Board with effect from 11 August 2021.

(ii) Mr. Zhang Qiang has been appointed as executive directors of the Company with effect from 14 December 2021.

(iii) Mr. Yang Ming has been appointed as a non-executive Director for a term of three years commencing from 28 June 2023. According to the letter of appointment, Mr. Yang Ming does not receive any remuneration or director's fee for his position of non-executive Director.

(iv) Salary paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiaries undertakings.

(v) The values of share-based compensation are based on the share-based compensation recognised for the year.

39 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits for the year ended 31 December 2025 (for the year ended 31 December 2024: Nil).

(c) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2025, the Group did not pay consideration to any third parties for making available directors' services (for the year ended 31 December 2024: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

For the year ended 31 December 2025, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (for the year ended 31 December 2024: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

No 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 the year or at any time during the year.

40 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

(a) On 16 January 2026, the Company entered into a share subscription agreement, pursuant to which the Company has conditionally agreed to contribute approximately US$14,200,000 to invest in shares of AIsphere Limited ("AIsphere").

In addition, the Company, Mr. Wang Changhu and Beijing AIsphere Technology Co., Ltd., a domestic entity of the AIsphere Limited, (collectively, the "Parties") entered into a strategic cooperation framework agreement (the "Cooperation Agreement", together with the share subscription agreement, the "Agreements"). Pursuant to the Cooperation Agreement, the Parties have agreed to establish a strategic cooperation relationship to explore innovative applications of artificial intelligence technologies in film, streaming media, and gaming content production and operations.

(b) In January 2026, the Group entered into a capital increase agreement with Chengdu Xiaozhi Youchuang Technology Co., Ltd. ("Xiaozhi") and its founder, among which Loan to third parties amounting to approximately RMB92,000,000 (Note 14) of total consideration were settled. Furthermore, the parties will collaborate on the research and development of new games, and the Group will be responsible for the exclusive distribution of the new games.

(c) On 26 January 2026, the Company and the Deutsche Bank AG, Hong Kong Branch ("Sole Lead Manager") entered into the Subscription Agreement, under which, among other things, the Sole Lead Manager has agreed to subscribe and pay for, or to procure to subscribe and pay for, the bonds to be issued by the Company in an aggregate principal amount of HK$2,574 million, subject to the terms and conditions as set out in the Subscription Agreement. The Bonds are zero coupons and do not bear interest and may be converted into Conversion Shares pursuant to the Conditions at an initial conversion Price of HK$2.6 per Share (subject to adjustments pursuant to the Conditions).

FIVE YEARS FINANCIAL SUMMARY

The summary of results, assets and liabilities of the Group for last five financial years (extracted from published audited financial statements) is set forth as follow:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December 2025 RMB'000	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Turnover	**3,342,975**	3,670,760	3,627,247	1,319,928	2,318,132
Profit before tax	**1,932,352**	71,651	975,917	849,841	1,315,405
Income tax charge	**(146,329)**	(278,227)	(293,377)	(62,289)	(141,753)
Profit/(Loss) for the year	**1,786,023**	(206,576)	682,540	787,552	1,173,652
Attributable to:					
Equity holders of the Company	**1,796,636**	(190,533)	689,758	789,525	1,175,339
Non-controlling interests	**(10,613)**	(16,043)	(7,218)	(1,973)	(1,687)
	1,786,023	(206,576)	682,540	787,552	1,173,652

CONSOLIDATED ASSETS, EQUITY AND LIABILITIES

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
ASSETS AND LIABILITIES					
Total assets	**30,260,321**	21,670,713	16,681,158	13,218,969	10,619,892
Total liabilities	**(6,414,598)**	(5,338,106)	(5,645,174)	(5,243,538)	(5,000,476)
Net assets	**23,845,723**	16,332,607	11,035,984	7,975,431	5,619,416
Equity attributable to owners of the Company	**23,868,944**	16,345,215	11,037,540	7,971,239	5,613,251
Non-controlling interests	**(23,221)**	(12,608)	(1,556)	4,192	6,165
	23,845,723	16,332,607	11,035,984	7,975,431	5,619,416