



NETEASE CLOUD MUSIC INC.

(incorporated in the Cayman Islands with limited liability)

Stock code: 9899

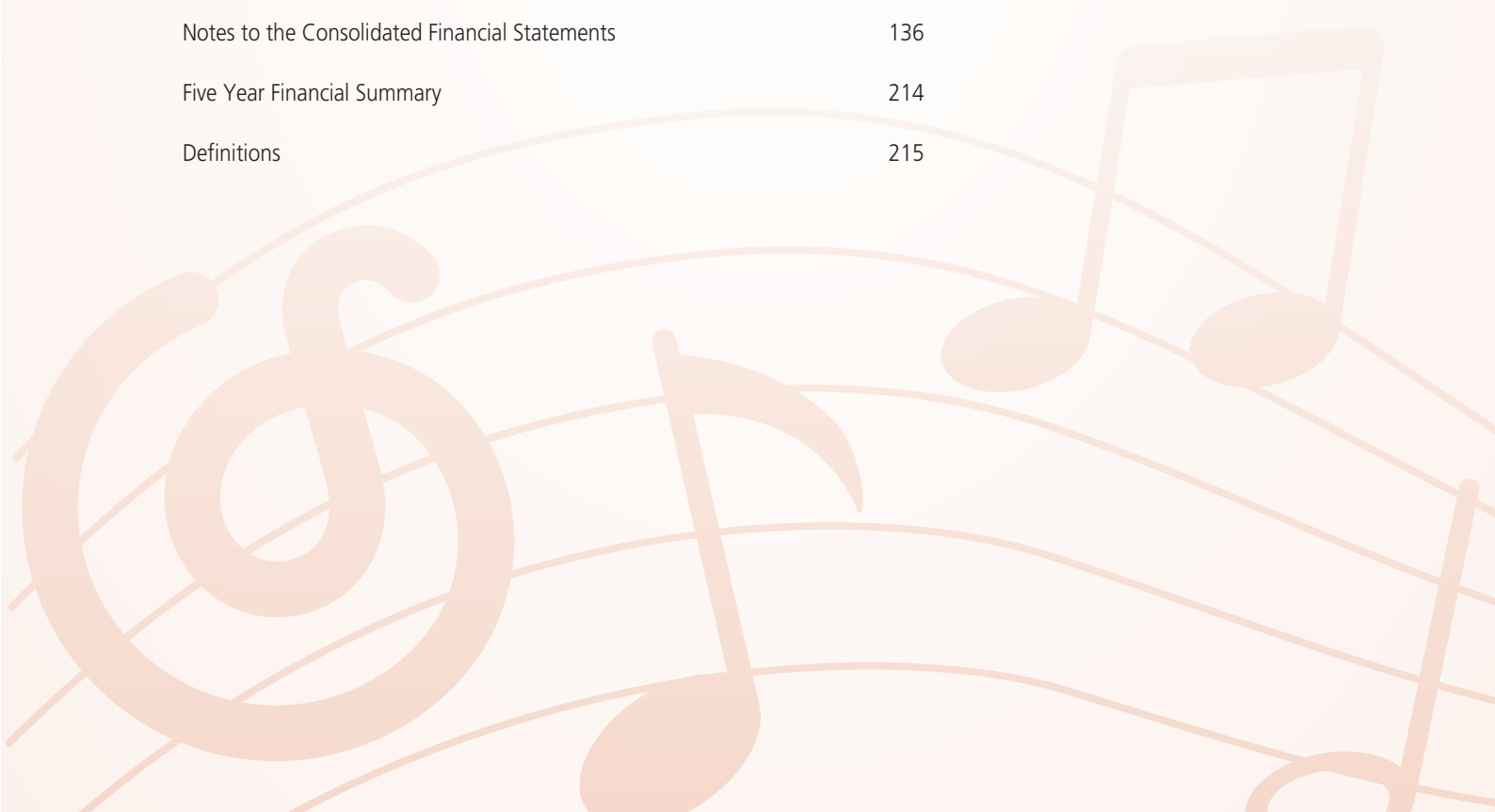


2025 ANNUAL
REPORT



CONTENTS

Corporate Information	2
Financial and Business Highlights	4
Management Discussion and Analysis	6
Report of Directors	17
Directors and Senior Management	41
Other Information	44
Corporate Governance Report	55
Environmental, Social and Governance Report	71
Independent Auditor's Report	124
Consolidated Statement of Profit or Loss	129
Consolidated Statement of Comprehensive Income	130
Consolidated Balance Sheet	131
Consolidated Statement of Changes In Equity	133
Consolidated Statement of Cash Flows	135
Notes to the Consolidated Financial Statements	136
Five Year Financial Summary	214
Definitions	215



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. William Lei Ding (*Chairperson and Chief Executive Officer*)

Mr. Yong Li

Ms. Yanfeng Wang

Non-Executive Director

Mr. Yat Keung Li

Independent Non-Executive Directors

Mr. Ying Kit Caleb Lo

Mr. Xianfeng Gu

Mr. Zhong Xu

AUDIT COMMITTEE

Mr. Ying Kit Caleb Lo (*Chairperson*)

Mr. Xianfeng Gu

Mr. Zhong Xu

REMUNERATION COMMITTEE

Mr. Zhong Xu (*Chairperson*)

Mr. Xianfeng Gu

Mr. Ying Kit Caleb Lo

NOMINATION COMMITTEE

Mr. Xianfeng Gu (*Chairperson*)

Mr. Ying Kit Caleb Lo

Mr. Zhong Xu

Ms. Yanfeng Wang (*appointed as a member of the nomination committee with effect from 20 February 2025*)

COMPANY SECRETARY

Ms. Wong Wai Yee Ella

AUTHORISED REPRESENTATIVES

Mr. Yong Li

Ms. Wong Wai Yee Ella

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants and Registered Public Interest Entity Auditor

22/F, Prince's Building

Central, Hong Kong

REGISTERED OFFICE

P.O. Box 309, Umland House

Grand Cayman KY1-1104

Cayman Islands

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Xiaoshan District, Hangzhou

Zhejiang, China

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As to Cayman Islands law

Maples and Calder (Hong Kong) LLP
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Wan Chai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
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Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

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Shops 1712-1716, 17th Floor
Hopewell Centre
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STOCK CODE

9899

COMPANY WEBSITE

<http://ir.music.163.com>

Financial and Business Highlights

	Year ended 31 December		
	2025	2024	Change (%)
	(RMB in thousands, except percentages)		
Revenue	7,759,450	7,950,146	-2.4%
Gross profit	2,769,592	2,681,512	+3.3%
Operating profit	1,621,952	1,170,847	+38.5%
Profit before income tax	2,067,738	1,570,255	+31.7%
Profit for the year ⁽¹⁾	2,745,828	1,565,369	+75.4%
Non-IFRS Measure:			
Adjusted operating profit	1,733,749	1,309,418	+32.4%
Adjusted net profit	2,860,007	1,700,078	+68.2%

IFRS NUMBERS:

- Our revenue decreased by 2.4% from RMB8.0 billion in 2024 to RMB7.8 billion in 2025.
- Our gross profit increased by 3.3% from RMB2.7 billion in 2024 to RMB2.8 billion in 2025.
- Our operating profit increased by 38.5% from RMB1.2 billion in 2024 to RMB1.6 billion in 2025.
- Our profit for the year increased by 75.4% from RMB1.6 billion in 2024 to RMB2.7 billion in 2025.

Note:

- (1) During the year ended 31 December 2025, the Group recognised a deferred income tax credit of RMB746.7 million which primarily arose from the recognition of deferred tax assets in respect of cumulative tax losses incurred by a wholly-owned subsidiary. These tax losses are available to be carried forward against future taxable income. Deferred tax assets relating to tax losses and temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised.

Financial and Business Highlights

NON-IFRS NUMBERS:

- Our adjusted operating profit reached RMB1.7 billion in 2025, compared with adjusted operating profit of RMB1.3 billion in 2024. Our adjusted net profit reached RMB2.9 billion in 2025, compared with adjusted net profit of RMB1.7 billion in 2024. Adjusted operating profit and adjusted net profit are non-IFRS measures and are defined as operating profit and profit for the year attributable to the equity holders of the Company adjusted by adding back equity-settled share-based payments as appropriate. The following table reconciles the operating profit to adjusted operating profit and the profit for the year to adjusted net profit for both years:

	For the year ended 31 December	
	2025	2024
	(in RMB thousands)	
Operating profit	1,621,952	1,170,847
Add:		
Equity-settled share-based payments ⁽¹⁾	111,797	138,571
Adjusted operating profit	1,733,749	1,309,418
Profit for the year attributable to the equity holders of the Company	2,748,210	1,561,507
Add:		
Equity-settled share-based payments ⁽¹⁾	111,797	138,571
Adjusted net profit	2,860,007	1,700,078

Note:

- (1) Equity-settled share-based payments mainly represent share-based compensation expenses incurred in connection with our share incentive plan adopted by the Company. Share-based compensation expenses are not expected to result in future cash payments and are not indicative of our core operating results. The reconciling item is non-cash and does not result in cash outflow.

Management Discussion and Analysis

BUSINESS OVERVIEW

Throughout 2025, we remained focused on driving high-quality development across our core music ecosystem. By continuously improving premium music experiences, we enhanced our appeal to a broad base of music lovers and deepened users' recognition and affinity for our platform. We also enhanced our differentiated content offerings and made further progress in developing original music. Guided by user needs, we continued to enrich the content ecosystem, refine personalized recommendations, innovate product features, and strengthen the community. These initiatives further boosted our appeal to users and engagement. Paired with upgraded membership benefits, they also supported growth in subscription-based memberships, reflecting our platform's sustainable development and long-term value.

We continued to **expand and deepen our music-oriented community ecosystem**. In 2025, we achieved steady year-over-year growth in both active user base and overall engagement by improving user experience and enhancing brand awareness. Meanwhile, our DAU/MAU ratio (daily active user/monthly active user ratio) improved year over year, remaining above 30%, and average daily mobile music listening time continued to increase. Notably, our efforts to deliver premium content and experiences, along with the platform's trendsetting aesthetics and design, strongly resonated with young music enthusiasts, who are gradually becoming loyal users of our platform.

We have built a **diverse and distinctive content library** by expanding our copyrighted music collection while actively promoting original Chinese music. In 2025, we introduced content from Korean labels, supplemented our Chinese music catalogue, added OST and variety show music, and further strengthened our signature genres, including hip-hop and Western music. We also deepened collaboration with labels in content promotion and artist-centric campaigns. Our unique independent artist ecosystem continued to grow, and our in-house works such as "Liang Nan 《兩難》" and "What Ifs 《如果呢》" gained broad recognition both on and off the platform.

From a product perspective, we continued to prioritize user needs and remained committed to innovation and excellence in music discovery and listening experience. In 2025, we further upgraded our core product framework to enhance its visual appeal and better support users' diverse music discovery preferences. We advanced personalized content distribution and introduced Climber, our self-developed AI-powered generative recommendation model. Our innovative features, such as Automix, "Magic Light Player" (神光播放器) and landscape mode, deliver a more immersive audio-visual journey. We also expanded and enhanced community scenarios to encourage more active user participation and interactions.

Our music-centric monetisation capabilities continued to deliver healthy growth. In 2025, **subscription-based membership** revenue increased by 13.3% year on year, driven by growth in the subscriber base, though slightly offset by a dilution in monthly ARPPU (average revenue per paying user) due to changes in subscriber mix. Importantly, our fast-growing subscriber base also demonstrated stronger stickiness, with higher retention and activity levels. By continuously enhancing membership benefits across content, features and customization, we strengthened users' willingness to pay for premium experiences.

Alongside our growth in monetisation, we also further improved our profitability in 2025. Our gross margins reached 35.7%, representing a notable increase from 33.7% in 2024. In 2025, our operating profit increased by 38.5% year on year, which mainly benefited from the growth in our business scale, stronger online music monetisation, disciplined cost management and operating leverage.

Management Discussion and Analysis

Looking ahead, we remain committed to enhancing the music experience and deepening user engagement across our platform by expanding our high-quality content offering, advancing product and feature innovation, and further strengthening our community. Our strategic priorities include the following measures:

- further diversifying and enhancing our differentiated content offerings with greater efficiency. We plan to deepen our collaboration with copyright holders and strengthen our capabilities in independent artist incubation and in-house music production, focusing on our signature music genres;
- fulfilling user needs by optimising the music listening experience and recommendation features to deliver the ultimate music experience;
- nurturing our music-oriented community ecosystem and exploring innovative inter-person interaction through enhancing our comprehensive product offerings, including broadening communicative scenarios and ecology;
- cultivating our users' willingness to pay and subscribe to premium offerings by improving user experience, deepening user engagement, enhancing membership privileges and broadening consumption scenarios; and
- improving profitability through continued cost optimisation, operating efficiency enhancement and disciplined cost control.

Management Discussion and Analysis

Diverse and differentiated content ecosystem

We are committed to expanding our distinctive content library by further diversifying our content mix across both licensed tracks and original music. We actively promote original Chinese music through continued support for independent artists and developing in-house music. At the same time, we continue to advance music genres that strongly resonate with our users, including hip-hop and Western music.

Enhancing partnerships with copyright holders

Throughout the Reporting Period, we maintained a disciplined and collaborative approach, further growing our partnerships and deepening our collaborations with copyright holders in ways that support both parties' long-term interests.

- ***Expansive catalogue of music labels.*** In 2025, we further supplemented our copyright music library by introducing new content from K-Pop labels, including RBW, StarShip and Shofar Music. We also added popular tracks from popular Chinese artists such as Li Jian (李健), Lay Zhang (張藝興), Chen Chusheng (陳楚生), Jackson Yee (易烱千璽), Xin Liu (劉雨昕) and Miriam Yeung (楊千嬅). In addition, we actively enriched our OST library by introducing content from TVB and added popular OSTs such as 《水龍吟》 and 《灼灼韶華》.
- ***Amplifying offerings in signature music genres.*** We further enriched our music library with high-quality selections across our signature genres, such as hip-hop, Japanese ACG and Western music. This included the latest releases from popular rappers and rock bands such as KeyNG (楊和蘇), MaSiWei (馬思唯), MC HotDog (熱狗), New Pants (新褲子) and Reflector (反光鏡). We also partnered with Kadokawa and U/M/A/A, and collaborated closely with DECO*27 to bring more high-quality J-Pop and ACG music to our platform.
- ***In-depth collaborations with copyright partners.*** We strengthened cooperation with music labels to facilitate the promotion of high-quality releases. We played an instrumental role in the launches of Mariah Carey and Taylor Swift's new albums in China, both of which saw outstanding streaming performance on the NetEase Cloud Music platform. Through our enhanced partnerships, the new digital albums from Hua Chenyu (華晨宇), David Tao (陶喆), Allen Ren (任嘉倫) and Eason Chan (陳奕迅) all delivered impressive sales results on our platform. We also executed a tailored campaign for JENNIE's digital album, featuring exclusive virtual and physical music cards, driving the sales performance.
- ***Online and offline artist-centric activities.*** We worked closely with labels and artists to deliver artist-centric campaigns across online and offline channels, effectively engaging young audiences and fan communities. These initiatives included online retrospective campaign paired with a large-scale offline activation for Hua Chenyu's 12th debut anniversary, flash mob events in four cities for BLACKPINK's 9th debut anniversary, as well as a series of online programs to celebrate i-dle and Mayday's anniversaries, the new partnerships with Jackson Yee and Lay Zhang, among other initiatives.

Management Discussion and Analysis

Strengthening our leading independent artists' ecosystem

Beyond licensed content, we continued to strengthen our unique independent artist ecosystem by providing end-to-end support across content creation, promotion and monetisation. By the end of 2025, more than 1,000,000 independent artists had contributed more than 5.6 million tracks to our platform.

- ***Expanding exposure for musicians and their work.*** We launched the “Original Sound Promoters” (原創聲推官) campus ambassador program, establishing a “discovery-appreciation-dissemination” mechanism to promote original content and build a music discovery and promotion network from the university student perspective. By collaborating with multiple brands and channels, we helped musicians reach a broader audience through a mix of online and offline initiatives. These included online music campaigns with “Where Winds Meet” (燕雲十六聲) and BYD, offline brand activities with Honor Music and Chanel’s limited-edition perfume space, and pitching original songs for inclusion in shows such as “Singer 2025” and “The Rap of China 2025.”
- ***Enhancing commercial resources for musicians.*** We connected musicians with brands and game partners to grow their commercial reach. We provided brands such as Audi, Chanel, Honor, China Mobile, TCL, Taobao and JD.com with access to musicians’ performance and songwriting capabilities. We also collaborated with our musicians to supply customized songs or original tracks for games, including “Fantasy Westward Journey,” “Where Winds Meet,” “Identity V” and “Eggy Party,” partnering with 13 popular games.

Management Discussion and Analysis

Developing and promoting differentiated in-house music

Our in-house studios focus on producing original, high-quality music to enrich our content offerings. In 2025, our in-house studios have successfully produced and popularised multiple hit songs across our community and external platforms. We continued to build on our signature genres and received favourable reception for multiple in-house hip-hop releases, including “Liang Nan” (《兩難》), “Mo Chou Xiang” (《莫愁鄉》), 《熄滅》, 《暗流》 and 《洗牌》. Meanwhile, we remain dedicated to cultivating high-quality, well-crafted music content. Older in-house tracks, such as “Shi Hao” (《嗜好》), “You” (《你》) and “What Ifs” (《如果呢》), have gradually reached a broader audience and gained wider recognition. We also worked extensively with emerging artists to co-create popular songs, including 《褪黑素》 and 《大城小愛》. Additionally, our original project – the collaboration between MIYEON and Jike Juyi (吉克隽逸), titled “Glow Up” – has garnered widespread attention and sparked discussion internationally.

Diversified audio-based content offerings

In addition to music, we expanded our audio offerings to better serve users’ diverse interests and listening needs. In 2025, our growing audio content library drove higher user consumption, resulting in a steady increase in average listening time per user.

- ***PGC – audiobooks & radio dramas.*** We continued to enrich our audiobook offerings with disciplined cost management. In 2025, we gained favourable reception with our in-house-produced audiobooks, such as 《撈屍人》 and 《黑相術》. We also introduced more content for young audience and more ACG titles to meet user demand, including 《元嬰期》, 《天命除刀人》 and 《禁咒師》. Furthermore, we co-developed the original radio drama 《Eggy Party》, which tapped into gamers’ nostalgia while broaden the audience for audio content.
- ***PUGC/UGC – podcast.*** Our podcast offerings focus on music-themed audio content and cultural podcast IPs. Our co-produced series, “Dear Music – The Season of New Voices,” explored the stories behind classic hit songs, and our music-inspired podcast “Music Neighbour Program” (音樂友鄰計劃) featured 105 musicians and influencers, including author Da Bing (大冰), physicist Li Miao (李淼), musicians Tayu Lo (羅大佑), Terry Lin (林志炫), Sophia Huang (黃綺珊) and Fan Fan (范瑋琪), as well as the renowned label Modern Sky. We recently launched the “Podcast Bookstore Plan 《播客書店計劃》,” which hosts expert-led podcast episodes organized around curated thematic book lists to build our cultural podcast IP, featuring guests such as Liang Yong’an (梁永安), Feng Tang (馮唐), Su Tong (蘇童) and Xu Zhiyuan (許知遠).
- ***Enhancing the podcast host ecosystem.*** In 2025, we introduced eight prominent podcast hosts, including Fan Deng (樊登), founder of the Fan Deng Reading APP (帆書 APP), Li Lei (李蕾), a former CCTV host, and Guo Degang (郭德綱), a crosstalk performer. Among them, Guo Degang’s supernatural-themed podcast series 《子不語我語》 became a breakout hit on our platform, generating nearly 10 million listens.

Product innovation and community ecosystem

During the Reporting Period, we further enhanced users’ premium music experience by driving product innovation and revitalizing our community ecosystem. In 2025, the NetEase Cloud Music App underwent continuous main updates, improving its visual appeal and better supporting users’ diverse music consumption preferences. Our efforts have yielded improved user engagement, reflected in higher activity ratio and increased in-app music listening time. Our unique and evolving community continues to foster deeper music-driven resonance, inspiring greater user participation in both creating and engaging with community content.

Management Discussion and Analysis

Optimising users' music discovery and listening experience

We keenly focused on advancing personalised recommendations and innovative features which deliver a more intuitive and immersive music experience. In 2025, we made meaningful progress in both music discovery and listening experience for users, strengthening their engagement and enhancing the platform's overall value.

- ***Optimizing music content discovery and distribution.*** We are dedicated to providing users with a personalised music discovery journey. In 2025, we continued to enhance our product and recommendation capabilities, including: 1) rolling out continuous core product upgrades to better meet users' diverse music discovery preferences, such as the new "Heartbeat Mode" (心動模式) homepage layout and the new "Search" tab featuring categorized browsing; 2) continuously refining the recommendation page to boost user engagement and listening time; 3) launching the "Heart Collection Playlist Classification" (紅心歌單分類) feature that allows users to filter songs by genre, artist, language, and more, supported by AI to uncover niche categories; 4) optimizing the "New Songs and New Albums" channel by streamlining new content delivery and improving the display of professional information. Additionally, we introduced Climber, our self-developed AI-powered generative recommendation model, which utilizes self-attention mechanisms to accurately capture user preferences.
- ***Enhancing the music consumption experience.*** We improved the music experience and addressed a wider range of audio-visual needs through innovative features. We launched the "Magic Light Player" (神光播放器) to recreate live-concert-like experiences, and the "Lustrous Light Wave" (琉璃光波) Player, which syncs music spectra with dynamic visual effects for a more immersive experience. Our newly added Automix feature enables intelligent, seamless playback with smooth transitions between songs. We also introduced a horizontal mode for the Vinyl Player, which significantly increased users' screen-on time. In addition, we launched a range of AI-powered features, including "AI Singing Assistant 2.0" for one-click MV creation, "AI Magic Player" for personalized player backgrounds, and "AI Song-writing" to instantly turn ideas into songs, further enriching the music experience with added creativity and convenience.

Expanding music consumption scenarios

In 2025, we advanced our multi-terminal ecosystem to better address users' daily needs across a wide range of touchpoints. We extended in-car coverage to additional brands and models through new partnerships with Jetour, LYNK & CO, and more. Meanwhile, we continued to enhance multi-device functionality to enhance user engagement. For in-vehicle use, we added features such as "Heartbeat Mode" (心動模式), "In-Car Radio" (車載場景電台), "Magic Light Mode," "Sing at Will" (隨心唱) and Audio Vivid. For TV terminals, we introduced the new "Heartbeat" homepage interface and improved large-screen viewing aesthetics with innovative features such as "Record Wall," "Full Screen Cover" and "Sing at Will."

Management Discussion and Analysis

FINANCIAL REVIEW

The following table sets forth our consolidated statements of profit or loss, both in absolute amounts and as percentages of our total revenues, for the years ended 31 December 2025 and 2024, respectively:

	Year ended 31 December			
	2025		2024	
	RMB	%	RMB	%
	(RMB in thousands, except percentages)			
Revenue	7,759,450	100.0	7,950,146	100.0
Cost of revenue	(4,989,858)	(64.3)	(5,268,634)	(66.3)
Gross profit	2,769,592	35.7	2,681,512	33.7
Selling and marketing expenses	(408,734)	(5.3)	(611,533)	(7.7)
General and administrative expenses	(176,602)	(2.3)	(184,651)	(2.3)
Research and development expenses	(761,602)	(9.8)	(779,659)	(9.8)
Other income	181,922	2.4	27,859	0.4
Other gains, net	17,376	0.2	37,319	0.5
Operating profit	1,621,952	20.9	1,170,847	14.8
Share of results of investments accounted for using equity method	98	0.0	(6,544)	(0.1)
Finance income	445,882	5.7	406,191	5.1
Finance cost	(194)	(0.0)	(239)	(0.0)
Profit before income tax	2,067,738	26.6	1,570,255	19.8
Income tax credit/(expense)	678,090	8.7	(4,886)	(0.1)
Profit for the year	2,745,828	35.3	1,565,369	19.7
Profit for the year attributable to:				
Equity holders of the Company	2,748,210	35.3	1,561,507	19.6
Non-controlling interest	(2,382)	(0.0)	3,862	0.1
	2,745,828	35.3	1,565,369	19.7
Non-IFRS measure:				
Adjusted net profit ⁽¹⁾	2,860,007	36.9	1,700,078	21.4

Note:

- (1) Adjusted net profit is a non-IFRS measure. We define "adjusted net profit" as profit for the year attributable to the equity holders of the Company adjusted by adding back equity-settled share-based payments as appropriate. Adjusted net profit is not a measure required by, or presented in accordance with, IFRS. The use of adjusted net profit has limitations as an analytical tool, and you should not consider it in isolation from, as a substitute for analysis of, or superior to, our results of operations or financial condition as reported under IFRS. For more details, see "– Non-IFRS Measure" in this section.

Management Discussion and Analysis

Overview

Over the Reporting Period, we recorded a revenue of RMB7,759.5 million and a gross profit of RMB2,769.6 million. Our gross profit slightly increased by RMB88.1 million, while gross margin expanded from 33.7% to 35.7%. This was primarily due to increased revenue from our online music services and continued improvement in operating efficiency, despite a decrease in revenue from our social entertainment services. Our operating profit reached RMB1,622.0 million in 2025, compared with RMB1,170.8 million in 2024, which was primarily due to the decrease in promotion and advertising expenses and the increase in government grants.

We recorded a net profit of RMB2,745.8 million in 2025, compared with a net profit of RMB1,565.4 million in 2024. During the Reporting Period, we recognised a deferred income tax credit of RMB746.7 million primarily arising from the recognition of deferred tax assets in respect of cumulative tax losses incurred by a wholly-owned subsidiary. These tax losses are available to be carried forward against future taxable income. Excluding the impact of equity-settled share-based payments, our adjusted net profit reached RMB2,860.0 million in 2025, compared with an adjusted net profit of RMB1,700.1 million in 2024.

Revenue

Our revenue slightly decreased by 2.4% from RMB7,950.1 million in 2024 to RMB7,759.5 million in 2025.

Revenue from online music services increased by 12.0% from RMB5,354.5 million in 2024 to RMB5,994.4 million in 2025. Our ongoing efforts to enhance user experience, expand membership benefits and enrich music community content have driven continuous growth in monthly paying users of online music services, leading to revenue from sales of membership subscriptions increased from RMB4,459.0 million in 2024 to RMB5,052.7 million in 2025.

Revenue from social entertainment services and others decreased by 32.0% from RMB2,595.6 million in 2024 to RMB1,765.0 million in 2025. The decline was primarily attributed to a more prudent operational strategy in the social entertainment services. At the same time, we continued to focus on our core music business, with the intention of supporting long-term growth.

Cost of Revenue

Our cost of revenue decreased by 5.3% from RMB5,268.6 million in 2024 to RMB4,989.9 million in 2025, which was attributable to a decrease in content service costs from RMB4,008.9 million in 2024 to RMB3,733.5 million in 2025. The decrease in content service costs was primarily due to a decrease in revenue sharing fees along with a decrease in revenue from social entertainment services, partially offset by increased content licensing fees.

Gross Profit and Gross Margin

As a result of the above, our gross profit slightly increased by 3.3% from RMB2,681.5 million in 2024 to RMB2,769.6 million in 2025, and our gross margin increased from 33.7% in 2024 to 35.7% in 2025.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 33.2% from RMB611.5 million in 2024 to RMB408.7 million in 2025, primarily due to a decrease in promotion and advertising expenses with heightened focus on cost efficiency and return on marketing investment.

Management Discussion and Analysis

General and Administrative Expenses

Our general and administrative expenses decreased by 4.4% from RMB184.7 million in 2024 to RMB176.6 million in 2025, primarily due to improved cost control.

Research and Development Expenses

Our research and development expenses decreased by 2.3% from RMB779.7 million in 2024 to RMB761.6 million in 2025, primarily due to improved utilisation of technical resources during the Reporting Period.

Other Income

Our other income increased from RMB27.9 million in 2024 to RMB181.9 million in 2025, primarily due to an increase in government grants.

Other Gains, Net

We recorded other gains, net of RMB17.4 million in 2025 (in 2024: gains of RMB37.3 million). The change was primarily due to the impairment loss for investments in associates.

Finance Income, Net

Our finance income increased from RMB406.2 million in 2024 to RMB445.9 million in 2025, primarily due to the continued growth in deposit amounts.

Taxation

We recorded income tax credit of RMB678.1 million in 2025 as compared to income tax expenses of RMB4.9 million in 2024, primarily due to the recognition of deferred tax assets in respect of cumulative tax losses incurred by a wholly-owned subsidiary amounted to tax credit of RMB746.7 million netting off with the tax expense of RMB61.0 million derived from the top-up tax under Pillar Two Rules. For details, please refer to Note 12 to the consolidated financial statements of our Group set out in this report.

Profit for the Year

As a result of the above, we generated a profit of RMB2,745.8 million in 2025, compared with a profit of RMB1,565.4 million in 2024.

Management Discussion and Analysis

Non-IFRS Measure

To supplement our consolidated results, which are prepared and presented in accordance with IFRS, our Company uses adjusted operating profit and adjusted net profit as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of our Group's operating performance, such as certain non-cash items. The use of these non-IFRS measures has limitations as an analytical tool, and shareholders and potential investors of our Company should not consider them in isolation from, as a substitute for, as an analysis of, or superior to, our Group's results of operations or financial condition as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of these non-IFRS measures should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

Our adjusted operating profit reached RMB1,733.7 million in 2025, compared with adjusted operating profit of RMB1,309.4 million in 2024. Our adjusted net profit reached RMB2,860.0 million in 2025, compared with adjusted net profit of RMB1,700.1 million in 2024. Adjusted operating profit and adjusted net profit are non-IFRS measures and are defined as operating profit and profit for the year attributable to the equity holders of the Company adjusted by adding back equity-settled share-based payments as appropriate. The following table reconciles the operating profit to adjusted operating profit and the profit for the year to adjusted net profit for both years:

	For the year ended 31 December	
	2025	2024
	(in RMB thousands)	
Operating profit	1,621,952	1,170,847
Add:		
Equity-settled share-based payments ⁽¹⁾	111,797	138,571
Adjusted operating profit	1,733,749	1,309,418
Profit for the year attributable to the equity holders of the Company	2,748,210	1,561,507
Add:		
Equity-settled share-based payments ⁽¹⁾	111,797	138,571
Adjusted net profit	2,860,007	1,700,078

Note:

- (1) Equity-settled share-based payments mainly represent share-based compensation expenses incurred in connection with our share incentive plan adopted by the Company. Share-based compensation expenses are not expected to result in future cash payments and are not indicative of our core operating results. The reconciling item is non-cash and does not result in cash outflow.

Management Discussion and Analysis

Liquidity and Capital Resources

As at 31 December 2025, we funded our cash requirements principally from cash generated from operating activities. We had cash and cash equivalents of RMB3.8 billion and RMB3.1 billion as at 31 December 2024 and 2025, respectively.

Our principal uses of cash have been for funding of required working capital, capital expenditures and other recurring expenses to support the expansion of the Group's operations. Going forward, our Company intends to finance its expansion and business operations with a combination of the net proceeds received from our Company's global offering, and through sustainable growth. Any significant decrease in users of our online music services and/or social entertainment services may adversely impact our liquidity.

The following table sets forth a summary of our cash flows for the year indicated, respectively:

	Year ended 31 December	
	2025	2024
	(in RMB thousands)	
Operating cash inflows before movement in working capital	1,733,922	1,295,331
Changes in working capital	(109,278)	487,574
Income taxes paid	(6,563)	(8,285)
Net cash generated from operating activities	1,618,081	1,774,620
Net cash used in investing activities	(2,346,329)	(1,938,782)
Net cash generated from/(used in) financing activities	82,509	(62,060)
Net decrease in cash and cash equivalents	(645,739)	(226,222)
Cash and cash equivalents at the beginning of the year	3,795,210	4,020,400
Exchange differences on cash and cash equivalents	(31,847)	1,032
Cash and cash equivalents at the end of the year	3,117,624	3,795,210

Our Board is pleased to present this report of Directors together with the consolidated financial statements of the Group for the 2025 financial year.

OVERVIEW OF OUR BOARD

Our Directors who held office during the Reporting Period and up to the Latest Practicable Date are:

Executive Directors:

Mr. William Lei Ding (*Chairman and Chief Executive Officer*)

Mr. Yong Li

Ms. Yanfeng Wang

Non-Executive Director:

Mr. Yat Keung Li

Independent Non-Executive Directors:

Mr. Ying Kit Caleb Lo

Mr. Xianfeng Gu

Mr. Zhong Xu

Biographical details of our Directors are set out in “Directors and Senior Management” at pages 41 to 43 of this annual report.

In accordance with article 16.20 of our articles of association, Mr. Yong Li, Mr. Ying Kit Caleb Lo and Mr. Zhong Xu shall retire at our upcoming annual general meeting. Each of these Directors, being eligible, will offer themselves for re-election at our upcoming annual general meeting.

Report of Directors

OVERVIEW OF OUR COMPANY

The Company was incorporated in the Cayman Islands on 2 February 2016 as an exempted limited liability company. Our shares were listed on the Main Board of the Stock Exchange on 2 December 2021.

Our Business

We operate an online music platform in China. We provide community-centric online music services and social entertainment services for music enthusiasts. NetEase Cloud Music empowers music enthusiasts to connect with one another and to discover, enjoy, share and create music and music-inspired content.

Subsidiaries

Particulars of the Company's principal subsidiaries are set out in Note 17 to the consolidated financial statements.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, neither our Company nor any of our subsidiaries had purchased, sold or redeemed any of our Company's securities (including sale of treasury shares) listed on the Stock Exchange.

Our Company held 331,550 treasury shares as at 31 December 2025. As at the Latest Practicable Date, the Company did not intend to conduct any sale of treasury shares but may do so in the future subject to market conditions and the Group's capital management needs at the relevant time.

Public Float

Based on information that is publicly available to the Company and within the knowledge of our Directors as at the Latest Practicable Date, the Company had maintained the prescribed percentage of public float under the Listing Rules.

OVERVIEW OF OUR PERFORMANCE OVER THE REPORTING PERIOD

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in "Management Discussion and Analysis" of this annual report. Those discussions form part of this report. Events affecting the Company that have occurred since the end of the 2025 financial year are set out in "Events After the Reporting Period" in this annual report. An account of the Company's key relationships with our employees, customers and suppliers and others that have a significant impact on the Company is set out in our "Environmental, Social and Governance Report" at pages 71 to 123 of this annual report.

Results of our Group

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss at page 129 of this annual report.

Financial Summary

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the consolidated financial statements, is set out at page 214 of this annual report. This summary does not form part of the consolidated financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under our articles of association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro-rata basis to our Shareholders.

Tax Relief and Exemption

Our Directors are not aware of any tax relief and exemption available to our Shareholders by reason of their holding of our securities.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in Note 15 to the consolidated financial statements.

Share Capital and Shares Issued

The Company has one class of shares with a nominal or par value of US\$0.0001 each. Details of movements in the share capital of the Company, and details of our shares issued, during the Reporting Period are set out in Note 26 to the consolidated financial statements.

Donations

During the Reporting Period, the Group made charitable donations of RMB39,927.00 (2024: RMB351,800.00).

Report of Directors

Debenture Issued

The Group did not issue any debenture during the Reporting Period.

Equity-linked Agreements

Save as disclosed in “Share Incentive Plans” at pages 47 to 54 of this annual report, no equity-linked agreements were entered into by the Group, or existed, during the Reporting Period.

Dividends

Our Board does not recommend the distribution of a final dividend for the Reporting Period.

No Shareholder has waived or agreed to waive any dividends for the 2025 financial year.

Permitted Indemnity

Pursuant to our articles of association and subject to the applicable laws and regulations, every Director shall be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision has been in force over the Reporting Period. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

Distributable Reserves

The Company may pay dividends out of either profits or share premium account provided that immediately following the payment of such dividends, the Company will be in a position to pay its debts as they fall due in the ordinary course of business.

As at 31 December 2025, the Company had distributable reserves of RMB15,122.8 million (2024: RMB14,901.2 million).

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity at page 133 and in Note 36(b) to the consolidated financial statements, respectively.

Bank Loans and Other Borrowings

As at 31 December 2025, the Group did not have any bank loans or other borrowings.

Pledge of Assets

As at 31 December 2025, none of our assets were pledged to secure our loans and banking facilities.

Gearing Ratio

As at 31 December 2025, our gearing ratio was 21.8% (31 December 2024: 25.0%). Gearing ratio is calculated as our total liabilities divided by our total assets as at a particular date.

Foreign Exchange Exposure

During the Reporting Period, save for the short-term bank deposits which are denominated in U.S. dollars, substantially all of our revenues and expenditures were denominated in RMB. Accordingly, we have certain exposure to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar. Foreign exchange risk arises when commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. The functional currency of our Company is U.S. dollar whereas the functional currency of our subsidiaries, which operate in the PRC, is RMB. We currently do not have a foreign currency hedging policy in respect of transactions undertaken in foreign currency but we manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposures.

Significant Investments

We did not make or hold any significant investments during 2025.

Material Acquisitions and Disposals

We did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associated companies or joint ventures during 2025.

Contingent Liabilities

Saved as disclosed in Note 35 to the consolidated financial information of the Group set out in this annual report, we had no contingent liabilities as at 31 December 2025 (31 December 2024: Nil).

Future Plans for Material Investments

We had no other plans for material investments or capital assets as at 31 December 2025, except the intended use of proceeds as disclosed in the Prospectus.

Major Customers and Suppliers

During the Reporting Period, revenue from the Group's top five customers, which are primarily media and internet companies, accounted for 17.6% (2024: 14.2%) of the Group's revenue in the same year.

During the Reporting Period, cost of revenue from the Group's five largest suppliers accounted for 29.3% (2024: 25.7%) of the Group's total cost of revenue amount in the same year. The Group's largest supplier for the 2025 financial year accounted for approximately 9.2% (2024: 8.3%) of the Group's total cost of revenue amount for the same year.

Report of Directors

Employee and Remuneration Policy

As at 31 December 2024 and 2025, we had 1,331 and 1,288 employees, respectively. As at 31 December 2025, substantially all of our employees were based in China.

The number of employees employed by the Group varies from time to time depending on business need. Employees' remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The Group's compensation system is well-structured and consists of a basic salary, a performance-based bonus and long-term incentives, which is reviewed periodically. The Group also provides training sessions to its employees, which mainly focus on campus recruiting personnel, management personnel and professional technology personnel.

As required by regulations in China, we participate in various employee social security plans that are organised by municipal and provincial governments for our PRC-based full-time employees, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing funds. These plans are defined contribution plans, under which, we and our PRC-based employees who are participants are required to make monthly contributions in the amount specified under PRC laws and regulations, which are calculated based on the employee's actual salary level in the previous year, subject to certain ceilings imposed. There are no forfeited contributions for these defined contribution plans as the contributions are fully vested to the employees upon payment to the scheme. The prescribed percentages are determined by the PRC government and differ across municipalities and provinces in Chinese mainland. See Note 2.2.9 to the consolidated financial statements for more information on defined contribution plans.

The range of applicable percentages for these state-managed contribution plans for the 2025 financial year as applicable to the Group are listed below:

	Percentages
Pension insurance	15.0% to 17.0%
Medical insurance	5.0% to 9.8%
Unemployment insurance	0.5% to 0.8%
Work-related injury insurance	0.2% to 0.4%
Housing provident fund	7.0% to 12.0%

Remuneration of directors and other senior management of the Group is reviewed by our Board's remuneration committee and recommended to the Board based on our performance and the senior managements' respective contributions to the Group.

Additionally, the Company has two share incentive plans, the principal terms of which are disclosed in Appendix IV to the Prospectus, and the circular of the Company dated 24 May 2023, respectively. Please refer to the "Other Information – Share Incentive Plans – Details of Share Incentive Plans of our Company" section below for further details. The total remuneration cost incurred by us during the Reporting Period was RMB1,278.4 million (2024 financial year: RMB1,215.8 million).

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond our control:

- (a) ability to achieve or maintain profitability in the future;
- (b) ability to accurately predict and effectively cater to changing user preferences in terms of content and product offerings;
- (c) ability to protect, maintain and enhance our brand and community culture;
- (d) uncertainties with compliance with laws and regulations in the PRC and other jurisdictions relating to data privacy and security;
- (e) uncertainties with respect to the enactment, interpretation and implementation of certain laws, regulations and government policies in the PRC;
- (f) ability to effectively execute monetisation strategies;
- (g) intense competition for users, users' time and attention, content, talent, advertising customers and other resources; and
- (h) risks related to industry, business and operations.

The above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in our shares.

CONTRACTS WITH CONTROLLING SHAREHOLDER AND MANAGEMENT

NetEase is the controlling Shareholder (as defined under the Listing Rules) of the Company. Save as disclosed in the Prospectus and in this annual report, to the best knowledge and belief of our Directors, NetEase has no contracts of significance with us or have any competing business which would require disclosure under the Listing Rules.

Save as disclosed in the Prospectus and in this annual report, no contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

To the best of our knowledge, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

Report of Directors

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. Our Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

INFORMATION RELATING TO OUR DIRECTORS

Directors' Service Contracts

Each of our executive Directors entered into a service contract with the Company on 21 November 2021 for an initial term of three years from the Listing Date, which is automatically renewed for successive periods of 3 years until terminated in accordance with the service contract or by either party giving prior written notice.

Our non-executive Director has entered into an appointment letter with the Company for an initial term of three years from the Listing Date, which is automatically renewed for successive periods of 3 years until terminated in accordance with the appointment letter or by either party giving prior written notice.

Each of our independent non-executive Directors entered into an appointment letter with the Company on 21 November 2021 for an initial term of three years from the Listing Date, which is automatically renewed for successive periods of 3 years until terminated in accordance with the appointment letter or by either party giving prior written notice.

The above appointments are subject to the provisions of retirement of Directors under our articles of association.

None of the Directors proposed for re-election at our upcoming annual general meeting has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed at pages 25 to 31 and in Note 10 to the consolidated financial statements, none of our Directors nor any entity connected with our Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2025.

Directors' Rights to Acquire Shares or Debenture

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

Emolument Policy and Directors' Remuneration

In compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code, the Company has established a remuneration committee to assist our Board in formulating remuneration policies. Remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for our independent non-executive Directors, their remuneration is determined by our Board upon recommendation from our Board's remuneration committee. Our Directors and the senior management personnel are eligible participants of our share incentive plans (details of which are summarised in "Share Incentive Plans" at pages 47 to 54 of this annual report. Details of the remuneration of our Directors, senior management (which is also our key management) and the five highest paid individuals are set out in Notes 10, 34(c) and 9 to the consolidated financial statements.

None of our Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of our Directors or the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Over the Reporting Period, the aggregate amount of remuneration (including basic salaries, housing allowances, other allowances, and benefits in kind, contributions to pension plans and discretionary bonuses) for our Directors was approximately RMB9.8 million (as set out in Note 10 to the consolidated financial statements).

Directors' Interests in Competing Business

During the Reporting Period, none of our Directors control a business similar to principal business of the Group that competes or is likely to compete, either directly or indirectly, with the Group's business, which would require disclosure under the Listing Rules.

Continuing Disclosure Obligations pursuant to the Listing Rules

Save as disclosed in the Prospectus and in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Report of Directors

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Group engaged in certain transactions with the following persons that constituted continuing connected transactions under the Listing Rules.

Name of connected person	Relationship
Registered shareholders that hold 10% or more of the equity interest in the Onshore Holdcos ^(Note)	our substantial shareholder
NetEase	our substantial shareholder

Set out below is a summary of the non-exempt and partially-exempt continuing connected transactions of the Group during the Reporting Period.

Note:

The Onshore Holdcos are Hangzhou Yuedu Technology Co., Ltd. (杭州樂讀科技有限公司) (“Hangzhou Yuedu”), which operates online programmes, online performances and live streaming businesses and Hangzhou Rege Culture Creativity Co., Ltd. (杭州熱歌文化創意有限公司) (“Hangzhou Rege”), through which the Company makes minority investments related to our business. The registered shareholders of Hangzhou Yuedu are Mr. William Lei Ding as to 99% and Ms. Wei Li as to 1%. The registered shareholders of Hangzhou Rege have been Mr. Anqi Huang as to 50% and Ms. Ni Xie as to 50% since 31 March 2024 (the date on which Mr. Yong Peng ceased to be a 100% registered shareholder of Hangzhou Rege).

Contractual Arrangements

We engage in radio and television programme production and operation, commercial internet cultural activities and value-added telecommunications services. Under PRC laws and regulations, foreign ownership is prohibited in entities engaging in radio and television programme production and operation and the internet cultural business (except for music) and restricted in entities engaging in value-added telecommunications service providers (in addition to imposing a qualification requirement on the foreign owners).

As a result of these foreign ownership restrictions, these businesses are operated by our consolidated affiliated entities (as disclosed in Note 17 in the consolidated financial statements), which are in turn, controlled by us and from which we derive the economic benefits through a series of contractual arrangements. These contractual arrangements are narrowly tailored to achieve our business purpose and minimise the potential for conflict with relevant PRC laws and regulations.

For further details of the relevant foreign ownership regulations in the PRC and a discussion of the material terms of the agreements underlying our contractual arrangements are set out in “Contractual Arrangements” section of the Prospectus.

Risks relating to the Contractual Arrangements and actions taken to mitigate the risks

We believe the following risks are associated with our contractual arrangements. Further details of these risks are set out in the “Risk Factors” section of the Prospectus.

- (a) If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with PRC regulations on foreign investment in internet and other related businesses, or if these regulations or their interpretation change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.
- (b) We rely on contractual arrangements with our VIEs and their shareholders for our operations in China, which may not be as effective in providing operational control as direct ownership.
- (c) We may lose the ability to use and enjoy assets held by our VIEs and their subsidiaries that are important to our business if our VIEs and their subsidiaries declare bankruptcy or become subject to a dissolution or liquidation proceeding.
- (d) Contractual arrangements we have entered into with our VIEs may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.
- (e) If the chops of our PRC subsidiaries, our VIEs and their subsidiaries, are not kept safely, are stolen or are used by unauthorised persons or for unauthorised purposes, the corporate governance of these entities could be severely and adversely compromised.
- (f) The shareholders of Hangzhou Yuedu may have potential conflicts of interest with us, which may materially and adversely affect our business.
- (g) Substantial uncertainties exist with respect to how the Foreign Investment Law may impact the viability of our current corporate structure and operations.

Report of Directors

Summary of the agreements underlying our contractual arrangements

The contractual arrangements in place during the Reporting Period include:

- (a) an operating agreement dated 2 November 2023 entered into among Hangzhou NetEase Cloud Music Technology Co., Ltd. (杭州網易雲音樂科技有限公司) (“**WFOE**”), Hangzhou Yuedu Technology Co., Ltd. (“**Hangzhou Yuedu**”), William Lei Ding (丁磊) (“**Mr. Ding**”) and Wei Li (李巍) (“**Ms. Li**”), pursuant to which WFOE agreed to be the guarantor of Hangzhou Yuedu in, and provide full guarantee for the performance of the, contracts, agreements or transactions entered into between Hangzhou Yuedu and third parties in connection with Hangzhou Yuedu’s business and operations. As counter-guarantee, Hangzhou Yuedu agreed to pledge its accounts receivable in its operations and assets to WFOE.
- (b) an exclusive purchase option agreement dated 2 November 2023 entered into among WFOE, Ms. Li and Hangzhou Yuedu, pursuant to which, (i) Ms. Li irrevocably granted to WFOE an option to purchase (or a person designated by WFOE to purchase) part or all of the equity interests held by Ms. Li in Hangzhou Yuedu at a purchase price equal to the outstanding loans owed by Ms. Li to WFOE under the loan agreement (detailed in (e) below); and (ii) Hangzhou Yuedu irrevocably granted to WFOE an option to purchase (or a person designated by the WFOE to purchase) part or all of the assets held by Hangzhou Yuedu or its subsidiaries at the minimum purchase price permitted under PRC laws and regulations.
- (c) an equity pledge agreement dated 2 November 2023 entered into between WFOE and Ms. Li, pursuant to which Ms. Li pledged to WFOE a first security interest in all of Ms. Li’s rights, title and interests in Hangzhou Yuedu.
- (d) a shareholder voting right trust agreement dated 2 November 2023 entered into between WFOE and Ms. Li, and agreed and accepted by Hangzhou Yuedu, pursuant to which Ms. Li irrevocably entrusted WFOE (and the person designated by WFOE) to exercise on Ms. Li’s behalf all shareholder’s voting rights and all other shareholder’s rights at the shareholders’ meeting of Hangzhou Yuedu.
- (e) a loan agreement dated 2 November 2023 entered into between WFOE and Ms. Li, pursuant to which WFOE shall provide to Ms. Li interest-free loan(s) to pay for the capital contribution towards the registered capital of Hangzhou Yuedu.

- (f) an amended and restated cooperation agreement dated 18 May 2021 entered into between Hangzhou Yuedu and WFOE, pursuant to which the parties would cooperate to provide clients with, among other things, internet information services, technical support and maintenance services relating to the research and development and operation of computer softwares, internet technology services, and technology development, technical assistance and support for electronic publishing and telecommunications.
- (g) an amended and restated exclusive purchase option agreement dated 18 May 2021 entered into among WFOE, Mr. Ding and Hangzhou Yuedu, pursuant to which (i) Mr. Ding irrevocably granted to WFOE an option to purchase (or a person designated by WFOE to purchase) part or all of the equity interests held by Mr. Ding in Hangzhou Yuedu at a purchase price equal to outstanding loans owed by Mr. Ding to WFOE under the loan agreement entered into between WFOE and Mr. Ding on the same date; and (ii) Hangzhou Yuedu irrevocably granted to WFOE an option to purchase (or a person designated by WFOE to purchase) part or all of the assets held by Hangzhou Yuedu or its subsidiaries at the minimum purchase price permitted under PRC laws and regulations.
- (h) an amended and restated equity pledge agreement dated 18 May 2021 entered into between WFOE and Mr. Ding, pursuant to which Mr. Ding pledged to WFOE a first security interest in all of Mr. Ding's rights, title and interests in Hangzhou Yuedu.
- (i) an amended and restated shareholder voting right trust agreement dated 18 May 2021 entered into between WFOE and Mr. Ding, and agreed and accepted by Hangzhou Yuedu, pursuant to which Mr. Ding irrevocably entrusted WFOE (and the person designated by WFOE) to exercise on Mr. Ding's behalf all shareholder's voting rights and all other shareholder's rights at the shareholders' meeting of Hangzhou Yuedu.
- (j) an amended and restated loan agreement dated 18 May 2021 entered into between WFOE and Mr. Ding, pursuant to which WFOE shall provide to Mr. Ding interest-free loan(s) to pay for the capital contribution towards the registered capital of Hangzhou Yuedu.
- (k) an operating agreement dated 31 March 2024 entered into among WFOE, Hangzhou Rege, Anqi Huang (黃安麒) ("**Mr. Huang**") and Ni Xie (謝妮) ("**Ms. Xie**"), pursuant to which WFOE agreed to be the guarantor of Hangzhou Rege in, and provide full guarantee for the performance of the, contracts, agreements or transactions entered into between Hangzhou Rege and third parties in connection with Hangzhou Rege's business and operations. As counter-guarantee, Hangzhou Rege agreed to pledge its accounts receivable in its operations and assets to WFOE.
- (l) an exclusive purchase option agreement dated 31 March 2024 entered into among WFOE, Mr. Huang and Hangzhou Rege, pursuant to which, (i) Mr. Huang irrevocably granted to WFOE an option to purchase (or a person designated by WFOE to purchase) part or all of the equity interests held by Mr. Huang in Hangzhou Rege at a purchase price equal to the original and any additional paid-in capital paid by Mr. Huang for such equity interest (or if such payment was not yet made, the higher of RMB1 or such minimum amount required under PRC laws); and (ii) Hangzhou Rege irrevocably granted to WFOE an option to purchase (or a person designated by the WFOE to purchase) part or all of the assets held by Hangzhou Rege or its subsidiaries at the net book value of the assets as shown in Hangzhou Rege's financial statements.

Report of Directors

- (m) an exclusive purchase option agreement dated 31 March 2024 entered into among WFOE, Ms. Xie and Hangzhou Rege, pursuant to which, (i) Ms. Xie irrevocably granted to WFOE an option to purchase (or a person designated by WFOE to purchase) part or all of the equity interests held by Ms. Xie in Hangzhou Rege at a purchase price equal to the original and any additional paid-in capital paid by Ms. Xie for such equity interest (or if such payment was not yet made, the higher of RMB1 or such minimum amount required under PRC laws); and (ii) Hangzhou Rege irrevocably granted to WFOE an option to purchase (or a person designated by the WFOE to purchase) part or all of the assets held by Hangzhou Rege or its subsidiaries at the net book value of the assets as shown in Hangzhou Rege's financial statements.
- (n) an equity pledge agreement dated 31 March 2024 entered into among WFOE, Mr. Huang and Hangzhou Rege, pursuant to which Mr. Huang pledged to WFOE a first security interest in all of Mr. Huang's rights, title and interests in Hangzhou Rege.
- (o) an equity pledge agreement dated 31 March 2024 entered into among WFOE, Ms. Xie and Hangzhou Rege, pursuant to which Ms. Xie pledged to WFOE a first security interest in all of Ms. Xie's rights, title and interests in Hangzhou Rege.
- (p) a shareholder voting right trust agreement dated 31 March 2024 entered into among WFOE and Mr. Huang and Hangzhou Rege, pursuant to which Mr. Huang irrevocably entrusted WFOE (and the person designated by WFOE) to exercise on Mr. Huang's behalf all shareholder's voting rights and all other shareholder's rights at the shareholders' meeting of Hangzhou Rege.
- (q) a shareholder voting right trust agreement dated 31 March 2024 entered into among WFOE and Ms. Xie and Hangzhou Rege, pursuant to which Ms. Xie irrevocably entrusted WFOE (and the person designated by WFOE) to exercise on Ms. Xie's behalf all shareholder's voting rights and all other shareholder's rights at the shareholders' meeting of Hangzhou Rege.
- (r) a loan agreement dated 31 March 2024 entered into between WFOE and Mr. Huang, pursuant to which WFOE shall provide to Mr. Huang interest-free loan(s) to pay for the capital contribution towards the registered capital of Hangzhou Rege.
- (s) a loan agreement dated 31 March 2024 entered into between WFOE and Ms. Xie, pursuant to which WFOE shall provide to Ms. Xie interest-free loan(s) to pay for the capital contribution towards the registered capital of Hangzhou Rege.
- (t) a cooperation agreement dated 18 May 2021 entered into between Hangzhou Rege and WFOE, pursuant to which the parties would cooperate to provide clients with, among other things, supply of music licence, innovation consultancy services, technical support and maintenance services relating to the research and development and operation of computer softwares, internet technology services, and technology development, technical assistance and support for electronic publishing and telecommunications.

- (u) an amended and restated operating agreement dated 18 May 2021 entered into among WFOE, Hangzhou Rege and Yong Peng (彭勇) (“**Mr. Peng**”), pursuant to which WFOE agreed to be the guarantor of Hangzhou Rege in, and to provide full guarantee for the performance of the, contracts, agreements or transactions entered into between Hangzhou Rege and third parties in connection with Hangzhou Rege’s business and operations. As counter-guarantee, Hangzhou Rege agreed to pledge its accounts receivable in its operations and assets to WFOE.
- (v) an amended and restated exclusive purchase option agreement dated 18 May 2021 entered into among the WFOE, Mr. Peng and Hangzhou Rege, pursuant to which (i) Mr. Peng irrevocably granted to WFOE an option to purchase (or a person designated by the WFOE to purchase) part or all of the equity interests held by Mr. Peng in Hangzhou Rege at a purchase price equal to the original and any additional paid-in capital paid by Mr. Peng for such equity interest; and (ii) Hangzhou Rege irrevocably granted to WFOE an option to purchase (or a person designated by WFOE to purchase) part or all of the assets held by Hangzhou Rege or its subsidiaries at the minimum purchase price permitted under PRC laws and regulations.
- (w) an amended and restated equity pledge agreement dated 18 May 2021 entered into between WFOE and Mr. Peng, pursuant to which Mr. Peng pledged to WFOE a first security interest in all of Mr. Peng’s rights, title and interests in Hangzhou Rege.
- (x) an amended and restated shareholder voting right trust agreement dated 18 May 2021 entered into between WFOE and Mr. Peng, and agreed and accepted by Hangzhou Rege, pursuant to which Mr. Peng irrevocably entrusted WFOE (and the person designated by WFOE) to exercise on Mr. Peng’s behalf all shareholder’s voting rights and all other shareholder’s rights at the shareholders’ meeting of Hangzhou Rege.

Items (u) to (x) are referred to as the “**2021 Hangzhou Rege Agreements**”. The 2021 Hangzhou Rege Agreements were terminated on 31 March 2024 as a result of Mr. Peng ceasing to have any interest in Hangzhou Rege (and therefore, ceasing to be a registered shareholder of Hangzhou Rege).

Substantially all of the Group’s total revenue and net assets are derived from our consolidated affiliated entities that are subject to the contractual arrangements. The total revenue and net assets derived from our consolidated affiliated entities that are subject to the contractual arrangements is approximately RMB7,664 million during the Reporting Period and approximately RMB9.1 million as at 31 December 2025, respectively.

Report of Directors

2023 NetEase Group Framework Agreement

On 28 November 2023, the Company (for itself and on behalf of the Group) and NetEase (for itself and on behalf of NetEase Group) entered into a framework agreement (the “**2023 NetEase Group Framework Agreement**”), pursuant to which, for a term of three years from 1 January 2024 to 31 December 2026:

- (a) the Group would provide to NetEase Group, (i) advertising services (the “**Advertising Services CCTs**”), and (ii) other services (the “**Other Services CCTs**”); and
- (b) NetEase Group would provide to the Group, among others, (i) bandwidth, server custody and rack services (the “**Bandwidth, Server Custody and Rack Services CCTs**”), (ii) information technology services (the “**Information Technology Services CCTs**”), (iii) shared services (the “**Shared Services CCTs**”), and (iv) product procurement (the “**Product Procurement CCTs**”).

The terms of the 2023 NetEase Group Framework Agreement were entered into on normal commercial terms (or better) after arm’s length negotiations.

Further details of each transaction under the 2023 NetEase Group Framework Agreement, including historical transaction amounts, pricing policy and annual caps are set out in the announcement of the Company dated 28 November 2023.

Annual cap and actual transaction amounts

The annual caps and actual transaction amounts of the continuing connected transactions with NetEase Group during the Reporting Period are set out below:

Transaction	Annual Cap for the Reporting Period RMB million	Transaction Amount in the Reporting Period RMB million
Advertising Services CCTs	348.2	25.7
Other Services CCTs	59.5	36.5
Bandwidth, Server Custody and Rack Services CCTs	50.6	19.7
Information Technology Services CCTs	396.8	185.7
Shared Services CCTs	61.4	59.8
Product Procurement CCTs	18.6	6.2

1. Advertising Services

Transaction

The Group provides advertising services to end-advertising clients (being primarily third parties) in exchange for advertising service fees. These advertising services include: embedding advertisements across the Group's platforms or through the Group's services, coordinating advertising campaigns using music or products available on the Group's platforms, and facilitating collaborations between the end-advertising client and the Group's users, artists or stakeholders in the music industry. Certain of these end-advertising clients or advertising services are referred to the Group through NetEase Group, and accordingly, part of the service fees generated from this portion of advertising services will be recorded by the Group as connected transactions with NetEase Group.

Pricing Policy

Transaction fees charged under this transaction will be based on: the quality of advertising units concerned, a base rate for each advertising unit, a discount rate, and a rebate ratio. The base rate of each advertising unit adopts the "effective cost-per-mille" (or eCPM) pricing model, which is calculated based on the resources/support required and the cost of advertising space per one thousand units of advertisement impressions. The rebate ratio and the discount rate are percentage multiples determined with reference to the average market rate and is based on the specific contract terms; this allows for greater flexibility and depends on various factors, including advertising volume, advertising duration and any bundling services subscribed for by the end-advertising client.

The pricing policy for the Advertising Services CCTs is based on the following formula:

Quantity of advertising units x Base rate for each advertising unit x Discounted rate x (1 - rebate ratio)

These pricing formulae are in accordance with market practice for advertising services conducted in the online music entertainment industry, and takes into account the following factors:

- a base rate for each advertising unit, determined with reference to market rates;
- the volume/quantity of each advertising unit, according to the request of the end-advertising client;
- a discounted rate, which provides the Group with greater flexibility to tailor the end price according to, among other factors, the end-advertising client, campaign, seasonality, and overall market factors; these rates are pre-agreed and based on a progressive scale based on the aforementioned factors, and is on the same basis as those offered to third parties; and
- a rebate ratio, which represents the percentage charged by NetEase Group to the Group for services they had provided us in the overall process.

This formula and its rates (including base rate and discount rate) are on the same basis as those offered by the Group to third parties.

Report of Directors

Basis of Annual Caps

The annual caps are determined with reference to the historical transaction amounts and the expected growth in advertising revenue during the annual cap period. This expected growth is based on the continued widening scope of users, and the gradual increase in selling price of each advertising item, quantity and audience exposure over time, as the Group's advertising services yield better results based on greater experience and enhanced technology. Nevertheless, the annual caps also take into account the prevalence of referrals of advertising services or end-advertising clients from non-connected persons of the Company, which would off-set the increase in the expected annual transaction amounts under this transaction going forward.

2. *Other Services*

Transaction

The Group will provide to NetEase Group services such as the products/services from us or from our users/partners posted on our platforms/websites (including music streaming, certain rights to use or sub-license intellectual property relating to music and brands associated with the products developed on our platforms/websites). The Group will also provide traffic direction services under this transaction through a portal on its mobile application that directs to NetEase Group's platforms/websites or products/services.

Pricing Policy

Transaction fees for music streaming and membership services will be charged at a discount (at a rate comparable to, and no less better than, those provided to third party businesses that we also cooperate with) and bundled with NetEase Group's products/services or enjoyed by NetEase Group's members and staff. The licensing of intellectual property and other products/services the Group provides to NetEase Group will be negotiated separately on a project basis, with reference to market prices and the same products/services offered to third parties outside of NetEase Group.

Transaction fees for traffic direction services will be based on market prices and volume of use and apportioned with NetEase Group according to a fee split. The fee split depends on the actual traffic volume directed through the portal, the type of products/services generating the revenue (or distribution channel), and a fee split ratio that depends on the popularity of the product/service.

The discount rate and fee split ratio are calculated on the same basis as those offered to third parties, and is largely based on pre-agreed progressive scale based on purchase amount (for the discount rate) or actual accrued/shared amount (for the fee split).

Basis of Annual Caps

The annual caps are determined with reference to the historical transaction amounts, the expected growth of business of NetEase Group and the Group over the annual cap period, the estimated growth of users interested in the products/services of the Group's platforms, and changes in prevailing market rates of products and services over these periods.

3. *Bandwidth, Server Custody and Rack Services*

Transaction

NetEase Group will provide the Group with bandwidth, server custody and rack services, which includes content delivery network (or CDN) and Internet Data Centre (or IDC) services, that NetEase Group has or will procure from third parties for relevant hardware and services, data storage services, hard disks, storage and central processing units (or CPUs), as well as such services and solutions developed by NetEase Group and tailored to the Group's needs.

Pricing Policy

Transaction fees will vary depending on the type of services offered. Server custody fees, sharing of bandwidth equipment and costs associated with engaging operating and maintenance personnel services will be apportioned on a "cost-plus" pricing basis (being a portion of the total costs incurred by NetEase Group to the provider, plus a percentage to cover additional costs and expenses, such as personnel/maintenance/hosting, incurred by NetEase Group in sharing the service).

Transcoding services will be priced based on market prices applying a discount. The market prices are based on comparisons of charged or quoted prices by comparable providers for comparable services, such as speed of responding, and reviewed and renegotiated periodically with the provider. For comparable market prices, the Group makes periodic enquiries (e.g., on an annual basis or towards the end of the contract period) with other comparable third party providers (such as one or multiple providers, depending on supply of appropriate and comparable market competitors) to update and compare market prices, to ensure that it is still beneficial or appropriate for the Group to continue transacting with NetEase Group for these services.

Basis of Annual Caps

The annual caps are determined with reference to the historical transaction amounts, the expected growth of business of the Group over the annual cap period, and changes in prevailing market rates of the products and services offered by NetEase Group and third parties over these periods. In particular, with the market's growth, the Group's user base (including new and retained user numbers), user engagement time, the quality and breadth of products/services offered on the Group's platforms/websites, among other things, are all expected to grow. This growth will require increased demand for services under this transaction, particularly in areas of data storage services, storage and CPUs, as the amount of data passed through and processed on our systems increase.

Report of Directors

4. *Information Technology Services*

Transaction

NetEase Group will provide the Group with information technology services, including cloud hosting and data storage services, big data services (including extraction and analysis services), algorithm training, and security analysis services.

Pricing Policy

Transaction fees for security analysis services will be priced based on the lowest market price with a discount, while other information technology services will be based on a “cost-plus” pricing policy. For comparable market prices, the Group makes periodic enquiries (e.g., on an annual basis or towards the end of the contract period) with other comparable third party providers (such as one or multiple providers, depending on supply of appropriate and comparable market competitors) to update and compare market prices, to ensure that it is still beneficial or appropriate for the Group to continue transacting with NetEase Group for these services.

Basis of Annual Caps

The annual caps are determined with reference to the historical transaction amounts, the expected growth of business of the Group over the annual cap period (and therefore, corresponding growth in the Group’s need for information technology services, particularly in data processing, storage and analysis services), and changes in prevailing market rates offered by NetEase Group and third parties over the same periods. Similar to the basis of the annual caps for the transaction above, with the market’s growth, the Company anticipates a corresponding increase demand for services under this transaction, particularly in the demand for greater information technology maintenance and support services, as well as adjustments in benchmark market prices for comparable services in response to market changes and inflation.

5. *Shared Services*

Transaction

NetEase Group will share various services with the Group, including the sharing of premises and use of administrative resources, facilities, furniture, administrative purchases and various support services, some of which may be procured from third parties should the Company desire or consider it more beneficial.

Pricing Policy

Transaction fees for shared services will be apportioned on a “cost-plus” pricing basis (being a portion of the total costs incurred by NetEase Group to the provider, plus a percentage to cover additional costs and expenses, such as personnel/maintenance/instalment, incurred by NetEase Group in sharing the service).

Basis of Annual Caps

The annual caps are determined with reference to the historical transaction amounts, the expected growth of business of the Group over the annual cap period (and corresponding growth in staff demand and costs), and changes in prevailing market rates of the shared services offered by NetEase Group and third parties or for comparable services procurable directly from third parties over the same periods. With the growth of online music entertainment market, the Company anticipates increased staff and office needs, which in turn would lead to increased demand for shared services under this transaction, particularly in areas of premises sharing and administrative resources sharing, as well as adjustments in benchmark market prices for comparable costs in response to market changes and inflation.

6. *Product Procurement*

Transaction

NetEase Group will procure for the Group fixed assets such as laptops, hardware and other products for the use of our employees or for our Group to provide as employee benefits to incentivise our staff and enhance our working environment.

Pricing Policy

The procured products will be provided either at-cost or based on market prices applying a discount. The market prices are based on comparisons of charged or quoted prices by providers for comparable products/items, and reviewed and renegotiated periodically with the provider. For comparable market prices, the Group makes periodic enquiries (e.g., on an annual basis or towards the end of the contract period) with other comparable third party service providers (such as one or multiple providers, depending on supply of appropriate and comparable market competitors) to update and compare market prices, to ensure that it is still beneficial or appropriate for the Group to continue transacting with NetEase Group for these services. For those products that have no market price against which to compare (given that the Group is not able to identify an appropriate comparable provider that is able to offer comparable items within comparable conditions), the Group will refer to the “at cost” pricing basis.

Basis of Annual Caps

The annual caps are determined with reference to the historical transaction amounts, the expected growth of business of the Group over the annual cap period, and changes in prevailing market rates of the products procured by NetEase Group over these periods. With an increase in growth and staff numbers, the Company anticipates a corresponding increase in costs associated with staff and working environment, which in-turn would lead to an increased demand for the products procured under this transaction, as well as adjustments in benchmark market prices for comparable costs in response to market changes and inflation.

Report of Directors

Internal Control of Connected Transactions

The Company has internal control measures in place to ensure that its connected transactions (including continuing connected transactions) are in compliance with applicable Listing Rules. These internal control measures include:

- (a) the Company has designated teams within the finance and business departments who monitor the transaction amounts on a quarterly basis and will notify the Company's legal team when the accrued transaction amount is approaching their respective annual caps and the Group anticipates that the annual cap(s) will need to be revised;
- (b) the Company has in place a connected transactions policy and relevant members have attended training on the requirements under Chapter 14 and Chapter 14A of the Listing Rules; and
- (c) the Company has available guidance from external parties (including legal counsel and external auditors) to advise them on connected transactions issues.

Implication under the Listing Rules and Confirmations

Waivers applied for under the Listing Rules

For the purposes of Chapter 14A of the Listing Rules, our consolidated affiliated entities are treated as connected persons of the Company, and as such, the contractual arrangements are considered continuing connected transactions for the Company.

For more information on the above continuing connected transactions, including the waivers obtained for the contractual arrangements, please refer to the "Connected Transactions" section of the Prospectus for details of these waivers.

Confirmation from Independent Non-executive Directors

Our independent non-executive Directors have reviewed the continuing connected transactions of the Group that are subject to the annual reporting requirement during the Reporting Period and have confirmed that these transactions were all entered into in accordance with the matters set out in Rule 14A.55 of the Listing Rules.

Confirmations from the Company's Independent Auditor

PricewaterhouseCoopers, the auditor of the Company, has confirmed in a letter to our Board that, with respect to the continuing connected transactions mentioned above during the Reporting Period, nothing has come to their attention that would cause them to believe that any of the factors listed under Rule 14A.56 of the Listing Rules, where applicable, had existed during the Reporting Period.

During the Reporting Period, save as disclosed in "Continuing Connected Transactions" of this annual report, no related party transactions disclosed in Note 34 to the financial statements constituted a connected transaction or continuing connected transaction that should be disclosed pursuant to the Listing Rules. The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to these continuing connected transactions entered into by the Group during the Reporting Period.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Company's shares were listed on the Stock Exchange on 2 December 2021. In parallel with the Listing, the Company allotted and issued 16,000,000 new shares under our global offering issued, which resulted in approximately HK\$3,160 million (equivalent to approximately RMB2,584 million) raised in net proceeds. Details of our global offering are set out in the Prospectus and our allotment results announcement published on the Stock Exchange's website on 1 December 2021.

Set out below is the status of use of proceeds from the global offering as at 31 December 2025.

Purpose	% of use of proceeds	Net proceeds (HK\$ million)	Utilised for the	Unutilised
			year ended 31 December 2025 (HK\$ million)	amount as at 31 December 2025 (HK\$ million)
Continuously cultivating our community	40%	1,264	–	1,264
Continuously innovating and improving technological capabilities	40%	1,264	–	1,264
Selected mergers, acquisitions, and strategic investments, including to continue seeking potential businesses and assets that would provide synergies with our business and resources, particularly in areas including content sourcing, data and audio technology	10%	316	–	316
Working capital and general and administrative purposes	10%	316	–	316
Total	100%	3,160	–	3,160

There was no change in the intended use of net proceeds as disclosed in the Prospectus. The Company will gradually apply the remaining net proceeds in the next 12 months in the manner set out in the Prospectus. See "Future Plans and Use of Proceeds" section of the Prospectus for further details.

Report of Directors

AUDITOR

The consolidated financial statements of the Group have been audited by PricewaterhouseCoopers, Certified Public Accountants and Registered Public Interest Entity Auditor, who will retire and, being eligible, offer themselves for re-appointment at our upcoming annual general meeting.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, no important events affecting the Group occurred since the end of the Reporting Period and up to the Latest Practicable Date.

By the order of our Board

Mr. William Lei Ding

Chairman

Hong Kong

13 March 2026

Directors and Senior Management

As at the Latest Practicable Date, our Board consisted of three executive Directors, one non-executive Director and three independent non-executive Directors.

DIRECTORS

Executive Directors

Mr. William Lei Ding, aged 54, is an executive Director and the chief executive officer of the Company and chairperson of our Board. Mr. Ding is the founder of NetEase, and has served as a director since its inception in July 1999 and as its chief executive officer since November 2005. Between 1999 to 2005, Mr. Ding served a number of roles within NetEase, including the chief architect, the acting chief executive officer, acting chief operating officer, and co-chief technology officer of NetEase. Mr. Ding currently serves on the board of directors of Youdao, Inc. (NYSE: DAO) since January 2015. Mr. Ding received a Bachelor of Science degree in Communication Technology from the University of Electronic Science and Technology of China.

Mr. Yong Li, aged 48, is an executive Director and the vice president of business intelligence of the Company. Mr. Li joined NetEase in April 2019 and served as a vice president of Kaola. Prior to joining the Company, Mr. Li was a senior technical expert in Tencent Holdings Limited from July 2010 to April 2015. He then served as vice president at Vipshop Holdings Ltd. from April 2015 to June 2018. Mr. Li served as a general manager of operations at Hillhouse Capital in 2018. Mr. Li received a bachelor's degree in information management in July 1999 and a master's degree in statistics in January 2002 from Anhui University of Finance and Economics. He also received his doctoral degree in informatics from Nanjing University in September 2004. Mr. Li served as a post-doctoral researcher in computer science at Tsinghua University from September 2004 to September 2006.

Ms. Yanfeng Wang, aged 39, is an executive Director and a member of the nomination committee. She is one of the senior directors for self-produced content in the Company since July 2020, and is also responsible for the Group's brand public relations and communications, since 2015. Prior to that, she was a senior editor and column writer at NetEase Media between May 2013 to March 2015, and a senior editor at Phoenix New Media Limited from June 2011 to May 2013. Ms. Wang received a bachelor's degree in Chinese Language and Literature from Beijing Normal University in July 2008. She also received her master's degree in Literature from Communication University of China in June 2011.

Directors and Senior Management

Non-executive Director

Mr. Yat Keung Li, aged 53, is a non-executive Director. Mr. Li currently serves as the vice president of NetEase. Mr. Li first joined NetEase in 2003 and took several senior roles in marketing, business partnership and corporate development within the group. Prior to NetEase, Mr. Li successively served as an account manager and associate account director at DDB Group Hong Kong from August 1999 to October 2003, and as a brand executive at Leo Burnett Hong Kong from January 1998 to July 1999. Mr. Li received his Bachelor of Science in Physics from the University of Hong Kong in November 1996.

Independent Non-executive Directors

Mr. Ying Kit Caleb Lo, aged 64, is an independent non-executive Director, and the chairperson of the audit committee and a member of the remuneration committee and nomination committee. Mr. Lo served at Motorola for more than 10 years since 1992 in China and Singapore and held several positions of finance management including the finance controller. Mr. Lo then joined Hangzhou H3C Technologies Co., Ltd. and has served as a vice president and the chief financial officer, during which he concurrently served as a vice president and the chief financial officer of the China region of HP Inc. (NYSE: HPQ) from May 2014 to August 2015. Mr. Lo then served as CFO and Co-President of New H3C Group prior to joining JiHu Information Technology (Hubei) Co., Ltd as CFO in September 2021, a JV of GitLab Inc., till July 2023. Mr. Lo has the appropriate professional accounting or related financial management experience for the purpose of Rule 3.10(2) of the Listing Rules. Mr. Lo received his CPA certificate from University of Illinois in February 1995 and he was admitted as a CPA in Hong Kong in October 1995. He is also a member of the American Institute of Certified Public Accountants, and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Lo received his diploma in Business Administration from Hong Kong Shue Yan College in July 1986. He received his Master of Business Administration from Oklahoma City University in May 1991.

Mr. Xianfeng Gu, aged 55, is an independent non-executive Director, and the chairperson of the nomination committee and a member of the audit committee and remuneration committee. Mr. Gu has worked at Stony Brook University since June 2004 and has served as a tenured professor since September 2009, and an Empire Innovation Professor since January 2021. He was previously an assistant professor at University of Florida from August 2003 to May 2004. Mr. Gu received a bachelor's degree in Computer Science from Tsinghua University in July 1994. He also received his Ph.D. degree in Computer Science from Harvard University in March 2003.

Mr. Zhong Xu, aged 57, is an independent non-executive Director, and the chairperson of the remuneration committee and a member of the audit committee and nomination committee. Mr. Xu has won various international competitions as a pianist, including the First Prize at the Maria Canals International Piano Competition in 1988, the Third Prize at the Hamamatsu International Piano Competition in 1991, the Santander Prize of Honour at the Santander Paloma O'Shea International Piano Competition in 1992, the First Prize and three other awards at the Tokyo International Piano Competition in 1992 and the Fourth Prize at the Tchaikovsky International Piano Competition in Moscow in 1994. He was awarded the "Chevalier de L'Ordre des Arts et des Lettres" in 2010, and the "Officier de L'Ordre des Arts et des Lettres" in 2018 by the Ministry of Culture and Communication of France. Mr. Xu was the General Director of Shanghai Opera House from 2016 to 2025, and is currently the Artistic Director of Shanghai Opera House, the Principal Director of Fondazione Arena di Verona, the Chief Conductor of Suzhou Symphony Orchestra, and the International Chair of Opera of Royal Welsh College of Music and Drama. He previously served as the Artistic Director of Teatro Massimo Bellini and the Music Director of Israel Haifa Symphony Orchestra. Mr. Xu started his study in Piano in November 1986 at Le Conservatoire national superieur de musique et de danse de Paris. He is also recognised as a level 1 conductor by the Assessment Committee of the Qualification for Senior Professional and Technical Occupations in the Art Categories under the Shanghai Municipal Human Resources and Social Security Bureau.

Directors and Senior Management

SENIOR MANAGEMENT

Mr. William Lei Ding is an executive Director, the chairman and chief executive officer of the Company. Please refer to the above section for his biography.

Mr. Xing Zhang, aged 43, is the vice president of products of the Company. He joined the Company in January 2023. From July 2007 to September 2014, Mr. Zhang served a number of positions within NetEase, including product planner and product director. He then worked as a product director at Alibaba from March 2015 to May 2021, and as a product director at ByteDance from May 2021 to December 2022. Mr. Zhang received his bachelor's degree in Information Engineering from Zhejiang University in June 2005 and his master's degree in Design and Art from Zhejiang University in June 2007.

Ms. Yuan Wei, aged 31, is the vice president of copyrights of the Company. She joined the Company in April 2021 and served positions including business assistant for CEO and copyright director. Prior to joining the Company, Ms. Wei worked for the Diversity Alliance in the United States, Milan Records under Sony Music Entertainment, and was responsible for music and strategic cooperation at BIGO from August 2019 to April 2021. Ms. Wei received her bachelor's degree in Law from China University of Political Science and Law in June 2017, and her master's degree in Entertainment, Media, and Intellectual Property Law from the University of California, Los Angeles in May 2018.

Ms. Ju Lu, aged 45, is the vice president of finance of the Company. She has served as our financial controller since joining in 2018. Previously, she served as the chief financial officer at UNIS-WDC Storage Co., Ltd. (紫光西部數據有限公司) from May 2016 to February 2018. She was the finance controller at StormNet Information Technology (Shanghai) Co., Ltd. (戰上風信息技術(上海)有限公司) from March 2011 to March 2016. Ms. Lu also worked at Ernst & Young Hua Ming LLP from September 2002 to December 2010 and left as a senior manager. Ms. Lu received her CICPA qualification from the Shanghai Institute of Certified Public Accountants and her AICPA qualification from the Missouri State Board of Accountancy in the U.S. She also obtained a legal professional qualification certificate from the Ministry of Justice of PRC in March 2019. She received her Bachelor of Economics degree in Accounting from Fudan University in July 2002.

COMPANY SECRETARY

Ms. Wong Wai Yee Ella, aged 50, is the Company secretary. Ms. Wong is also a director of Company Secretarial Services division of Tricor Services Limited (a member of Vistra Group) a global professional services provider specializing in integrated business, corporate and investor services. Ms. Wong has over 20 years of experience in the corporate secretarial field and has been providing corporate secretarial and compliance services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Wong currently holds company secretary or joint company secretary positions in multiple companies listed on the Stock Exchange.

Ms. Wong is a Chartered Secretary, Chartered Governance Professional, Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Other Information

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of our Company or Any of Its Associated Corporations

As at 31 December 2025, the interests and short positions of our Directors or chief executives of the Company in any of our shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)), as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in the Company

Name of Director	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding ⁽⁴⁾	Long position/ Short position
Mr. William Lei Ding ⁽¹⁾	Other	129,365,718	59.37%	Long position
Mr. Yong Li ⁽²⁾	Beneficial owner	334,331	0.15%	Long position
Ms. Yanfeng Wang ⁽³⁾	Beneficial owner	13,279	0.01%	Long position

Notes:

- (1) Mr. William Lei Ding is taken to have an interest in 331,550 treasury shares of the Company. In addition, 129,034,168 shares are held by Shining Globe International Limited through NetEase. Shining Globe International Limited is wholly owned by Shining Globe Holding Limited, which is in turn wholly owned by a trust for which TMF (Cayman) Ltd. acts as the trustee and the beneficiaries of which include Mr. Ding and his family. Mr. Ding is also the settlor of the trust.
- (2) Mr. Yong Li beneficially owns 10,857 shares and is entitled to receive up to (i) 300,000 shares pursuant to the exercise of options granted under our Company's Pre-IPO Share Incentive Plan (the "2016 Plan"), and (ii) 23,474 shares under our Company's 2022 Restricted Share Unit Plan (the "2022 Plan", and together with the 2016 Plan, the "Plans").
- (3) Ms. Yanfeng Wang beneficially owns 1,543 shares and is entitled to receive up to 11,736 shares under the 2022 Plan.
- (4) The calculation is based on the total number of 217,880,973 shares in issue as at 31 December 2025.
- (5) Details of the options and share awards granted to the Directors mentioned above are set out in the section headed "Share Incentive Plans" below.

Interest in our associated corporation – NetEase

Name of Director	Capacity/Nature of interest	Number of ADSs ⁽³⁾ /ordinary shares	Interest in associated corporation ⁽¹⁾	Long position/Short position
Mr. William Lei Ding	Other ⁽²⁾	1,450,300,000	45.5%	Long position
Mr. Yong Li ⁽³⁾	Beneficial owner	3,170 ADSs	0.00%	Long position
Mr. Yat Keung Li ⁽³⁾	Beneficial owner	10,487 ADSs	0.00%	Long position
Ms. Yanfeng Wang ⁽³⁾	Beneficial owner	2,815 ADSs 100 shares	0.00%	Long position

Notes:

- (1) The calculation is based on the number of outstanding shares of NetEase as at 28 February 2026 as disclosed in the annual report of NetEase (a copy of which is available for viewing on the Stock Exchange's website at www.hkexnews.hk) and publicly available information and to the best knowledge of the Company.
- (2) Shining Globe International Limited is the record holder of these 1,450,300,000 NetEase shares, which comprise 1,406,000,000 NetEase shares and 8,860,000 ADSs. As mentioned above, Shining Globe International Limited is wholly owned by Shining Globe Holding Limited, which is in turn wholly owned by a trust for which TMF (Cayman) Ltd. acts as the trustee and the beneficiaries of which include Mr. William Lei Ding and his family. Mr. William Lei Ding is also the settlor of the trust. This reflects the position as at 28 February 2026, which is based on the latest available published information. For more information, please refer to the annual report of NetEase.
- (3) The interests underlying the ADSs comprise the Director's entitlement to receive shares in NetEase pursuant to restricted share units under the 2009 Stock Incentive Plan and/or the 2019 Restricted Share Unit Plan of NetEase, where each restricted share unit represents one ADS of NetEase (being equal to five NetEase shares). This includes vested and unvested restricted share units, with the unvested portion subject to the terms and conditions of the grant.

Save as disclosed above, as at 31 December 2025, none of our Directors or chief executives of the Company had or was deemed to have any interests or short positions in our shares, underlying shares or debentures of the Company or any of its associated corporations which would be required to be disclosed.

Other Information

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2025, so far as our Directors are aware, the following persons (other than our Directors or chief executives of the Company) had interests or short positions in our shares or underlying shares of the Company recorded in the register required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding ⁽²⁾	Long position/ Short position
NetEase ⁽¹⁾	Beneficial owner	129,365,718	59.37%	Long position
Shining Globe Holding Limited ⁽¹⁾	Interest in a controlled corporation	129,365,718	59.37%	Long position
Shining Globe International Limited ⁽¹⁾	Interest in a controlled corporation	129,365,718	59.37%	Long position
TMF (Cayman) Ltd. ⁽¹⁾	Trustee	129,365,718	59.37%	Long position
Fullgoal Fund Management Company Limited	Investment manager	10,986,820	5.04%	Long position

Notes:

- (1) Mr. William Lei Ding (through his controlled corporations) is interested in one-third or more of NetEase, and under the Securities and Futures Ordinance, is deemed to be interested in NetEase's interest in our Company. Mr. Ding is taken to have an interest in 331,550 treasury shares of the Company. In addition, 129,034,168 shares are held by Shining Globe International Limited through NetEase. Shining Globe International Limited is wholly owned by Shining Globe Holding Limited, which is in turn wholly owned by a trust for which TMF (Cayman) Ltd. acts as the trustee and the beneficiaries of which include Mr. Ding and his family. Mr. Ding is also the settlor of the trust.
- (2) The calculation is based on the total number of 217,880,973 shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025 and based on publicly available information, no other person (other than our Directors or chief executives of the Company) had an interest or short position in our shares or underlying shares which were required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or which were required to be entered in the register required to be kept under Section 336 of the Securities and Futures Ordinance.

SHARE INCENTIVE PLANS

Details of Share Incentive Plans of our Company

Overview

Adoption

The Company had two share incentive plans in effect during the Reporting Period: (a) the Pre-IPO Share Incentive Plan (the “**2016 Plan**”); and (b) the 2022 Restricted Share Unit Plan (the “**2022 Plan**”, and together with the 2016 Plan, the “**Plans**”). The 2016 Plan was adopted before our Listing and upon the adoption of the amended 2022 Plan (which took place on 15 June 2023), the Company ceased making new grants under the 2016 Plan. The 2022 Plan was adopted on 18 August 2022 and amended on 15 June 2023, following which, the 2022 Plan constituted a share scheme governed by the requirements of Chapter 17 of the Listing Rules.

Purpose of the Plans

The purpose of both Plans is to promote the success and enhance the value of the Company’s business by linking the personal interests of employees to those of the shareholders of the Company and by providing such individuals with an incentive for outstanding performance to generate superior returns to our Company’s shareholders. Both Plans also intend to provide flexibility to our Company in its ability to motivate, attract, and retain the services of the employees upon whose judgement, interest, and special effort the successful conduct of the business’s operation is largely dependent.

Awards

Under the 2016 Plan, our Company granted awards (including share options (“**options**”) and restricted share units (“**RSUs**”)) to eligible participants; upon and after Listing, we ceased granting awards under this plan on 15 June 2023.

Under the 2022 Plan, we may only grant RSUs to eligible participants. The 2022 Plan does not involve any grant of options.

Shares available for grant under the Plans

Under the 2016 Plan, prior to Listing, our Company granted options to eligible participants; upon and after Listing, we ceased granting options and only granted share awards in the form of RSU under the 2016 Plan. Following the approval of the amended 2022 Plan on 15 June 2023, our Company ceased to make further grants of RSUs under the 2016 Plan. Accordingly, no options or awards were available for grant under the 2016 Plan as at 1 January 2025 and 31 December 2025, respectively. No service provider sublimit was set under the 2016 Plan.

Other Information

10,462,280 awards over new shares (including 2,077,569 awards over new shares under the service provider sublimit) were available for grant under the 2022 Plan as at 1 January 2025 and 31 December 2025, respectively. All grants made under the 2022 Plan during the Reporting Period will be satisfied with existing shares of the Company upon vesting. Accordingly, (i) 10,462,280 awards over new shares (including 2,077,569 awards over new shares under the service provider sublimit) remained available for grant under the 2022 Plan as at 1 January 2025 and 31 December 2025, respectively; and (ii) 0 new shares, representing 0% of the weighted average of number of issued shares of the Company (excluding treasury shares) for the Reporting Period, may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the Plans.

Further details of the Plans

The following table summarises the material terms of the Plans. For further information about the 2016 Plan, please see pages IV-20 to IV-24 of Appendix IV to the Prospectus. For further information about the 2022 Plan, please see our Company's announcement dated 18 August 2022 titled "Adoption of 2022 RSU Plan" and circular dated 24 May 2023. The aforementioned documents are accessible on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (<http://ir.music.163.com>).

	2016 Plan	2022 Plan
Scheme mandate limit	15,000,000 shares	10,462,280 shares, subject to an annual limit of 3% of the Company's total issued share number at the relevant time.
Service provider sublimit	N/A	2,077,569 shares, subject to an annual limit of 1% of the Company's total issued share number at the relevant time.
Number of shares available for issue pursuant to awards granted and ungranted under the plan <i>(assuming no granted awards have lapsed or are cancelled or satisfied in a manner other than issuing new shares)</i>	757,574 shares, representing 0.35% of the Company's total issued share number as at the date of this annual report.	10,462,280 shares, representing 4.80% of the Company's total issued share number as at the date of this annual report.

Other Information

	2016 Plan	2022 Plan
Eligible participants	<p>Eligibility is determined by the plan administrator, and includes:</p> <ul style="list-style-type: none">• employees of the Company, our parent, a subsidiary or affiliate of the Company, or any related entity to which a participant provides services as an employee (a “service provider”); and• directors of the Company, our parent, a subsidiary or related entity of the Company, or consultant or adviser rendering services to a service provider.	<p>Eligibility is determined by the plan administrator, and includes:</p> <ul style="list-style-type: none">• employees, directors or officers of the Group on the grant date (“employee participants”);• employees, directors or officers of a “holding company” of the Company (as defined in the SFO); a “subsidiary” of a holding company of the Company (as recognised by applicable accounting standards) other than the Group; or an “associate” of the Company (as defined in the Listing Rules) (“related entity participants”); and• service providers that, in the opinion of the plan administrator, provide services to the Group on a continuing or recurring basis in our ordinary and usual course of business and that are in the interests of the long-term growth of the Group or to which grants of awards under the RSU Plan would be in the interest of the Company and our shareholders as a whole, and includes artists, performers or other suppliers and service providers (“service provider participants”).

Other Information

	2016 Plan	2022 Plan
Maximum entitlement of each participant	None	None
Exercise period for options	10 years from date of grant.	N/A
Vesting period	A period to be determined by the plan administrator.	A minimum of 12 months from the date of grant, except limited circumstances as set out in the Company's circular dated 24 May 2023.
Consideration payable for accepting a grant	None, unless otherwise specified by the plan administrator.	None, unless otherwise specified by the plan administrator.
Basis of determining the exercise price of options	Determined by the plan committee and set forth in the award agreement which may be a fixed or variable price related to the fair market value of the shares.	N/A
Basis of determining the purchase price of awards (where any)	The purchase price is nil.	The purchase price is nil.
Scheme life (unless terminated earlier by our Board)	10 years from adoption date, with a scheme life of approximately 1 year remaining.	10 years from adoption date, from 18 August 2022 to 17 August 2032. (i.e. with a scheme life of approximately 6.3 years remaining)

Details of grants made under the Plans

2016 Plan

The following table sets out details of grantees holding outstanding options under the 2016 Plan during the Reporting Period:

Name or category of grantee ⁽¹⁾	Position/ Relationship	Date of grant	Vesting period (from date of grant)	Exercise period	Exercise price per share	Outstanding as at beginning of Reporting Period	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period ⁽²⁾	Cancelled during the Reporting Period	Outstanding as at end of Reporting Period	Closing price of our shares immediately before the date of grant	Fair value of options on date of grant and the closing price of our shares immediately before the exercise date	Weighted average
Mr. Yong Li	Director	25 September 2019	4 years	from the vesting date and within 10 years from date of grant	US\$11	300,000	Nil	Nil	Nil	Nil	300,000	N/A	N/A	N/A
Ms. Yanfeng Wang	Director	19 February 2021	1 year	from the vesting date and within 10 years from date of grant	US\$11	2,700	Nil	2,700	Nil	Nil	Nil	N/A	N/A	HK\$162.80
135 grantees	Employee participants	21 May 2018 to 15 June 2021	1 year to 4 years	from the vesting date and within 10 years from date of grant	US\$8 to US\$11	1,455,665	Nil	1,077,912	6,375	Nil	371,378	N/A	N/A	HK\$194.05
3 grantees	Related entity participants	25 September 2019 to 27 May 2021	4 years	from the vesting date and within 10 years from date of grant	US\$11	82,375	Nil	78,000	Nil	Nil	4,375	N/A	N/A	HK\$182.73
Total						1,840,740	Nil	1,158,612	6,375	Nil	675,753			

Notes:

- (1) With respect to each award granted, upon each vesting date, the portion of the award that vests shall depend on the grantee meeting a specified threshold in their performance evaluations during the one-year period prior to the vesting date.
- (2) The exercise prices of the 6,375 options of employee participants that lapsed during the Reporting Period were US\$11.

Other Information

The following table sets out details of grantees holding unvested RSUs (the June 2023 grants will be satisfied with existing shares) under the 2016 Plan during the Reporting Period. The purchase price for these RSUs was nil.

Details of movements during the Reporting Period												
Name or category of grantee ⁽¹⁾	Position/ Relationship	Date of grant	Vesting period (from date of grant)	Outstanding as at beginning of Reporting Period	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at end of Reporting Period	Closing price of our shares immediately before the date of grant	Fair value of RSUs on date of grant and the accounting standard and policy adopted	Weighted average closing price of our shares immediately before the vesting date
14 grantees	Employee participants	2 June 2022 to 14 June 2023	3 months to 3 years	348,594	Nil	228,697	38,076	Nil	81,821	N/A	N/A	HK\$182.90
Total				348,594	Nil	228,697	38,076	Nil	81,821			

Note:

- (1) With respect to each award granted, upon each vesting date, the portion of the award that vests shall depend on the grantee meeting a specified threshold in their performance evaluations during the one-year period prior to the vesting date.

2022 Plan

The following table sets out details of grantees holding invested RSUs under the 2022 Plan during the Reporting Period. The vesting of such grants shall be satisfied with existing Shares upon vesting. The purchase price for these RSUs was nil.

Name or category of grantee ⁽¹⁾	Position/ Relationship	Date of grant	Vesting period (from date of grant)	Details of movements during the Reporting Period					Outstanding as at beginning of Reporting Period	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at end of Reporting Period	Closing price of our shares immediately before the date of grant	Fair value of RSUs on date of grant and the closing price of our shares immediately before the vesting date
				Period	Period	Period	Period	Period								
Mr. Yong Li	Director	15 September 2023	3 years	10,905	Nil	5,452	Nil	Nil	5,453	N/A	N/A	N/A	N/A	5,453	N/A	HK\$294.20
				14,965	Nil	4,988	Nil	Nil	9,977	N/A	N/A	N/A	N/A	9,977	N/A	HK\$170.00
				Nil	8,044	Nil	Nil	Nil	8,044	HK\$168.10	HK\$161.70	N/A	N/A	N/A	8,044	N/A
Ms. Yanfeng Wang	Director	15 September 2023	3 years	5,452	Nil	2,726	Nil	Nil	2,726	N/A	N/A	N/A	N/A	2,726	N/A	HK\$294.20
				7,482	Nil	2,494	Nil	Nil	4,988	N/A	N/A	N/A	N/A	4,988	N/A	HK\$170.00
				Nil	4,022	Nil	Nil	Nil	4,022	HK\$168.10	HK\$161.70	N/A	N/A	N/A	4,022	N/A
In Aggregate	Employee participants	31 August 2023	3 years	223,677	Nil	77,415	72,142	Nil	74,120	N/A	N/A	N/A	74,120	N/A	HK\$263.40	
				785,342	Nil	351,344	88,602	Nil	345,396	N/A	N/A	N/A	N/A	345,396	N/A	HK\$294.20
		23 November 2023	3 years	32,389	Nil	16,190	Nil	Nil	16,199	N/A	N/A	N/A	N/A	16,199	N/A	HK\$201.40
				1,206,261	Nil	393,110	133,409	Nil	679,742	N/A	N/A	N/A	N/A	679,742	N/A	HK\$170.00
		31 May 2024	3 years	65,228	Nil	21,740	16,316	Nil	27,172	N/A	N/A	N/A	N/A	27,172	N/A	HK\$213.80
				134,911	Nil	44,012	2,856	Nil	88,043	N/A	N/A	N/A	N/A	88,043	N/A	HK\$263.40

Other Information

Details of movements during the Reporting Period												
Name or category of grantee ⁽¹⁾	Position/ Relationship	Date of grant	Vesting period (from date of grant)	Outstanding as at beginning of Reporting Period	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at end of Reporting Period	Closing price of our shares immediately before the date of grant	Fair value of RSUs on date of grant and the accounting standard and policy adopted ⁽²⁾	Weighted average closing price of our shares immediately before the vesting date
		21 November 2024	3 years	92,322	Nil	23,611	21,474	Nil	47,237	N/A	N/A	HK\$201.40
		28 February 2025	3 years	Nil	614,373	Nil	45,777	Nil	568,596	HK\$168.10	HK\$161.70	N/A
		22 May 2025	3 years	Nil	14,173	Nil	2,371	Nil	11,802	HK\$210.40	HK\$206.60	N/A
		21 August 2025	3 years	Nil	28,622	Nil	5,204	Nil	23,418	HK\$291.20	HK\$290.60	N/A
		27 November 2025	3 years	Nil	32,424	Nil	Nil	Nil	32,424	HK\$192.80	HK\$191.50	N/A
In Aggregate	Related entity participants	15 September 2023	3 years	18,188	Nil	9,093	Nil	Nil	9,095	N/A	N/A	HK\$294.20
		23 November 2023	3 years	5,653	Nil	2,826	Nil	Nil	2,827	N/A	N/A	HK\$201.40
		5 March 2024	3 years	43,274	Nil	14,422	Nil	Nil	28,852	N/A	N/A	HK\$170.00
		28 February 2025	3 years	Nil	19,399	Nil	Nil	Nil	19,399	HK\$168.10	HK\$161.70	N/A
Total				2,646,049	721,057	969,423	388,151	Nil	2,009,532			

Notes:

- (1) With respect to each award granted, upon each vesting date, the portion of the award that vests shall depend on the grantee meeting a specified threshold in their performance evaluations during the one-year period prior to the vesting date.
- (2) The fair value of awards was determined based on a number of factors, please refer to Note 28 to the "Notes to the Consolidated Financial Statements".

Corporate Governance Report

Our Board is pleased to present the corporate governance report for the Company for the 2025 financial year.

The Company has adhered to efficient and advance corporate governance principles and constantly improves its corporate governance to ensure that Company's operations are sustainable and in line with the long-term interests of the Company and its shareholders as a whole. In 2025, all the meetings including shareholders' meetings, the Board and its subordinate committees operated soundly. By improving its transparency, accountability and efficiency, the Company believes that the benefits of its stakeholders (including employees and those with whom the Company does business and the communities as well) will be maximised.

Corporate governance provides the framework within which our Board forms their decisions and instructs management of the Group to conduct its businesses with a view to ensuring that its objectives are met. The Board is committed to continuously developing robust corporate governance practices that are intended to ensure the satisfaction of its stakeholders, that the risk management system is well functioned, and that the high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

Our Board is committed to achieve high corporate governance standards that it believes are crucial to the Group's development and safeguarding the interests of our shareholders.

During the year ended 31 December 2025, the Company has adopted and complied with all applicable code provisions of the Corporate Governance Code except for the deviation as set out below.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairperson and chief executive should be separate and not be performed by the same person. The Company deviates from this provision as Mr. William Lei Ding performs both the roles of chairman of our Board and the chief executive officer of the Company. Mr. Ding is the founder of NetEase, our parent company and controlling Shareholder, and has extensive experience in the business operations and management of the Group. Our Board believes that vesting the roles of both chairman and chief executive officer to Mr. Ding has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning. This structure will enable the Company to make and implement decisions promptly and effectively. Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of our Board, including the relevant Board committees, and our three independent non-executive Directors. Our Board will reassess the division of the roles of chairman and the chief executive officer from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted management securities dealing policies that are on terms no less stringent than the Model Code to regulate all dealings by Directors and relevant insiders in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to all of our Directors and they have confirmed that they have complied with the Model Code during the Reporting Period. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the Reporting Period.

Corporate Governance Report

BOARD OF DIRECTORS

Board Composition

During the Reporting Period, our Board comprised three executive Directors, one non-executive Director and three independent non-executive Directors.

For details on the members of our Board and their biographies, see “Directors and Senior Management” at pages 41 to 43 of this annual report.

Save as disclosed in this report, none of our Directors and members of senior management are related to other Directors or members of senior management.

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. William Lei Ding. Please refer to “Corporate Governance Practices” above for further details.

Board Meetings, Committee Meetings and General Meetings

A summary of the attendance record of the Directors at our Board meetings, committee meetings and general meetings during the Reporting Period is set out in the following table below:

Name of Director	Board	Remuneration Committee	Nomination Committee	Audit Committee	General Meeting
Executive Directors:					
Mr. William Lei Ding	4/4	0/0	0/0	0/0	1/1
Mr. Yong Li	4/4	0/0	0/0	0/0	1/1
Ms. Yanfeng Wang (appointed as a member of the nomination committee with effect from 20 February 2025)	4/4	0/0	0/0	0/0	1/1
Non-executive Director:					
Mr. Yat Keung Li	4/4	0/0	0/0	0/0	1/1
Independent Non-executive Directors:					
Mr. Ying Kit Caleb Lo	4/4	1/1	1/1	2/2	1/1
Mr. Xianfeng Gu	4/4	1/1	1/1	2/2	1/1
Mr. Zhong Xu	4/4	1/1	1/1	2/2	1/1

Apart from regular board meetings, the Chairman of our Board also held meetings with the independent non-executive Directors without the presence of executive Directors during the Reporting Period.

Independence of Independent Non-Executive Directors

During the Reporting Period, our Board had at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of our Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Our Board has received from each of the independent non-executive Directors a written annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent. Following annual review, the Board and the nomination committee were satisfied with the independence of each of the independent non-executive Directors with reference to the criteria laid down in the Listing Rules.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board and the nomination committee will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

For the year ended 31 December 2025, all Directors have completed the independence evaluation in the form of a questionnaire individually. The Board independence evaluation was presented to the Board and the evaluation results were satisfactory. For the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Corporate Governance Report

Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in our articles of association. Our board's nomination committee is responsible for reviewing the composition of our Board, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors.

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, then the number nearest to, but not less than, one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he/she retires and shall be eligible for re-election thereat. Our articles of association also provides that any Director appointed to fill a casual vacancy or as an addition to the Board shall be subject to election by shareholders at the first annual general meeting after his/her appointment. The retiring Directors shall be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

Our Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

Our Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to our Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

Our Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of our Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to our Board remains informed and relevant.

Every newly appointed Director should receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of our Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for our Directors would be arranged and reading material on relevant topics would be provided to our Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, the Company organised two training sessions conducted by qualified professionals for the Directors which covered recent developments on the Listing rules including directors' duties and responsibilities, and the trends on climate-related matters and new disclosure requirements, respectively. Each of the Directors, namely, Mr. William Lei Ding, Mr. Yong Li, Ms. Yanfeng Wang, Mr. Yat Keung Li, Mr. Ying Kit Caleb Lo, Mr. Xianfeng Gu and Mr. Zhong Xu attended the two training sessions. In addition, relevant reading materials including legal and regulatory updates and seminar handouts have been provided to all Directors for their reference and study.

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against Directors, officers and senior management of the Company arising out of corporate activities. See also "Permitted Indemnity" at page 20 of this annual report.

BOARD COMMITTEES

Our Board has established three committees, namely, the audit committee, the remuneration committee, and the nomination committee for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. Copies of these terms of reference are available on the Stock Exchange's website.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The audit committee comprises three independent non-executive Directors, namely Mr. Xianfeng Gu, Mr. Ying Kit Caleb Lo and Mr. Zhong Xu, with Mr. Ying Kit Caleb Lo (being our independent non-executive Director with the appropriate professional qualifications) as chairman of the audit committee.

The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and provide advice and comments to our Board.

Corporate Governance Report

During the Reporting Period, the audit committee held two meetings to review the interim and annual financial results and reports for the 2025 financial year and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works, and arrangements for employees to raise concerns about possible improprieties.

The audit committee also met three times with the external auditors without the presence of the executive Directors.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The remuneration committee comprises three independent non-executive Directors, namely Mr. Xianfeng Gu, Mr. Ying Kit Caleb Lo and Mr. Zhong Xu, with Mr. Zhong Xu as chairman of the remuneration committee.

The primary duties of the remuneration committee are to review and make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management.

During the Reporting Period, the remuneration committee met once to report to our Board on the remuneration packages of individual executive Directors and senior management and to review and approve material matters relating to share schemes (including grants made under the Plans during the Reporting Period).

Details of the Directors' remuneration for the year ended 31 December 2025 are set out in Note 10 to the consolidated financial statements.

The remuneration of the senior management (other than Directors) of the Group by band for the 2025 financial year is set out below:

Remuneration bands (HKD)	Number of persons
HK\$0-HK\$5,000,000	2
HK\$5,000,001-HK\$10,000,000	1
Total	3

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the factors such as the level of remuneration paid by comparable companies, the time commitment and responsibilities of Directors, and the employment conditions of the Company and its subsidiaries. The remuneration for the executive Directors comprises basic salary, pensions and performance bonus. Executive Directors shall receive awards to be granted under the Company's share incentive plan. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that, under the relevant service contracts, non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the Independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Independent non-executive Directors shall not receive options and awards to be granted under the Company's share incentive plan. Individual Directors and senior management have not been involved in deciding their own remuneration.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with the Corporate Governance Code. During the Reporting Period, the nomination committee comprises three independent non-executive Directors, namely Mr. Xianfeng Gu, Mr. Ying Kit Caleb Lo and Mr. Zhong Xu, with Mr. Xianfeng Gu as chairperson of the nomination committee. Ms. Yanfeng Wang was appointed as a member of the nomination committee with effect from 20 February 2025.

The primary duties of the nomination committee are to make recommendations to our Board on the appointment of Directors and management of our Board's succession.

During the Reporting Period, the nomination committee held one meeting to review the structure, size and composition of the Board, assess the independence of the independent non-executive Directors and consider the qualifications of the retiring Directors standing for election at the forthcoming annual general meeting, and recommend to our Board on any measurable objectives for implementing the Board diversity policy.

BOARD POLICIES AND CORPORATE GOVERNANCE FUNCTIONS

Board Diversity Policy

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of our Board. The Company recognises and embraces the benefits of having a diverse board of directors and sees increasing diversity at our Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a director of the Company, the nomination committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. The nomination committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on our Board and recommend them to our Board for adoption. The nomination committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. As at the date of this report, the Company has achieved gender diversity with a female director on the Board and two female managers in the senior management team. For more details such as the gender ratio in the workforce, please refer to page 71 to 123 of the "Environmental, Social and Governance Report".

The Company aims to maintain an appropriate balance of skills, experience and diversity of perspectives on the Board that are relevant to the Company's business growth. The Company is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The nomination committee will report annually a summary of this policy and, where applicable, measurable objectives that the Board has adopted for implementation of this policy and the progress made towards achieving these objectives in the Company's corporate governance report.

Corporate Governance Report

Director Nomination Policy

The Company has adopted a director nomination policy in accordance with the Corporate Governance Code. The director nomination policy sets out the selection criteria and process and our Board's succession planning considerations in relation to nomination and appointment of directors of the Company and aims to ensure that our Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The nomination committee shall identify, consider and recommend to our Board appropriate candidates to serve as Directors and to make recommendations to our Shareholders. The ultimate responsibility for selection and appointment of Directors rests with our entire Board.

The nomination procedures and the process set out in this policy is as follows:

- (a) The nomination committee shall nominate candidates for the consideration of the Board. The nomination committee may propose candidates who were not nominated by the Board. The Board shall have the final decision on all matters in relation to its nomination of any candidates to stand for election at a general meeting of the Company.
- (b) A candidate nominated by the Board to stand for election at a general meeting (the "**Board Candidate**") will submit the necessary personal information, together with their written consent to be elected as a Director and to the publication of their personal information for the purpose of or in relation to their standing for election as a Director. The nomination committee may request the Board Candidate to provide additional information and documents if they consider necessary.
- (c) A circular will be available to Shareholders (the "**Shareholder Circular**") to provide information of the Board Candidate. The Shareholder Circular will include the personal information of the Board Candidate as required by the applicable laws, rules and regulations, inter alia, their name, brief biography (including qualifications and relevant experience), independence and proposed remuneration.
- (d) The Board Candidate shall not assume that they have been nominated by the Board to stand for election at the general meeting prior to the despatch/publication of the Shareholder Circular.

Where appropriate, the nomination committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

The director nomination policy sets out the non-exhaustive factors for assessing the suitability and the potential contribution to our Board of a proposed candidate, including but not limited to the following:

- reputation for integrity;
- professional qualifications and skills;
- accomplishment and experience in the industry of the Company;
- commitment in respect of available time and relevant interest;
- independence of proposed independent non-executive Directors; and
- diversity of our Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The director nomination policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. The nomination committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and determine whether the retiring Director continues to meet the criteria as set out above. Where appropriate, the nomination committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Directors at the general meeting.

The nomination committee will review the director nomination policy, from time to time and as appropriate, to ensure its effectiveness.

Corporate Governance Function

Our Board is responsible for performing the functions set out in code provision A.2.1 of the Corporate Governance Code.

Our Board would review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Corporate Governance Code and disclosure in its Corporate Governance Report.

Our Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

Corporate Governance Report

Dividend Policy

The Company has adopted a dividend policy on payment of dividends in accordance with code provision F.1.1 of the Corporate Governance Code.

The Company does not have any pre-determined dividend payout ratio. According to the dividend policy, payment of dividends depends on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. Dividends may be proposed and/or declared by our Board during a financial year and any final dividend for a financial year will be subject to our Shareholders' approval.

FINANCIAL STATEMENTS, INTERNAL CONTROL AND RISK MANAGEMENT

Directors' Responsibility in Respect of the Financial Statements

Our Directors acknowledge their responsibility for preparing the financial statements of the Company for the 2025 financial year.

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

The statement of the independent auditor of the Company, PricewaterhouseCoopers, about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report at pages 124 to 128 of this annual report.

Auditors' Responsibility and Remuneration

The Company appointed PricewaterhouseCoopers as the external auditor for the 2025 financial year. A statement by PricewaterhouseCoopers about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report at pages 124 to 128.

Corporate Governance Report

Details of the fees paid and payable in respect of the audit and non-audit services (representing the interim review services) provided by PricewaterhouseCoopers for the 2025 financial year are set out in the table below:

Services rendered for the Company	Total fees paid and payable RMB'000
Audit services related to the Group	5,300
Non-audit services	980
Total	6,280

Risk Management and Internal Controls

Our Board acknowledges its responsibility for the Company's risk management and internal control systems and reviewing their effectiveness. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. During the Reporting Period, our Board conducted an annual review on the effectiveness of the risk management internal control system of the Company and considered the system effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Risk Management

The Company recognises that risk management is critical to the success of the business operation. Key operational risks faced by the Company include changes in the general market conditions and the regulatory environment of China's internet, music, live streaming and online telecommunications and publishing industries.

The Company has adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks (including but not limited to financial reporting risks, information system risks, compliance and intellectual property right risks, internal control risks, human resources risks and investment risks) associated with the strategic objectives on an on-going basis. The audit committee, and ultimately our Directors, supervise the implementation of risk management policies. Risks identified by management will be analysed on the basis of likelihood and impact, and will be properly followed up and mitigated by the Group and reported to our Directors.

The Company consider that our Directors and members of the senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. See "Directors and Senior Management" at pages 41 to 43 for details of their qualification and experiences.

Corporate Governance Report

Internal Control

Our Board is responsible for establishing the internal control system and reviewing its effectiveness. The Company established an internal control function to develop and maintain an appropriate internal control framework. In addition, an internal audit function was also established to perform independent monitoring responsibilities.

The Company regularly reviews and enhances the internal control system. Below is a summary of the internal control policies, measures and procedures the Company has implemented:

- (i) We maintain internal procedures to ensure that we have obtained all material requisite licences, permits and approvals for our business operation, and conduct regular reviews to monitor the status and effectiveness of those licences and approvals. Relevant business departments work with related functional departments to obtain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.
- (ii) To comply with the rapidly evolving laws and regulations in the internet industry, we have professional teams in the Group to enforce our strict internal procedures, which include without limitation monitoring laws and regulations updated from time to time and conducting relevant researches and studies; monitoring notices, instructions and requirements issued by the regulatory authorities and communicating with relevant authorities to obtain further instructions when necessary; collecting external professional opinions on any new laws and regulations; issuing appropriate plans of compliance for each product and ensuring the implementation of such plans; carrying out supervision, inspection and feedback on the implementation.
- (iii) To comply with the laws and regulations relating to live-streaming entertainment business, we have established various regulating mechanisms including the Management of Practices of Live Streaming Performers 《主播管理規範》, the Management of Practices on Users 《用戶管理規範》 and Penalties on Violation of the Rules by Live Streaming Talent Agencies 《LOOK直播公會違規處罰規則》. We have also established a comprehensive review system on live streams that covers all sections from the registration of performers, to the process of live streaming, and to the reporting after the end of the live streaming programs. The specific actions include but are not limited to the following:
 - Firstly, we have established a management and security system. For instance, we have implemented a stringent real-name basis system through which performers are required to register with information such as their real name and ID numbers. Such information will be verified by authorised third party organisations using biometrics technologies such as face recognition and identity authentication, to match the face of performers with their identity information and confirm the validity of such identity information. During the face recognition process, after obtaining the consent from the performers, the system will capture the face information of the performers through camera, and will instruct the performers to perform certain actions, such as blinking and opening the mouth, to confirm it is a real person. The authorised third party organisation will compare the pictures captured by the camera with photos in the performers' ID cards to verify whether the performers are the holders of such ID cards. The content review system adopts a "machine + manual" approach, with the help from technologies such as AI capture and key words detection, voice recognition, and risk characteristic models. The review team is on 24/7 shifts to ensure sufficient manpower to monitor all live stream content.

- Secondly, we have established a protection mechanism for minor users. We have set up and continuously upgrade the youth review mode, which cover various aspects of minor usage, including Internet addiction and virtual gifting. We have also set up multiple real-name authentication portals. Any user identified as a minor user by real-name authentication cannot be registered as a live streaming performer or top up in the live streaming service.
 - Finally, we have established a management mechanism of live streaming performers. We have set up penalties for prohibited conducts such as spreading vulgar content in live streaming rooms and inducing minors to make virtual gifting. The penalties include but not limited to warning, closing live streaming room, banning performance, freezing account, blocking or suspending settlement of revenue sharing for the month and suspending provision of publicity and promotion resources. We also have a tagging system for contents of live streaming programmes and a grading system based on quality of live streaming programmes and performers, and different levels are allocated with different resources.
- (iv) Our Directors (who are responsible for monitoring the corporate governance of the Group), with help from the legal advisers, also periodically review the compliance status with all relevant laws and regulations.
- (v) Our Board has established the audit committee, which: (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of the Group.

The Company has adopted the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the internal audit department (“IA”) about possible improprieties in any matters related to the Company.

The Company has also adopted the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the IA which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organises anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

The Company regulates the handling and dissemination of inside information as set out in various inside information disclosure procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

COMPANY SECRETARY

Ms. Wong Wai Yee Ella has been appointed as the Company’s company secretary. Ms. Wong’s primary contact person at the Company is Ms. Ju Lu, vice president of finance of the Company. See “Directors and Senior Management” on page 43 in this annual report for Ms. Wong’s biography.

In the 2025 financial year, Ms. Wong has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

Corporate Governance Report

SHAREHOLDER RIGHTS AND COMMUNICATIONS

Convening of Extraordinary General Meetings by Shareholders and Putting Forward Proposals at General Meetings

Pursuant to article 12.3 of our articles of association, our Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the written requisition of one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed to convene a meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of our Board shall be reimbursed to them by the Company.

Shareholders who wish to put forward proposals at general meetings may achieve this by means of convening an extraordinary general meeting following the procedures set out in the paragraph above.

For the procedures for our Shareholders to propose a candidate for election as a director of the Company, please see the Company's website at <http://ir.music.163.com>.

Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to our Board, Shareholders may send written enquiries to the Company as follows:

Attn.: The Board of Directors, NetEase Cloud Music Inc.
Room 1201, Block A Hangzhou International Expo Center
No. 353 Benjing Avenue, Qianjiang Century City, Xiaoshan District
Hangzhou, Zhejiang Province, China.

The Company will not normally deal with verbal or anonymous enquiries.

Communication with Shareholders and Investors Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming annual general meeting, our Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

To promote effective communication, the Company maintains a website at <http://ir.music.163.com>, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (i) the annual report (with Directors' report, annual accounts together with a copy of the auditor's report) and, where applicable, its summary financial report; (ii) the interim report and, where applicable, its summary interim report; (iii) the quarterly results; (iv) a notice of meeting; (v) a circular; and (vi) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkexnews.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be available to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. memorandum and articles of association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (<http://ir.music.163.com>). Other corporate information about the Company's business developments, goals and strategies and corporate governance will also be available on the Company's website.

Corporate Governance Report

(d) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are the primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the chairman of the Board and other Board members, the chairmen of Board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent Board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

(e) Shareholders and Investors Enquiries

The Company will not normally deal with verbal or anonymous enquiries. Shareholders and investors may send any enquiries to the Investor Relations by email: music.ir@service.netease.com.

(f) Webcast

Webcasts of the Company's interim and annual results briefings are available.

(g) Other Investor Relations Communication Platforms

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a required basis.

We annually review the implementation and effectiveness of the above Shareholders' communication policy (with communication channels). Following our review during the Reporting Period, we have concluded that the above policy provides sufficient opportunity and avenues for ongoing communication between the Company (including the Board and management) and our Shareholders.

Changes in Constitutional Documents

During the Reporting Period, our Company did not make any significant changes to its constitutional documents.

The latest version of our memorandum and articles of association are available on the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Introduction

This report is the fifth Environmental, Social, and Governance (“ESG”) Report (“this report”) published by NetEase Cloud Music Inc. (the “Company”, “NetEase Cloud Music”, “we”, “us” or “our”) to share its efforts, initiatives and achievements in ESG activities with stakeholders.

Reporting Period

This report covers the period from January 1, 2025 to December 31, 2025 (the “reporting period”), with some content retrospectively referencing prior years or extending into 2026.

Reporting Scope

This report covers the Company and its subsidiaries.

Reporting Guidelines

This report was compiled in accordance with *Environmental, Social and Governance Reporting Code* (the “ESG Reporting Code”) in Appendix C2 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) applicable for the reporting period and with reference to the Global Reporting Initiative’s *Sustainability Reporting Standards 2021* (“GRI Standards 2021”). We also considered the relevant requirements of the *International Financial Reporting Standards S2* (“IFRS S2”) *Climate-related Disclosures* in preparing the “Responding to Climate Change” section in chapter two.

Reporting Principles and Process

Adhering to reporting principles such as materiality, quantitative, and consistency, this report was prepared by following the procedures of identifying and prioritizing stakeholders and material ESG-related issues, determining the scope of the report, collecting relevant materials and data, compiling the report based on the information, and reviewing the contents of the report to ensure its completeness, substance, accuracy, and balance.

Materiality

This report focuses on the disclosure of the ESG issues identified by the Company’s board of directors (“Board of Directors” or “Board”) as having material impacts on investors and other stakeholders. For details of the identification process and outcomes of the Company’s ESG material issues for 2025, please refer to the “Stakeholder Engagement” and “ESG Material Issues” sections in chapter one.

Quantitative

This report discloses the Company’s quantitative ESG data, along with the standards and methodologies used for data collection, statistics, and calculations. Additionally, textual explanations are provided for the data. For the Company’s 2025 quantitative ESG data, please refer to Appendix 2 “ESG Performance Indicators” and the corresponding sections in each chapter.

Environmental, Social and Governance Report

Balance

This report aims to provide an objective representation of the Company's ESG initiatives, covering the environment, employees, supply chain, product responsibility, community engagement, etc.

Consistency

Unless otherwise stated, the Company adheres to a consistent statistical method for data disclosure in each reporting period.

Sources and Credibility

The information and data contained herein are from the Company's statistical reports and official documents, and have been approved by the relevant departments. The Company undertakes that this report does not contain any false or misleading information, and is responsible for the truthfulness, accuracy, and completeness of the content.

Languages and Formats

This report is available in both Chinese and English and can be accessed in electronic form. For more information regarding the background, business development, and sustainability philosophy of the Company, please visit our investor relations website (<http://ir.music.163.com/en/index.php>).

Confirmation and Approval

This report was confirmed by the management team and was approved by the Board of Directors.

Access and Feedback

We attach great importance to the opinions of our stakeholders and welcome readers to contact us through the following email address. Your opinions will help us improve this report as well as our ESG performance.

Email: music.ir@service.netease.com

Environmental, Social and Governance Report

1 ESG GOVERNANCE

Our commitment to long-term sustainability is embedded in our corporate governance and daily operations through a dedicated ESG governance structure. This framework assigns clear responsibilities across the organization and establishes a systematic process for engaging stakeholders. By actively soliciting and responding to feedback through multiple channels, we translate both external expectations and internal business needs into targeted improvements, keeping our ESG performance aligned with our strategic objectives. At the same time, we continuously strengthen our risk management capabilities to safeguard our operational stability and support our sustainable growth.

1.1 ESG Governance Structure

Our ESG governance structure consists of the Board of Directors and an ESG Working Group. With clearly defined responsibilities and functions, they collaborate to ensure that the Company's ESG work is carried out in an effective and orderly manner.



Our ESG Governance Structure

Statement by the Board of Directors

Our Board recognizes the strategic importance of ESG to our long-term sustainable development, embedding core ESG principles into our overall strategy and aligning with our daily business operations. The Board plays a pivotal role in guiding our ESG roadmap and overseeing execution, maintaining oversight of our ESG initiatives and performance. Its duties include reviewing ESG strategies and policies and regularly monitoring progress toward our ESG goals. During the reporting period, the Board reviewed and approved the annual ESG report and provided guidance on key ESG issues for the following year. To facilitate effective implementation, we have established an ESG Working Group. Under the Board's guidance, the Working Group is responsible for executing ESG strategies, objectives, and management policies, providing regular progress updates to the Board.

Environmental, Social and Governance Report

1.2 Stakeholder Engagement

We highly value the pivotal role our stakeholders play in driving our ESG management and continuous improvement. To better respond to their demands, we continuously optimize our stakeholder communication system and ensure their views and feedback are heard, documented, and incorporated into decision-making through multiple channels. We conduct annual interviews and engagement activities to understand stakeholder expectations and requirements regarding our ESG efforts, forming the basis for identifying, assessing, and managing our annual ESG material issues. The table below presents the key stakeholders, their expectations and the main communication channels during the reporting period.

Table: Key Stakeholders and Communication Channels

Stakeholder	Expectations	Communication Channels
Users	<ul style="list-style-type: none"> Content Innovation Content Compliance Customer Services Privacy and Data Security 	<ul style="list-style-type: none"> Customer Satisfaction Surveys Social Media Platforms Online Customer Services
Partners and Industry Associations	<ul style="list-style-type: none"> Experience Sharing Support for Industry Development 	<ul style="list-style-type: none"> Strategic Cooperation Industry Exchanges
Employees	<ul style="list-style-type: none"> Compensation and Benefits Health and safety Employee Communication Promotion and Career Advancement Opportunities 	<ul style="list-style-type: none"> Employee Satisfaction Surveys Internal Suggestion Channel Team Building Activities
Shareholders and Investors	<ul style="list-style-type: none"> Corporate Governance Return on Investment (ROI) and Growth Risk Management Tackling Climate Change 	<ul style="list-style-type: none"> Shareholders' Meetings Road Shows Information Disclosure via ESG Reports and Annual Reporting
Communities and Charities	<ul style="list-style-type: none"> Volunteering Support for Local Development Care for Vulnerable Groups 	<ul style="list-style-type: none"> Charity Work Community Support Initiatives Visits
Government and Regulatory Authorities	<ul style="list-style-type: none"> Product Compliance Technological Innovation Tackling Climate Change 	<ul style="list-style-type: none"> Policy Consulting Visits Meetings
Media	<ul style="list-style-type: none"> Promoting Industry Development Support for Local Development Care for Vulnerable Groups Tackling Climate Change 	<ul style="list-style-type: none"> Press Release Social Media
Suppliers	<ul style="list-style-type: none"> Supplier Management Transparent Procurement Products and Service Quality Assurance 	<ul style="list-style-type: none"> Supplier Training Supplier Qualification Assessment

Environmental, Social and Governance Report

1.3 Material ESG Issues

We prioritize the identification and assessment of material ESG issues, which form the cornerstone of our ESG efforts. In developing our ESG issues library, we identified, structured, and consolidate issues with reference to internationally recognized frameworks, including the *Sustainability Accounting Standards Board Standards*, the *Sustainability Reporting Standards 2021* ("GRI Standards 2021"), and the United Nations' Sustainable Development Goals (UN SDGs). We also continuously listen to stakeholder expectations and feedback regarding our ESG performance. By analyzing industry trends, we dynamically update and refine the ESG issues library. During the reporting period, we further assessed material ESG issues through management discussions, internal interviews, stakeholder communications and external expert evaluations, also considering evolving industry and ESG trends. Through this process, we identified 19 issues with significant impact on both the Company and our stakeholders, which have been incorporated into our material ESG issues library.

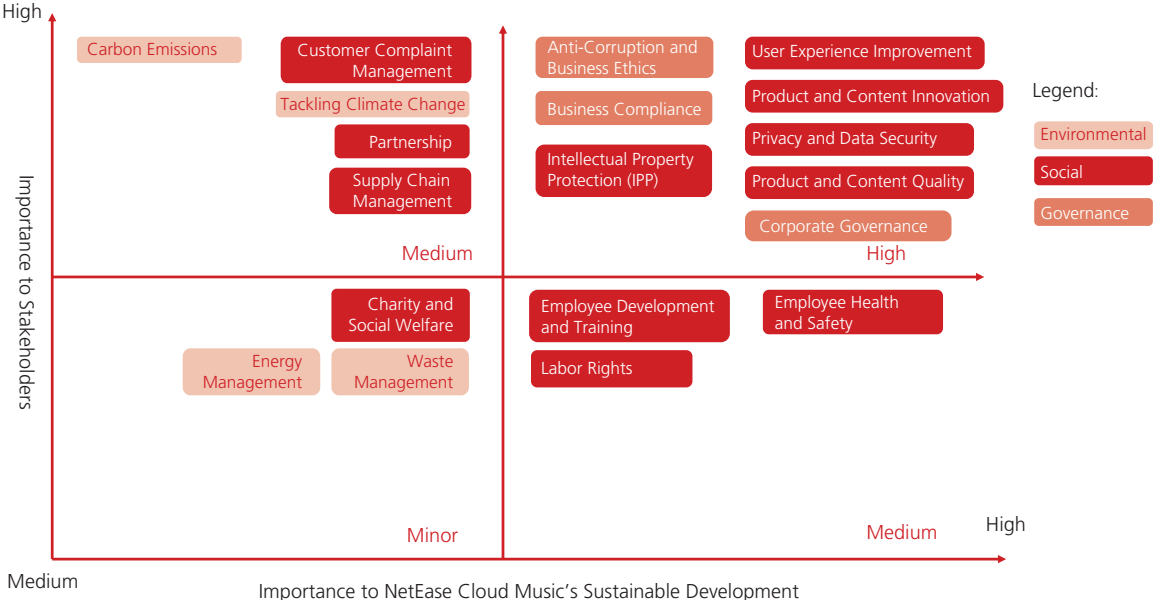
Table: List of Material ESG Issues

Category	No.	Issues
Environmental	1	Carbon Emissions
	2	Tackling Climate Change
	3	Energy Management
	4	Waste Management
Social	5	Privacy and Data Security
	6	User Experience Improvement
	7	Product and Content Innovation
	8	Product and Content Quality Assurance
	9	Intellectual Property Protection (IPP)
	10	Labor Rights
	11	Employee Development and Training
	12	Employee Health and Safety
	13	Supply Chain Management
	14	Partnership
	15	Customer Complaint Management
	16	Charity and Social Welfare
Governance	17	Anti-corruption and Business
	18	Ethics Business Compliance
	19	Corporate Governance

* Table note: Bold text indicates issues of high importance.

Environmental, Social and Governance Report

We review and update our material ESG issues matrix to align with business trends and cooperate strategy, while considering management insights, user concerns and regulatory requirements. By considering the internal impact of material issues on financial performance, operational continuity, and external environmental and social effects, we identify and evaluate the factors influencing long-term development, guiding the formulation and implementation of our ESG strategy. During the reporting period, there were no material changes to the prioritization of material ESG issues or to the matrix itself.



Matrix of Material ESG Issues

Environmental, Social and Governance Report

1.4 Compliance Governance

We strictly comply with the *Company Law of the People's Republic of China*, the *Basic Standards for Enterprise Internal Control* and its supporting guidelines, the Listing Rules, and other applicable laws and regulations in the regions we operate in. We have established and continuously improved our internal governance policies and systems, strengthened internal controls and risk management, and enhanced the efficiency and transparency of corporate governance. During the reporting period, we further optimized our risk management processes. Business units and the legal team are responsible for front-end risk identification and initial response. Based on the assessed risk level, the teams report risk assessment results to senior management in a timely manner. After comprehensive evaluation, senior management determines whether relevant matters should be submitted to the audit committee for review. For sudden and significant risks, we have established a risk management committee composed of board members, senior management, legal representatives, and relevant business units to organize risk deliberation and make informed decisions.

We have incorporated material ESG issues – such as privacy protection, content innovation, intellectual property, and business ethics – into our routine risk management framework. We continue to carry out risk identification, monitoring, and early warning in key areas including data security and anti-money laundering, while implementing preventive actions and control based on risk factors and severity.

During the reporting period, we continued to strengthen risk governance around key scenarios in our operations. In response to the *Measures for the Labeling of Artificial Intelligence Generated and Synthesized Content*, which took effect in 2025, we conducted dedicated reviews of product functionalities and optimized labeling mechanisms to mitigate related risks. In addition, to address potential account ownership risks arising from changes in registered phone numbers, we enhanced abnormal account identification and management through external coordination and internal risk controls, safeguarding user rights and supporting the sound and orderly operation of our platforms.

We continued to deliver compliance training and communication programs covering a wide range of topics, sharing timely updates on laws and regulations, regulatory developments, and changes in industry standards. These efforts further strengthen employees' risk awareness and foster a compliance culture with broad participation across the organization.

Daily Compliance Communication

- We enhanced employees' compliance awareness and practical capabilities in day-to-day operations by launching online courses on topics such as music copyright and law and continuously promoting compliance guidance (including compliance guidance on AI labeling requirements) through our internal service account.

Examples of Compliance Training for Key Business

- For specific business scenarios, such as social entertainment services, we delivered targeted training sessions on requirements including the protection of minors online. These sessions help business teams better understand the relevant requirements, strengthening compliance and risk management across key business processes.

Examples of Key Business Compliance Training

Environmental, Social and Governance Report

2 GREEN OPERATIONS

We consistently adhere to applicable environmental laws and regulations within the jurisdictions in which we operate, including the *Environmental Protection Law of the People’s Republic of China*, the *Energy Conservation Law of the People’s Republic of China*, and the *Water Law of the People’s Republic of China*. We actively fulfill our environmental responsibilities by integrating green and low-carbon principles into daily operations and advancing environmentally friendly, resource-efficient green office practices. We maintain strict oversight of waste management and integrate precision energy controls with cutting-edge technology. By consistently strengthening our climate-related management systems, we aim to deliver a strategic balance between business development and environmental performance.

2.1 Environmental Targets

Taking into account our environmental management practices and business characteristics, we have established the following environmental targets across three key dimensions: waste, energy, and water. Guided by these targets, we steadily advance initiatives in waste management, energy efficiency, and resource conservation to put green operations into practice.

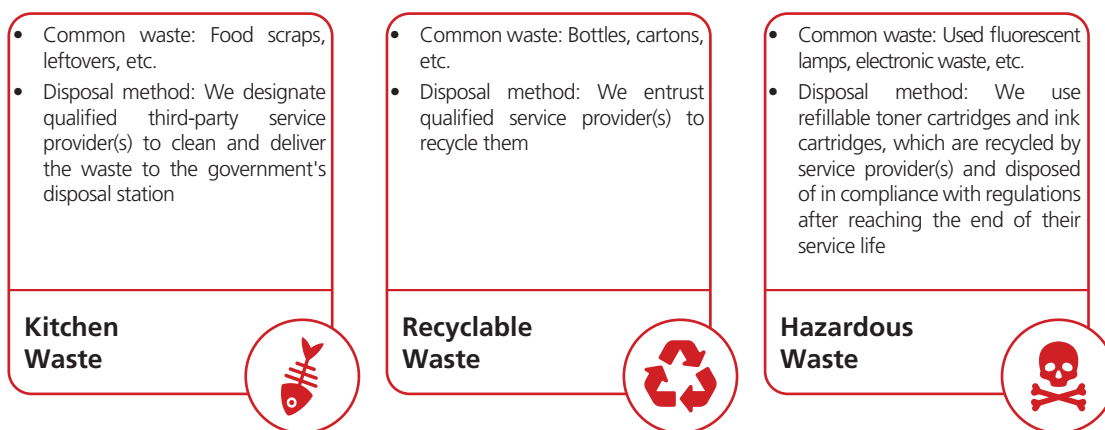
Environmental Targets	
Waste Reduction	Take effective measures to reduce wastes
Energy Use Efficiency	Build a sound energy use system and improve energy efficiency
Water Use Efficiency	Take effective measures to improve water use efficiency

2.2 Waste Management

We strictly comply with the relevant laws and regulations, such as the *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*. By prioritizing source reduction and classification, compliant disposal, and awareness building, we have continuously enhanced a comprehensive, end-to-end waste management system to standardize waste management processes.

We implement waste sorting based on the principles of reduction, reusing and recycling. We collect and categorize our kitchen waste, recyclable waste and hazardous waste generated from daily operations, which is then handed over to qualified third parties for centralized transportation, recycling, and disposal, facilitating compliant handling throughout the entire waste management process. In addition, we encourage employees to reduce waste disposal and improve waste sorting practices, thereby reducing unnecessary waste generation at source.

Environmental, Social and Governance Report



Our Common Waste and Disposal Method

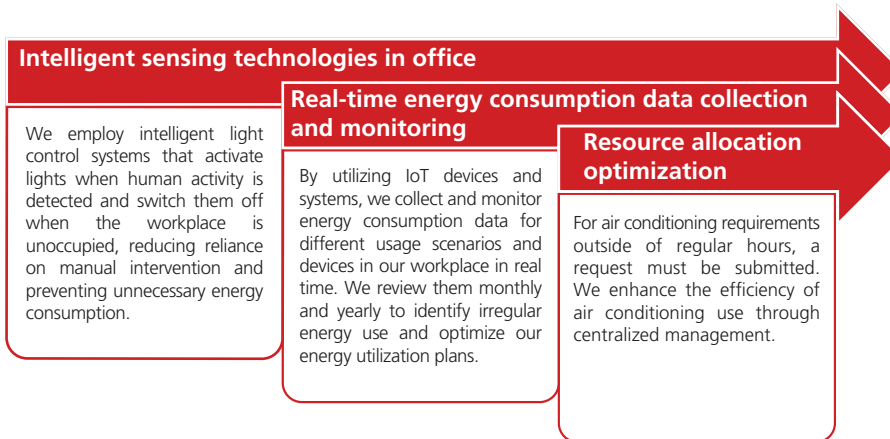
2.3 Resource Management

We continue to focus on resource-use efficiency across our operations. By establishing a normalized and refined management framework, we have strengthened the monitoring and optimization of electricity, water, and material consumption in offices and data centers, aiming to reduce resource waste and enhance energy and resource-use efficiency.

2.3.1 Energy Management

We continue to explore opportunities for energy conservation and efficiency improvement in office operations and data center management. Through IoT (Internet of Things) -based intelligent control systems, we have enhanced real-time visibility into energy use across key equipment, driving ongoing improvements in energy efficiency. We also deploy targeted equipment operational strategies to facilitate optimal energy scheduling and centralized regional control. These measures effectively mitigate idle energy consumption and minimize redundant usage throughout our operations. During the reporting period, we further implemented sensor-based lighting upgrades in office areas, expanded the coverage of smart lighting systems, and enhanced fine-grained energy management capabilities through precise parameter optimization.

Environmental, Social and Governance Report



Energy Consumption Management Measures

As part of our energy management efforts, we have reduced data center energy consumption through optimized cooling systems, high-efficiency integrated power solutions, and improved non-server-room lighting. In addition, we require data centers to implement end-to-end electricity monitoring from power sources to terminal equipment, enabling precise collection of equipment-level energy consumption data and early warning of anomalies. We disaggregate Power Usage Effectiveness (PUE) metrics to the equipment level and use monitoring platforms to identify inefficient operations and implement targeted optimization measures, realizing refined and data-driven energy management across our data centers. We also impose stringent energy management requirements on service providers, including equipment upgrades, operational strategy optimization, and energy-efficiency retrofits, to continuously enhance data center energy performance.

2.3.2 Water Resource Management

We continue to practice water conservation across operations and office facilities. We actively promote water-saving awareness among employees and encourage them to participate in water conservation efforts.

To enhance water-use efficiency, we have deployed rainwater harvesting systems at selected office campuses, with collected rainwater reused for landscape irrigation and other non-potable purposes, reducing the use of freshwater. We also strengthen the operation and maintenance of water pipelines and fixtures, upgrade outdated equipment, and enhance winterization and insulation measures for outdoor facilities and pipelines to minimize water loss from leaks.

2.3.3 Green Office

We promote a green office model centered on paperless operations, resource reuse, and the cultivation of a sustainability-oriented workplace culture, fostering broad employee participation and long-term implementation. Based on operational needs, we prioritize the reuse of existing furniture and encourage employees to participate in the exchange and reuse of idle items, materials, and supplies, extending product lifecycles and reducing unnecessary waste.

We continue to advance the Clean-Your-Plant initiative by optimizing meal service arrangements and strengthening guidance at food pickup and post-meal waste collection points, encouraging mindful consumption, portion control, and food waste reduction.

Environmental, Social and Governance Report

2.4 Responding to Climate Change

We recognize the challenges and opportunities that climate change presents to the global environment and our operations. Guided by the IFRS S2 framework and recommendations, we have continued to enhance our climate governance framework, identify and manage climate-related risks and opportunities, and develop and implement corresponding adaptation and mitigation measures to strengthen business resilience while seizing climate-related opportunities.

2.4.1 Governance

We have developed an ESG governance structure consisting of the Board of Directors, the management and the ESG Working Group, which coordinates and executes climate-related matters, integrating climate-related considerations into the Company's strategic decision-making and daily operations. The Board is responsible for approving the Company's climate strategy, targets and risk management approach, as well as overseeing and monitoring progress towards climate-related targets. When overseeing major strategies and decisions, the Board prudently considers climate-related risks and conducts balanced assessments. To ensure effective oversight, the Board is informed annually about external climate-related requirements and the Company's internal performance, and participates in relevant training to continuously enhance its competency on climate-related matters.

The management is responsible for assessing and reviewing climate-related risks and opportunities, formulating climate strategies, and overseeing the implementation of related actions and plans, as delegated by the Board. The ESG Working Group collaborates with business units to identify climate-related risks and opportunities, and facilitates the integration of corresponding measures into the Company's business and operations.

During the reporting period, members of the Board, representatives of the management, and members of the ESG Working Group received professional training on climate change, further strengthening their knowledge and capabilities in managing climate-related risks and opportunities. We also conducted internal and external interviews and surveys, supplemented by data analysis and monitoring, to update our inventory of climate-related risks and opportunities. We remain committed to enhancing our climate governance structure and mechanisms and are considering the future integration of climate-related metrics into relevant remuneration policies.

2.4.2 Strategy

To systematically understand the potential impacts of climate change on our business model, we utilized climate scenario under different warming pathways to identify and assess climate-related risks and opportunities, and their impacts, across key aspects of our business operations and value chain over the short, medium, and long term. This assessment was conducted with reference to IFRS S2 and Appendix C2 Part D (Climate-related Disclosures) of the Listing Rules. The selected climate scenario and time horizons for assessment are as follows:

Environmental, Social and Governance Report

Table: Climate Scenario Selection and Time Horizon

Types of Climate Risk and Opportunity		Time Horizon ¹	Climate Scenario
Physical risk	Acute	Short-term: 1 year (to 2026) Medium-term: 5 years (to 2030)	Representative Concentration Pathways (RCP) published by the Intergovernmental Panel on Climate Change (IPCC): <ul style="list-style-type: none"> • Low-carbon scenario: RCP2.6² • High-carbon scenario: RCP8.5³
	Chronic		
Transition risk	Policy and legal	Long-term: (to 2050)	Published by the International Energy Agency (IEA): <ul style="list-style-type: none"> • Low-carbon scenario: Net Zero Emissions (NZE)⁴ • High-carbon scenario: The Stated Policy Scenario (STEPS)⁵
	Technology		
	Reputation		
Climate opportunity	Resource efficiency		

During the process of scenario analysis, we drew on well-established external databases and considered both the magnitude and concentration of physical risk impacts in light of our business footprint. We evaluated climate transition risks and opportunities by analyzing industry trends, policy developments, our strategic position, and expert input, assessing their business impact based on likelihood, severity, and irreversibility. Based on this analysis, and taking into account feedback from business units regarding the probability and potential impact of identified risks and opportunities, we established our priorities for managing climate-related risks and opportunities.

¹ Based on our business development plans, global climate trends & shared goals, and industry dynamics, we defined the assessment horizons for our climate scenario analysis as follows: short term, within one year after the reporting period, through the end of 2026; medium term, one to five years after the reporting period, through the end of 2030; and long term, over five years after the reporting period, through the end of 2050.

² It is assumed that the selected climate scenarios align with the company’s future business development direction. For assessing physical risks under a low-carbon scenario, we selected RCP2.6, which assumes strong global mitigation measures, a rapid decline in greenhouse gas emissions, and global warming limited to below 2°C.

³ For assessing physical risks under a high-carbon scenario, we selected RCP8.5, which assumes no significant global emission reduction measures, continued growth in greenhouse gas (GHG) emissions, and potential temperature increases exceeding 4°C.

⁴ For assessing transition risks and opportunities under a low-carbon scenario, we selected the Net Zero Emissions by 2050 (NZE) scenario, which assumes that countries worldwide implement stringent climate policies and take rapid mitigation actions, without relying on emission reductions outside the energy sector, to achieve net-zero CO₂-equivalent emissions by 2050.

⁵ For assessing transition risks and opportunities under a high-carbon scenario, we selected the Stated Policies Scenario (STEPS), which assumes future energy and emissions trends based only on policies that have already been enacted or announced by governments, providing a basis to evaluate the potential impacts of current policy frameworks on climate change.

Environmental, Social and Governance Report

During the reporting period, we continued to refine our response measures under different climate-related risk and opportunity scenarios, taking into account business realities and future development needs, to enhance our climate adaptability and business resilience. Given that the Company does not operate in a high carbon-emitting industry, the overall impact of climate-related risks is currently limited, with no assets or business activities vulnerable to climate-related risks or opportunities at this stage. Carbon reduction initiatives have been incorporated into our operational management, while a comprehensive transition plan will be developed as appropriate based on future developments. Based on our response strategies and overall low exposure to climate-related risks, climate-related risks and opportunities did not have a significant impact on our business model, value chain or financial position during the reporting period. No material adjustments to the carrying amounts of assets or liabilities arising from such risks are expected in the next reporting year.

To further strengthen climate-related management mechanisms, we built on our existing climate risk register and, through scenario analysis, systematically identified the time horizons and potential financial impacts of relevant risks and opportunities. At present, due to the high uncertainty in quantification methodologies and the lack of stable and consistent measurement standards, we are unable to separately identify or disclose quantified financial information in this report. As relevant measurement standards continue to evolve and mature, we will enhance and expand our quantitative disclosures.

Environmental, Social and Governance Report

Table: Examples of Physical Risk Identification and Response

Risk Type		Relevance and Potential Impact	Expected Financial Impact	Combined Impact	Measures
Acute	Typhoon	<ul style="list-style-type: none"> Typhoons may disrupt operations at certain office sites and impede employees' commuting, thereby posing risks to their safety; Typhoons may cause flooding damage to some office equipment (such as server rooms, digital equipment, etc.) in some operating sites. 	Operating revenue ↓ Operating expenses ↑ Capital expenditure ↑	Short-term: Low Medium-term: Low Long-term: Low	<ul style="list-style-type: none"> We continuously monitor geographical and climatic conditions and maintain comprehensive emergency response plans for typhoons, heavy rainfall, and flooding. In line with building design and disaster-resilience standards, we implement protective measures for facilities and equipment and conduct regular emergency drills. These measures safeguard employee safety, ensure business continuity, and mitigate the adverse impacts of extreme weather events.
	Flood	<ul style="list-style-type: none"> Continuous heavy rains may bring secondary disasters such as floods to office campuses and data centers, resulting in damage to facilities and Internet infrastructure, and threatening the safety of employees. 	Operating revenue ↓ Operating expenses ↑ Capital expenditure ↑	Short-term: Low Medium-term: Low Long-term: Low	

Environmental, Social and Governance Report

Risk Type	Relevance and Potential Impact	Expected Financial Impact	Combined Impact	Measures
Chronic	Average temperature rise	<ul style="list-style-type: none"> The continuous high temperature will increase the demand for cooling in summer, bring additional pressure to the refrigeration equipment in office campuses and data centers, and the failure rate of refrigeration equipment will increase. 	Operating expenses ↑ Capital expenditure ↑	Short-term: Low Medium-term: Low Long-term: Low <ul style="list-style-type: none"> Leveraging our self-developed IoT-based smart energy management platform, we continue to optimize energy solutions and ventilation systems in offices and data centers to improve energy efficiency. We prioritize high energy-efficiency-rated cooling equipment, strengthen preventive maintenance programs, and extend equipment service life. During high-temperature periods, we deploy passive cooling measures, including installing insulation films on building facades, to reduce equipment energy loads. We collaborate with cooling equipment suppliers to develop contingency plans for high-temperature overload scenarios, guaranteeing the stability of data center systems and cloud services.

Environmental, Social and Governance Report

Table: Examples of Transition Risk Identification and Response

Risk Type		Relevance and Potential Impact	Expected Financial Impact	Combined Impact	Measures
Policy and legal	Climate-related regulations and policies become stricter	<ul style="list-style-type: none"> We may face enhanced obligations to disclose our greenhouse gas (GHG) emissions due to evolving regulatory policies and updated reporting standards; We may face increased budgetary requirements for environmental management and carbon reduction initiatives, as increasingly stringent environmental policies necessitate more profound sustainability practices. 	Operating expenses ↑	Short-term: Low Medium-term: Low Long-term: Medium	<ul style="list-style-type: none"> We uphold carbon emission and environmental regulatory requirements by providing truthful disclosure of our carbon footprint and environmental performance. We increase investment in environmental initiatives, advance waste management and energy-saving and carbon-reduction measures, and align our carbon and environmental performance with regulatory requirements.

Environmental, Social and Governance Report

Risk Type		Relevance and Potential Impact	Expected Financial Impact	Combined Impact	Measures
Technology	The cost of switching to low-emission technologies	<ul style="list-style-type: none"> In line with the low-carbon transition, we may need to develop and deploy a wider array of innovative low-carbon technologies and infrastructure within our office spaces and data center operations. 	Operating expenses ↑ Capital expenditures ↑	Short-term: Low Medium-term: Low Long-term: Low	<ul style="list-style-type: none"> We actively explore subsidies and incentives related to low-carbon technologies and green energy use to reduce capital investment and operating costs. We assess the feasibility of new technologies and equipment, and implement phased replacements or upgrades within reasonable parameters and in line with budget plans. We leverage the benefits of deployed energy-saving and carbon-reduction technologies to lower daily operational energy consumption and maximize economic value and efficiency.

Environmental, Social and Governance Report

Risk Type		Relevance and Potential Impact	Expected Financial Impact	Combined Impact	Measures
Reputation	Increased concerns or negative feedback from stakeholders	<ul style="list-style-type: none"> We may encounter heightened expectations regarding our climate performance from regulators and investors. Furthermore, physical climate risks could potentially disrupt business continuity, leading to stakeholder concerns or negative feedback regarding our operational stability; Under the “Dual Carbon” goals, the energy efficiency of data centers has become a focal point for regulatory and investment bodies. High energy consumption in our data centers may trigger concerns among stakeholders regarding our operational efficiency and sustainability compliance. 	Finance costs ↑ Operating costs ↑	Short-term: Low Medium-term: Low Long-term: Low	<ul style="list-style-type: none"> We enhance transparency by disclosing climate-related performance through our official website and public reports, and respond promptly to stakeholder concerns and expectations. We actively participate in industry exchanges and engage with stakeholders on key climate actions and progress in climate performance.

Environmental, Social and Governance Report

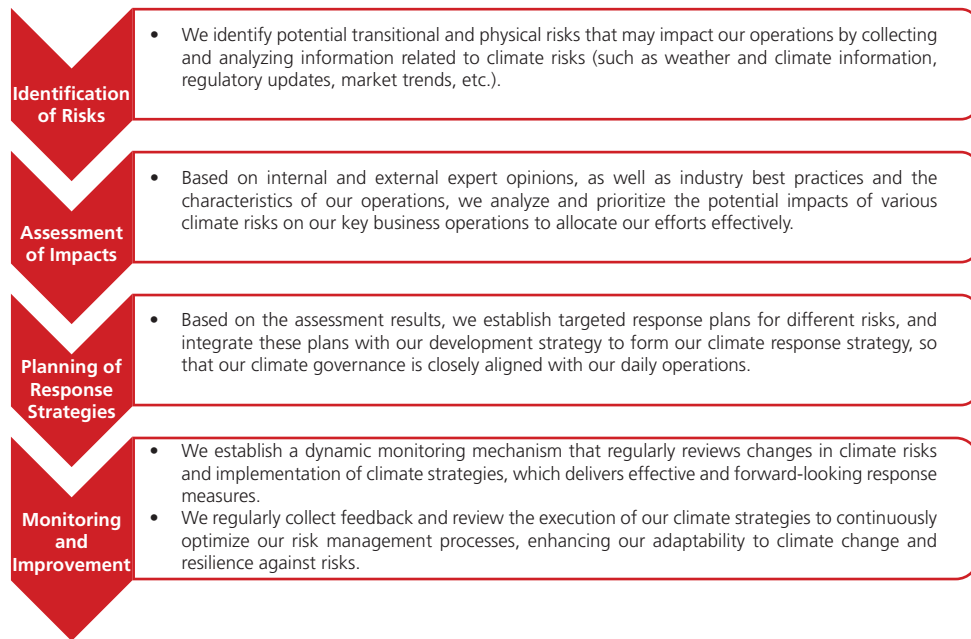
Table: Examples of Climate-related Opportunity Identification and Response

Opportunity Type	Relevance and Potential Impact	Expected Financial Impact	Combined Impact	Measures
Resource efficiency	Energy efficiency enhancement	<ul style="list-style-type: none"> By consistently advancing energy conservation and smart energy management, we may unlock the potential to further elevate our sustainability profile while optimizing long-term energy procurement costs. 	Operating expenses ↓	Short-term: Low Medium-term: Low Long-term: Low <ul style="list-style-type: none"> We continue expanding the application of IoT-enabled energy-saving technologies and optimizing energy management solutions. Meanwhile, we scale up photovoltaic power deployment to improve our energy mix, reduce energy procurement costs, and generate both short- and long-term returns. We apply for financial incentives and discounts arising from energy conservation and efficiency improvements to further reduce energy costs.
Products and services	Low-carbon products and services	<ul style="list-style-type: none"> As low-carbon trends expand, we may find new opportunities to resonate with users who prioritize green philosophies. By launching eco-friendly initiatives, we may further strengthen user affinity and cultivate deeper brand loyalty. 	Operating revenue ↑	Short-term: Low Medium-term: Low Long-term: Low <ul style="list-style-type: none"> We work with stakeholders to initiate climate action programs and enhance public climate awareness through various channels, including podcasts.

Environmental, Social and Governance Report

2.4.3 Risk Management

We have established a structured climate risk management mechanism and conduct regular identification, analysis, and assessment of climate-related risks that may affect our business and financial performance. Based on the outcomes of risk assessment, we adjust our climate strategies as appropriate. Through a continuous management cycle of identifying and assessing risks, developing response strategies, and regularly monitoring and refining our actions, we steadily strengthen the effectiveness of our climate risk management, enhance business resilience, and fully integrate climate-related risks into our overall risk management framework.



Climate Risk Management Process

2.4.4 Metrics and Targets

We actively respond to China's goals of achieving carbon peaking by 2030 and carbon neutrality by 2060. Guided by these goals, we continue to advance smart energy management and the application of low-carbon technologies, optimize our energy mix, and integrate climate-related risks and opportunities into operational decision-making. Taking into account future business development, technological progress, and policy developments, we will dynamically review and adjust the pathway to achieve carbon neutrality, contributing to a sustainable, low-emissions future.

Environmental, Social and Governance Report

We keep track of assets and business activities that may be more exposed to climate-related risks and opportunities. We are also refining data collection methodologies and plan to gradually disclose quantitative information in the future. During the reporting period, we did not incur material capital expenditures or undertake financing or investment activities specifically for addressing climate-related risks and opportunities. Based on an assessment of our business model and emissions profile, we prioritize energy efficiency and energy conservation as our core decarbonization measures. Consequently, the application of an internal carbon price remains under evaluation, with priority given to our existing efficiency measures. We will assess its applicability and feasibility as appropriate in line with business development and emissions reduction progress.

In addition, we continuously monitor environmental performance and greenhouse gas (GHG) emissions to support progress toward, and achievement of, our environmental and climate targets. Detailed data on resource consumption and GHG emissions for the reporting period are set out in Appendix 2: ESG Performance Indicators section.

3 TALENT DEVELOPMENT

We place our people at the core of our values. While protecting employee rights and continuously improving the compensation and benefits system, we are committed to creating a healthy, safe, fair, and inclusive workplace. We build diverse growth platforms that provide employees with ongoing learning and professional development opportunities, enabling them to realize their potential and align employee growth with corporate progress.

3.1 *Employment and Labor Practices*

We adhere strictly to applicable laws and regulations and continuously enhance our talent management system. We are committed to building an inclusive, diverse, open, and transparent workplace by applying people-centered management across recruitment, career development, and compensation and benefits. While upholding the legal rights and interests of our employees, we strive to provide a respectful and inspiring platform for every individual's professional growth.

Environmental, Social and Governance Report

3.1.1 Compliant Workplace

We align our employment practices with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other relevant laws and regulations. We continuously refine our internal recruitment policies and employee handbook to embed compliance within our employment practices. We maintain transparent recruitment processes and have established clear procedures governing key personnel decisions, including promotions and terminations, to safeguard employees' legitimate rights and interests.

During recruitment, we carefully verify candidates' identity documents and personal information with their consent and prohibit hiring anyone below the statutory minimum working age to prevent child labor. We operate on the principle of mutual consent and respect, upholding the legal rights of our employees and strictly prohibiting forced labor in any form. We maintain robust procedures for investigating alleged violations and taking corrective measures. During the reporting period, no incidents of forced labor or child labor have occurred.

3.1.2 Diverse Workplace

Building on compliant employment practices, we are committed to fostering an equitable, diverse, and inclusive workplace. During recruitment, we use neutral and inclusive job descriptions to avoid unintended bias and attract candidates from diverse backgrounds. During interviews, our interviewers follow diversity and anti-discrimination principles and assess candidates objectively based on their professional competencies, experience, and how well they fit the role. We keep clear interview records, preventing discriminatory language or bias in evaluation.

During the reporting period, we delivered targeted training for interviewers on interview etiquette and on how to recognize and avoid unconscious bias. The training was produced as instructional videos for ongoing internal learning to improve the professionalism and fairness of our interview process. We also collected candidate feedback via post-interview questionnaires to inform continuous improvements. No complaints concerning discrimination or equal opportunity in recruitment were received during the reporting period.

We actively bring in diverse talent by combining campus recruitment and off-campus recruitment to continuously build and operate original studios, bringing young talents for our business development. We also expand talent recruiting channels. Utilizing our campus recruitment campaign, Music Attractive Project, we pair social media video outreach with on-campus presentations to target young candidates who align with our culture and needs. At the same time, we run a focused recruitment drive for AI professionals, attracting experts across specialized fields to strengthen our core talent pipeline.

Environmental, Social and Governance Report

3.1.3 Enjoyable Workplace

We recognize contributions of every employee and are committed to building a competitive, people-centric compensation and benefits system. Our total rewards package comprises fixed pay, performance-based bonuses, and long-term incentives. We conduct regular market benchmarking and cost-of-living analyses across our operating locations to maintain external competitiveness and internal equity in compensation.

We provide a comprehensive employee benefits program including health insurance, canteens, holiday gifts, family allowances and housing loans. Our employee handbook specifies all employees with statutory paid annual leave, fully paid sick leave, marriage leave, maternity leave, and parental leave. We also provide additional leave during the Spring Festival and 10 days of paid care leave to support employees' work-life balance. We strictly follow national working hour regulations and promote reasonable work planning to enhance employee well-being and sense of belonging in the workplace.

We foster a vibrant team culture through a variety of team-building activities, encouraging a healthy work-life balance for our employees. We launch campus open days that welcome employees' family, friends and pets, creating an open and inclusive workplace culture and a sense of belonging. Leveraging our music expertise, we host an in-person knowledge quiz during our anniversary celebrations. Through an engaging format that combines training, interactive quizzes, and prizes, this event strengthens professional knowledge while reinforcing our corporate culture. We organize traditional festival events (e.g., zongzi-making activity during the Dragon Boat Festival) and sustained support for employee affinity groups such as the guitar club, enriching staff life and building a passionate workplace. During the reporting period, we organized 70 music event outings for employees, with over 330 participants, offering immersive musical experiences that inform product innovation with live music vibes.

3.2 Health and Safety

We maintain a strong focus on a healthy work environment. While continuously strengthening safety assurance and elevating occupational health standards, we emphasize employee mental well-being by combining internal support mechanisms with external resources. This integrated measure helps employees manage stress and reinforce a positive, health-focused workplace culture.

Environmental, Social and Governance Report

3.2.1 Safe Workplace

We adhere to the *Fire Protection Law of the People's Republic of China* and the *Work Safety Law of the People's Republic of China* as the legal standard to create a safe working environment for employees. We conduct regular safety inspections and security testing, and provide fire safety training and emergency drills for frontline staff to enhance safety awareness and emergency response capabilities. In parallel, we maintain rigorous food safety management in our staff canteen, further applying end-to-end oversight across the full process. We uphold stringent hygiene standards and traceability controls across every stage of our food service to support the health and well-being of our employees.

3.2.2 Healthy Workplace

We are committed to our employees' physical and mental well-being through a range of health support measures. For physical health, we provide annual checkups for all employees, deliver targeted awareness campaigns and first aid training for common workplace diseases. Our campus is equipped with sports and fitness facilities, and employees have access to professional physicians and sports rehabilitation teams for regular consultations and support in addressing any physical ailments. For mental health, our Employee Assistance Program (EAP) offers psychological counseling and support for emotional management and family issues. We also provide commercial health insurance that covers employees and their children, reducing medical financial burdens and strengthening the health protection system. In the past three years, there were no fatalities caused by work-related incidents at the Company.

3.3 Development and Training

We align employee development with the organization's growth through a structured training framework. Supported by an effective performance management system, we unlock employee potential, clarify career pathways, and continuously cultivate an agile talent pipeline that vigorously hones their skills.

3.3.1 Employee Performance

We have established an integrated performance assessment system that focuses on objective setting, process tracing, and result appraisal to drive continuous employee performance improvement. We regularly conduct company-wide staff appraisals to review and evaluate employee progress at each stage, while providing ongoing, flexible performance dialogues to support employee self-improvement and enhance steady teamwork performance.

To further foster a professional, growth-oriented workplace, we continuously conduct internal technical tests tied to employee performance results. Focusing on AI coding and core development skills, we administer specialized certification assessments for R&D staff to reinforce and elevate their fundamental technical skills and underpin the team's capability development and organizational capacity building.

For career development, we continuously optimize promotion processes by strengthening communication before promotion, refining the environment setting, and broadening feedback channels to increase employees' engagement and recognition when they ascend the career ladder. For incentives, we build a multi-tiered recognition and incentive system on both individual and team performance and implement incentive programs emphasizing business breakthrough, innovation, and collaboration to drive sustained employee creativity and reinforce organizational cohesion.

Environmental, Social and Governance Report

3.3.2 Employee Training

We establish a distinctive talent development system that provides differentiated, role-specific training for employees at all career stages, enhancing their professional skills and competencies.

All-Staff Training

- Our internal knowledge sharing initiative comprises a knowledge accumulation platform and quiz platform that use a “learn, quiz and reward” format to engage employees and deepen their music knowledge.

New Staff Training

- We conduct new hire onboarding and integration initiatives such as company orientation and welcome roundtables, accelerating their familiarity with business processes and team culture.

Leadership Training

- We strengthen team management and business leadership capabilities for new and senior managers through external company visits, manager salons, and training programs such as the DEMO Workshop and MUST Workshop.

High-Potential Talent Training

- We fuel the growth of high-potential talent via the Energy Workshop, which emphasizes business decision-making and collaboration through scenario-based simulations and executive mentoring.

Targeted Training

- We provide targeted empowerment training in AI, product operations, and technology development through the AI code training program, AI knowledge certification, and technical sharing sessions, Growth in Ten Minutes, improving employees’ professional skills and on-the-job proficiency.

Employee Training System

We place strong emphasis on cultivating musical literacy among all employees. During the reporting period, we launched a music knowledge exchange platform, which is designed to improve music literacy and diffuse industry knowledge across the organization. The platform supports blended learning, both online and offline, and covers music genres, copyright law, emerging technologies, and commercialization. Using an engaging model of learning, quizzing, and earning points, the Music Knowledge Exchange incentivizes continuous music skill building for employees. As of the end of the reporting period, the platform has developed 336 courses with over 1,300 cumulative visits. Interactive quiz initiatives, such as monthly theme challenges and matches, engaged more than 3,100 employees, achieving overall participation above 90%. The knowledge accumulation platform has materially strengthened employees’ industry knowledge and equipped business teams to explore the core essence of music so as to consistently create higher-quality music content and services to users.

Environmental, Social and Governance Report

We continue to enhance manager and high-potential talent training system to build a robust, capability-aligned talent pipeline. The system provides comprehensive training for managers at all levels, with 100% of new managers participating, and includes the Energy Workshop for high-potential talent. The learning project accelerates growth in business communication, collaboration, and problem-solving through scenario simulations, expert masterclasses, and executive mentoring. These programs are supported by benchmarking visits and key reserves at leading firms, along with initiatives such as Manager Salons and AI Innovation Forums that address specific operational needs. Together, they form a multi-tiered, outcome-driven approach to talent development.

In terms of targeted technical training, we prioritize AI capability building through the AI knowledge learning and certification program, which provides phased training for all technical staff covering AI fundamentals, applied technologies, and practical case studies. Also, our AI code training program emphasizes hands-on use of AI development tools and programming practice to improve R&D efficiency and catalyze business innovation. In 2025, we ran six training sessions, with over 400 participants completing the learning tasks and related certification.

To cultivate continuous learning and innovation, we build an AI innovation project resource hub that publishes industry insights and case studies, with 10 issues released to date. We also launch Growth in Ten Minutes, a concise technical exchange platform enabling teams to share hands-on techniques and AI updates during pockets of time. These measures help foster a learning-oriented technical culture in which all employees contribute and benefit.

We support personalized career progression and upskilling efforts by encouraging employees to obtain industry-relevant professional certifications, such as agent and editor certificates. Beyond curating specialized study materials, we provide a holistic examination support ecosystem. This includes strategic resource allocation, real-time progress monitoring, and peer-to-peer collaborative learning. By facilitating structured study groups and proactive milestone reminders, we empower our employees to maintain steady upward momentum in their professional journeys.

3.4 Communication and Interaction

We keep employee voice on the front burner through a multi-channel, two-way communication mechanism, so that employees can keep abreast of our business directions and development updates and also provide effective communication and feedback on varied affairs. We inform employees of strategic plans and business focus at all-staff meetings. Employees can also present views or suggestions via our internal communication platform, HR interviews, one-on-one meetings with senior executives, and engagement and satisfaction surveys. During the reporting period, we increased benefits for the achievement award to better incentivize employees to identify workflow and system optimizations and develop efficiency-driven solutions.

Environmental, Social and Governance Report

During the reporting period, we established a comprehensive employee care mechanism spanning the entire project lifecycle. Dedicated care budgets were allocated for project initiation, execution, and completion phases to support employees at all levels. Care measures included project kickoff meetings, milestone celebration dinners, and regular afternoon tea sessions. After project completion, we held feedback sessions to collect employees' experiences and improvement suggestions across the project journey. Based on project outcomes, internal recognition programs were conducted and exemplary practices were promoted to strengthen employees' sense of participation, achievement, and organizational belonging.

During the reporting period, we conducted the 2025 Employee Engagement Survey. Results show year-on-year improvements across all engagement and satisfaction metrics, with especially strong gains in cross-team collaboration and support for personal growth.

4 SUPPLY CHAIN MANAGEMENT

We continuously optimize our supply chain management system and promote its stable operation and sustainable development by improving supplier management policies, streamlining audit and evaluation processes, and establishing a multi-dimensional assessment mechanism covering environmental and social risks.

4.1 *Supplier Management*

We have established a supplier lifecycle management system. Based on internal procurement and tendering policies, we define clear requirements and methods for supplier selection and evaluation. During selection and onboarding, we review the qualifications, competencies, and credit status of our suppliers, while proactively managing related environmental and social risks.

Meanwhile, we keep track of suppliers' quality levels and overall performance. A tiered audit mechanism is applied according to supplier categories, with regular, multi-dimensional performance evaluations based on core indicators such as quality assurance, cost control, delivery timeliness, and service level. During the reporting period, we upgraded our procurement system and carried out supporting audits to achieve fully digitalized and intelligent supplier onboarding. By integrating third-party information verification platforms with NetEase Group's centralized supplier blacklist, we have strengthened supplier management across compliance, qualification, and risk identification dimensions in our procurement system, preventing non-compliant and high-risk suppliers from entering the procurement system and enhancing the standardization and responsiveness of our supply chain management.

As of the end of the reporting period, we had 71 centralized procurement suppliers, with 69 in the Chinese mainland and 2 in other regions.

4.2 *Responsible Supply Chain*

We incorporate ESG considerations throughout the entire supplier lifecycle, setting explicit requirements for admission, screening, and performance evaluation. This systematic approach allows us to proactively manage potential environmental and social risks in our supply chain. We integrate sustainability into our procurement by favoring eco-friendly suppliers where feasible. Through our cooperation agreements, we set expectations for labor compliance and social responsibility, while fostering a shared commitment to business ethics and integrity across our supply chain.

Environmental, Social and Governance Report

Conveying Integrity Requirements

- We communicate our business ethics and integrity standards to suppliers through contracts and agreements, phone calls, meetings, and other communication channels to ensure integrity expectations are reinforced throughout the collaboration lifecycle.

Building Integrity Culture

- We have established a regular supplier integrity training system that combines case studies with compliance education to continuously reinforce ethical awareness of suppliers. We provide integrity training to management teams of high-transaction and higher-risk suppliers to promote a clean and transparent supply chain, and we conduct periodic supplier integrity training and assessments. As of the end of the reporting period, the integrity assessment pass rate was 100%.

5 PRODUCT RESPONSIBILITY

We adhere to a user-centric approach, prioritizing experience optimization and service improvement to enhance product and service quality and foster a vibrant, trustworthy music community. At the same time, we continuously strengthen data security management and privacy protection by embedding data compliance into daily operations. While delivering premium music services, we comprehensively safeguard users' personal information and legitimate rights and interests.

5.1 Products and Services

We maintain strict quality standards across our products and services, committing to deliver healthy, safe, and compliant offerings to our users. By prioritizing product quality control, we implement a systematic management framework covering service quality, content safety, and user support. Through continuous innovation and ongoing optimization, we aim to provide an inspiring musical experience that champions constructive and uplifting values.

5.1.1 Product and Content Quality

We comply with the *Administrative Measures for Internet Information Services* and related laws and regulations in the regions we operate, maintaining a robust content security system to protect the quality and integrity of our platform. By strengthening self-testing protocols, optimizing review processes, and leveraging intelligent tools, we continuously enhance the efficiency and accuracy of content management, striving to set and sustain industry-leading standards for our products and services.

➤ Product Quality Assurance

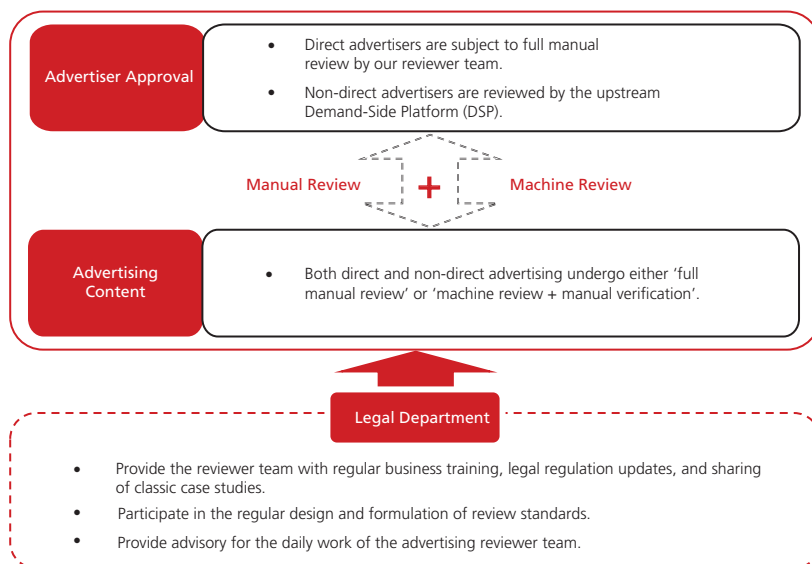
We put content safety high on our agenda. During product development, we continuously enhance quality and performance through rigorous quality control testing and internal self-assessment process. In content review, we consistently improve procedures by leveraging intelligent tools and refining manual processes, reducing review cycles and sustainably enhancing review efficiency.

Environmental, Social and Governance Report

We continuously strengthen our product review mechanisms through structured internal assessments that evaluate product compliance and operational feasibility. Key feature considerations are integrated into these reviews, enhancing product functionality and compatibility. During the reporting period, we reinforced our content governance by developing an end-to-end quality assurance process for music uploaded by artists and studios. This multi-stage pipeline covers submission, assessment, and distribution into a seamless management loop, ensuring high standards across our platform.

➤ Responsible Marketing

We strictly adhere to relevant laws and regulations, such as the *Advertising Law of the People's Republic of China* and *Measures for the Administration of Internet Advertising*. We have established a cross-functional oversight system and internal standards of advertising review to support responsible marketing. In response to annual updates in laws, regulations, policies, and evolving business needs, we regularly refine our advertising content guidelines and review standards. We enforce clear criteria to prohibit sensitive or inappropriate content, including pornography, vulgarity, violence, and false advertising. For advertising collaborations, we verify authorization for the use of portraits, trademarks, and intellectual property to uphold compliance with relevant advertising laws and regulations across our marketing materials.



Examples of Our Responsible Marketing Initiatives

Environmental, Social and Governance Report

➤ **Content Security Assurance**

We uphold content safety through an enhanced monitoring system and 24/7 emergency response protocols. During the reporting period, we launched targeted initiatives to enhance user experience and improve operational efficiency by cataloging and restoring historical music libraries and content assets. Through systematic review and optimization of these archives, we refined rules and technical methods to improve content quality and accelerate processing efficiency. We also established a dedicated team for ecosystem governance to provide centralized, continuous oversight of music-related illicit marketplaces and other non-compliant content.

5.1.2 Product and Content Innovation

We prioritize product and content innovation, continually exploring ways to enhance and upgrade the user experience. During the reporting period, our key focus areas included refining the personalized recommendation model, improving the playback experience, enhancing the music genre classification system, and refining our community content ecosystem – all aimed at creating a more immersive and personalized music environment.

➤ **Refining the Access to Heartbeat Mode**

We moved Heartbeat Mode to the homepage to shorten the steps for users to start listening. The feature also recommends songs based on each user's listening history and preferences, increasing effective playback and overall usage. This improvement provides users with easier, barrier-free access to music and encourages them to enjoy selected songs more fully.

➤ **Upgrading Player Interface**

We optimized the player to deliver richer audio-visual experiences and added multiple playback modes. In visual enhancements, we launched the feature Magic Light Mode and added a new playback model to enhance user immersion with dynamic lyrics and a light-up progress bar. On the audio side, we introduced automatic mixing and upgraded playback technology to ensure smoother transitions between tracks and a seamless listening experience.

➤ **Enhancing Music Genre Classification System**

We optimized our discovery-driven sections to improve the display of different music genres. Genre categories were refined to better showcase the specialization of content segments. For certain genres, such as classical music, we introduced deeper subdivisions to help users explore and select content more efficiently.

5.1.3 Improvements on User Service

We place user satisfaction at the core of our service optimization, by actively listening to user feedback and staying close to user needs. During the reporting period, we continue to use intelligent customer service solutions, optimized complaint mechanisms, strengthened customer service framework, and expanded service channels to include WeCom, rednote, Weibo, and telephone support, with the aim of delivering a smoother and more considerate user experience.

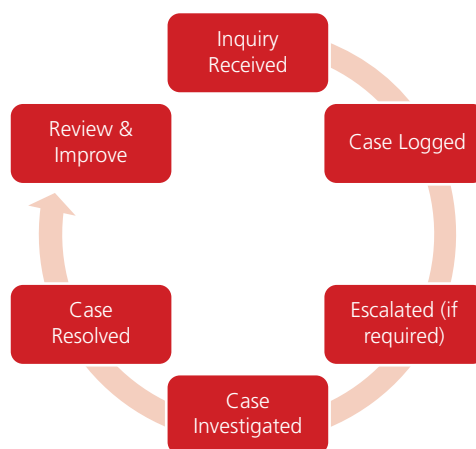
Environmental, Social and Governance Report

➤ Listening to the Users

We are committed to providing convenient channels for users to share feedback and raise complaints, followed with timely response and effective resolution. During the reporting period, in addition to addressing routine feedback, we also actively monitored feedback on external platforms such as social media. By leveraging visualized tracking tools, we gained a more comprehensive understanding of user concerns, refined our complaint response mechanisms, and improved both response efficiency and remediation outcomes for complex cases.

We have established an end-to-end complaint management framework covering issue intake, resolution, and post-resolution review. By operationalizing these workflows, we handle user inquiries with equitable precision and speed, utilizing every feedback as a driver for continuous service optimization. We paid attention to quality checks and case reviews, systematically translating user complaints into actionable insights for product and service improvement, thereby enhancing the overall service experience and user satisfaction. During the reporting period, we launched a dedicated intelligent customer service initiative, leveraging our historical knowledge base to deliver more accurate and responsive support to users, effectively reducing reliance on human intervention while improving efficiency and service experience.

During the reporting period, we received a total of 2,050 user complaints, with a resolution rate of 100% and a user satisfaction rate of 92.9%.



Customer Complaint Handling Process

➤ Enhancing User Experience

We are committed to deepening our connection with users and respond to their needs through efficient communication and attentive service. During the reporting period, we continued to enhance the user experience in a comprehensive manner across four areas covering the end-to-end process.

Environmental, Social and Governance Report

Source: Initiating Experience-Driven Projects

- Promoted scenario-based experience enhancements, underpinned by a full-cycle management framework from user insights to post-launch evaluation. User experience assessments are embedded early at the review and design stages to identify potential experience gaps early and reduce issues at the source.
- Introduced dashboards for key user experience indicators to quantitatively track improvement outcomes and enable closed-loop management, systematically supporting sustained improvements in user experience and satisfaction.

Contact: Enhancing Self-Service Efficiency

- Launched an agent-based, end-to-end intelligent customer service system, supported by restructuring and cross-functional collaboration, improving service efficiency, user experience, and reputation risk management, setting a new benchmark for user service in the online music industry.
- Achieved fully automated response for certain scenarios through technical solutions that accurately identify user issues and automatically generate responses. Some scenarios now support fully automated handling, enhancing experience, efficiency, and risk control.

Process: Refining Solution Frameworks

- Remained user-centric and established a review mechanism for dissatisfaction cases. Through in-depth root cause analysis, we identified underlying issues in products, rules, or communication, and implemented targeted governance for high-frequency and high-impact issues, driving a shift from case-by-case resolution to systematic improvement.
- Expanded channels for collecting user feedback by systematically incorporating feedback from external platforms such as social media and enabling visualized tracking. This creates an online closed loop of “identification – distribution – handling – verification,” significantly improving response speed and remediation effectiveness for complex issues and emerging risks.

Personnel: Advancing Professional Expertise

- Continued to refine our multi-tier customer service system and escalation mechanisms for complaints, and established expert support groups and cross-department collaboration processes to improve professional handling of complex and major complaints, providing solid support for steady improvements in overall service quality.
- Designed and launched structured training and empowerment programs for frontline and specialized service staff, covering product knowledge, communication skills, complaint handling, and psychological support. These programs cover scenario-based exercises and certification assessments, aiming to continuously build professional capabilities and service awareness, improving our employees' skills.

User Experience Improvement Initiatives

5.2 Intellectual Property (IP) Protection

We strictly comply with the *Copyright Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, and other applicable laws and regulations, and rigorously implement our internal intellectual property management standards. We continue to operate a comprehensive intellectual property oversight and protection framework encompassing both IP protection and infringement prevention. By respecting the intellectual property rights of others and effectively safeguarding the value of our own, we aim to accurately identify and mitigate intellectual property-related risks.

Environmental, Social and Governance Report

IP protection

- Copyright Application: We promptly apply for copyrights for products, software, trademarks, patents, etc.
- Infringement Monitoring: We utilize an industry-leading music content infringement monitoring system and collaborate with professional rights protection suppliers to expand our monitoring scope and promptly address infringements to assert our rights.

Infringement Prevention

- Rights Protection Channels: We have established rights protection channels and implemented copyright protection and takedown mechanisms in accordance with legal requirements and industry standards.
- Licensing Information Registry: We maintain a registry of licensing information for authorized music to ensure we have up-to-date records of all music licenses in our catalog.
- Technical Monitoring: We use technical measures to monitor and block infringing content on our platforms.
- IP Protection Platform: We operate a platform that provides copyright holders and musicians with credential verification and rights protection. Relevant teams, such as our catalog team, respond promptly to remove confirmed infringing content.

Intellectual Property Protection

We maintain strong partnerships with musicians and copyright owners and work together to foster a healthy music industry ecosystem. Through initiatives such as rights protection support for musicians and the development of music trading platforms, we actively promote copyright compliance, safeguard fair competition in the market, and support the growth of digital music copyright transactions, contributing to a sound music copyright ecosystem.

We place strong emphasis on building an internal culture of intellectual property protection. We continue to organize training and awareness programs on music copyright and relevant laws and regulations across the organization and provide targeted interpretations and guidance based on business needs. These efforts aim to enhance employees' understanding of intellectual property protection and raise awareness of compliance and risk prevention.

5.3 Data Security and Privacy Protection

We are committed to safeguarding information security and user privacy, and we strictly implement data security and compliance requirements throughout the entire lifecycle of product development. We strives to establish a sound information security and privacy protection framework and continue to enhance our capabilities through optimizing internal processes and oversight mechanisms to safeguard user data and privacy.

Environmental, Social and Governance Report

5.3.1 Safeguarding Data Security

We continue to improve our data security management framework by implementing internal policies such as the *NetEase Cloud Music General Rules of Data Security Management* and the *NetEase Cloud Music Data Storage Security Specifications*, which provide clear guidance on data security and retention. During the reporting period, we optimized our data classification framework by introducing the *NetEase Cloud Music Policies on Data Classification and Grading*. This policy aligns with national data classification standards and our internal business needs, establishing a more detailed internal classification structure depending on business needs. Based on data sensitivity, we apply corresponding measures including access controls, encryption or anonymization, and data transmission measures to reduce the risk of data leakage and protect user privacy and data security.

We have built a coordinated, multi-process security management model covering key areas such as data authorization, multi-party review and assessment, technical protection, and data backup. By continuously strengthening the design and execution of this model, we seek to minimize data security risks. During the reporting period, we deeply integrated our data encryption tool with our vulnerability scanning platform, enabling security personnel to conduct targeted encryption scans and reviews of specific products or datasets based on risk assessments, enhancing overall data protection capabilities. In addition, we conduct data security identification and assessments at the requirement review stage and carry them through product design, development, testing, and launch. This approach strengthens early identification and management of data security risks.

➤ Data Security Audit

We conduct regular, dedicated data security audits to systematically identify and remediate potential vulnerabilities, strengthening our control over abnormal data security risks. In parallel, we implement the *NetEase Cloud Music Backend System Permission Management Specifications* and continue to refine permission management systems. Supported by technical tools, we further enhance risk monitoring efficiency to enable earlier detection and timely response to data security risks.

During the reporting period, we worked to comply with relevant regulatory requirements through internal and external information security audits and dedicated data security governance initiatives, aiming to strengthen our data security management and mitigate data-related risks. On the internal audit front, we conducted a targeted data security compliance audit of our user information platform, which handles the collection and internal use of user data. The audit covered key areas including access configuration and the compliance of information displayed on system interfaces. We developed rectification plans for improvement items identified during the audit and worked to implement them as part of our ongoing management process. On the external audit front, we engaged independent third parties to conduct external audits, including communication network security protection classification and filing and cybersecurity classified protection assessments. We addressed risks identified through these audits in a timely manner, supporting our ongoing efforts to align our products and operations with applicable regulatory requirements.

Environmental, Social and Governance Report

During the reporting period, we continued to maintain Classified Protection of Cybersecurity level III certification and further strengthened our information security safeguards and data protection capabilities to support secure and compliant business operations.

➤ **Data Security Drills**

We have developed and implemented the *NetEase Cloud Music Emergency Response Plan for Data Security Incidents*, establishing standardized procedures for data security incident response and handling. Through regular drills, we continue to enhance our prevention and response capabilities for relevant incidents. During the reporting period, we conducted scenario-based data security emergency drills, validating response procedures and business continuity capabilities in scenarios such as critical database failures. In addition, we carried out monthly routine emergency drills covering key business process, simulating incidents involving data centers and system components, to further improve operational resilience and reduce the risk of service disruptions.

➤ **Data Security Training**

We treat the promotion of data security awareness as a long-term priority. To strengthen employees' awareness of privacy and data protection, we continue to deliver targeted training and build an internal culture in which privacy protection is valued and data security standards are consistently applied across the organization. During the reporting period, we organized a range of data security awareness training and communication initiatives. In conjunction with the National Cybersecurity Awareness Week, we organized an online security training and assessments for all employees. We also regularly shared data security management guidance and compliance updates to employees through our internal communication channels.

5.3.2 User Privacy Protection

We have established a dedicated privacy protection team that leverages advanced technical solutions and management approaches to safeguard user privacy and personal information. We also regularly update and implement our user privacy policy to continuously strengthen our personal information protection framework.

Primary Management Measures on User Privacy Security



Environmental, Social and Governance Report

While continuously strengthening our user privacy protection capabilities, we also focus on identifying gaps across critical processes and further improving privacy compliance management. We conduct dedicated privacy compliance assessments covering the collection, retention, and use of user data, and make ongoing use of automated tools for self-inspection and review to promptly identify and address potential issues. In addition, we treat the protection of minors' privacy as a key focus area within our privacy efforts and continue to enhance protective features in relevant products. During the reporting period, we upgraded the minors mode of our app in aspects across content filtering, usage time limits, management of consumption scenarios, controls over social features, and external link access. These measures further strengthen privacy protections for minors and improve the safety of their user environment.

6 ANTI-CORRUPTION

We maintain zero tolerance for corruption, bribery, kickbacks, or any breaches of business ethics, fostering a culture of integrity and professional conduct throughout our operations. We continuously enhance our systems for ethics risk identification, prevention, and remediation to uphold a fair, transparent, and trustworthy business environment.

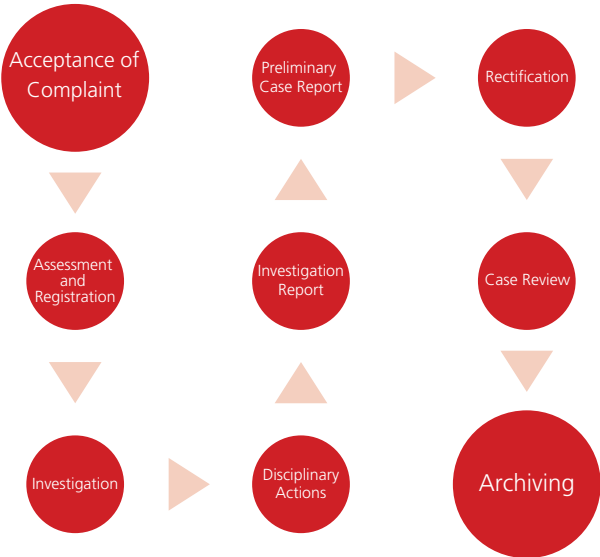
6.1 Integrity and Business Ethics Policies

We strictly adhere to related laws and regulations to prevent bribery, extortion, fraud, and money laundering, including the *Criminal Law of the People's Republic of China*, the *Law Against Unfair Competition of the People's Republic of China*, and the *Anti-Money Laundering Law of the People's Republic of China*. We continue to strengthen our ethical management through full implementation of our internal policies on business ethics and integrity to create a transparent, honest and well-governed business environment.

We continuously refine our business ethics governance by evaluating the effectiveness of our internal policies and codes of conduct. Through periodic reviews that incorporate regulatory insights and operational shifts, we keep our standards rigorous. Additionally, our official reporting channels provide clear procedures for handling misconduct, further solidifying the ethical foundation of our corporate culture.

We also operate an internal whistleblower system and standardize procedures for handling feedback and reports on ethical issues, enabling thorough investigations and verification. For risks that breach business ethics standards, we carry out in-depth remediation and conduct detailed reviews to effectively mitigate business ethics risks.

Environmental, Social and Governance Report



Report Handling Process

During the reporting period, there were no concluded legal cases regarding corrupt practices brought against the Company or its employees.

We strictly adhere to whistleblower protection policies and require all personnel involved in investigations to sign confidentiality agreements. This practice safeguards the anonymity of whistleblowers and the integrity of all related materials throughout the reporting, investigation, and resolution stages. These protections extend to whistleblowers, informants, and their immediate family members, safeguarding personal safety and preserving their legitimate rights. We have zero tolerance for any retaliation, prohibit unauthorized checks or disclosure of whistleblower information, and continuously strengthen penalties for such violations.

Upon receiving feedback or reports concerning business ethical risks, we proactively identify and mitigate business ethics risks through internal investigations and preventive measures to enable early detection and risk prevention. Our dedicated teams continuously monitor domestic and international laws, regulations, and regulatory developments related to business ethics. They also regularly review the coverage and enforcement of internal policies to mitigate risks and promptly optimize controls, reducing compliance risks and reinforcing integrity safeguards throughout our operations.

We continuously strengthen our anti-money laundering risk management by enhancing the detection and follow-up of large anomalous top-ups, excessive rewards, and unusual partner agency activities. By participating in regulatory research and industry seminars, we refine controls and prevention measures during operations to continually lower money-laundering risks.

6.2 Integrity and Business Ethics Campaigns

We incorporate business ethics training and campaigns as a core element of reinforcing integrity systems, fostering a company-wide culture of integrity and honesty.

Environmental, Social and Governance Report

During the reporting period, we innovated our internal integrity and business ethics training through a tiered and targeted approach, strengthening education for managers, high-risk roles, and new employees, while defining leadership responsibilities in promoting an ethical culture. Leveraging online platforms, compliance knowledge competitions, and thematic campaigns, we enhanced employee engagement and ethical awareness to collectively uphold our integrity. During the reporting period, we provided multiple in-person workshops, with 100% e-learning completion for new employees and a 100% compliance certification pass rate for full-time employees.

7 COMMUNITY ENGAGEMENT

We view giving back to society as a core responsibility and remain committed to fulfilling our corporate social responsibilities. With music as our medium, we deliver social value through diverse philanthropic initiatives and industry collaboration, continuously energizing the music ecosystem and supporting the shared development of our business and the communities we serve.

7.1 Participating in Philanthropy

We actively respond to societal needs by leveraging our platform resources and the communicative power of music. Through collaboration with diverse partners, we continue to deliver a range of initiatives that share warmth and strength with different communities, fulfilling our corporate social responsibilities in a practical way.

➤ **“Stray Animal Rescue Initiative”: Protecting Lives Through the Power of Music**

In September 2025, we partnered with a professional animal welfare organization to launch the “Stray Animal Rescue Initiative”. Users can participate through daily check-ins or by donating Yunbei points, a virtual in-app currency on the platform, making it easy and accessible to support. As of November 2025, the first batch of donated pet food totaled 1.47 tonnes and has been delivered to rescue shelters in cities including Dalian, Jinhua, and Ganzhou, helping stray animals stay warm through the winter.

➤ **“Music Healing Program”: Supporting Emotional Well-being Through Music**

In response to users’ emotional well-being, we continue to expand the role of music in psychological support and healing. In April 2025, we launched a dedicated “Sleep Support” section on the app, bringing together curated playlists such as white noise, piano songs, and meditation soundscapes to help users create a calming environment for rest. In October of the same year, we further introduced Sleep Mode, offering immersive white-noise scenarios—including “Winter Campfire” and “Walking Alone on a Rainy Night”, with features such as timer settings and flexible volume control, allowing users to tailor their own soothing experiences. In addition, we promoted a series of healing playlists focused on anxiety relief, stress reduction, and emotional support, using music as a companion to help users navigate emotional lows and restore well-being.

During the reporting period, the Company invested a total of RMB39,927 in philanthropy. Looking ahead, we will continue to explore and expand the “music + philanthropy” model, deepen our social engagement, and actively give back to society.

Environmental, Social and Governance Report

7.2 Empowering Industry Development

While advancing music content innovation and evolving distribution models, we actively engage in industry dialogue and collaboration. By promoting resource sharing and collaborative development, we work with industry partners to foster an open, healthy, and sustainable music ecosystem.

➤ **Strengthening Support for Creators with an End-to-End Growth Ecosystem**

In 2025, we launched the BEATSOUl Incentive Program, establishing a diversified income support framework for beat producers that combines play-based revenue sharing, program incentives, and annual bonuses. This program effectively stimulates creative vitality. We also introduced the Chinese Rap Music Awards to continuously spotlight high-quality rap content and emerging talent. In support of creators, we added new creator pathways including AI Musician and Trainee Musician, and integrated them with structured support programs such as the Ladder Program. Together, these initiatives form a full-cycle incubation ecosystem that supports creators from entry-level to professional, continuously supplying diverse creative talent to the industry.

➤ **Co-hosting Forums to Support the Digital Music Copyright Ecosystem**

In September 2025, we co-organized the “Digital Music Copyright Ecosystem Forum” as a sideline event of the “China Digital Music Industry Conference” in Xiamen. During the sub-forum sessions, we engaged with industry experts to discuss pathways for reforming digital music licensing mechanisms. The forum focused on promoting copyright cooperation models grounded in actual usage, data transparency, and equitable revenue distribution, contributing to the development of a healthier and fairer digital music copyright environment.

➤ **Sharing Platform Innovation at the Chinese Podcast Conference**

In November 2025, we were invited to the “2025 Chinese Podcast Conference” held in Shanghai, delivering a keynote titled “The Infinite Possibilities of Audio: Podcast Ecosystem Innovation at NetEase Cloud Music”. The presentation outlined our strategies and outcomes in building a vibrant podcast ecosystem. Guided by the principles of ecosystem integration, cross-community collaboration, and end-to-end creator enablement, we continue to expand podcast content offerings and distribution channels to support creator growth. Looking ahead, we will remain focused on strengthening content, ecosystem, technology, and creator support, and will continue to contribute to a more dynamic and sustainable Chinese podcast industry.

Environmental, Social and Governance Report

APPENDIX 1: ESG REPORTING CODE

Part C: "Comply or explain" Provisions

Subject Areas, Aspects, General Disclosures and KPIs			Chapter
Environmental			
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	2.2 Waste Management
	A1.1	The types of emissions and respective emissions data.	NetEase Cloud Music is a non-manufacturing enterprise. Based on the principle of materiality, the types of emission and relevant data are not reported or disclosed
	A1.2	Repealed 1 January 2025	/
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 2: ESG Performance Indicators
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 2: ESG Performance Indicators
	A1.5	Description of emission target(s) set and steps taken to achieve them.	2.1 Environmental Targets 2.2 Waste Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	2.2 Waste Management

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs			Chapter
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	2.3 Resource Management
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas, or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix 2: ESG Performance Indicators
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix 2: ESG Performance Indicators
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	2.1 Environmental Targets 2.3 Resource Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	2.3 Resource Management
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	No packaging material is used for our business.
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	2.3 Resource Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2.3 Resource Management
Aspect A4: Climate Change	Repealed 1 January 2025		/
	A4.1	Repealed 1 January 2025	/

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs			Chapter
Social			
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3.1 Employment and Labor Practices
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix 2: ESG Performance Indicators
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 2: ESG Performance Indicators
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3.2 Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix 2: ESG Performance Indicators
	B2.2	Lost days due to work injury.	Appendix 2: ESG Performance Indicators
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.2 Health and Safety

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs			Chapter
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.3 Development and Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix 2: ESG Performance Indicators
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix 2: ESG Performance Indicators
Aspect B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	3.1 Employment and Labor Practices
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	3.1 Employment and Labor Practices
	B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Employment and Labor Practices
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.2 Responsible Supply Chain
	B5.1	Number of suppliers by geographical region.	Appendix 2: ESG Performance Indicators
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.1 Supplier Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.1 Supplier Management 4.2 Responsible Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.2 Responsible Supply Chain

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs			Chapter
Aspect B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	5.1 Products and Services 5.3 Data Security and Privacy Protection
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product recalls are irrelevant to our business.
	B6.2	Number of products and service related complaints received and how they are dealt with.	5.1 Products and Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.2 Intellectual Property (IP) Rights Protection
	B6.4	Description of quality assurance process and recall procedures.	Product quality assurance and recalls are irrelevant to our business.
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.3 Data Security and Privacy Protection

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs			Chapter
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	6.1 Integrity and Business Ethics Policies
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	6.1 Integrity and Business Ethics Policies
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6.1 Integrity and Business Ethics Policies
	B7.3	Description of anti-corruption training provided to directors and staff.	6.2 Integrity and Business Ethics Campaigns
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7.1 Participating in Philanthropy
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	7.1 Participating in Philanthropy 7.2 Empowering Industry Development
	B8.2	Resources contributed (e.g. money or time) to the focus area.	7.1 Participating in Philanthropy

Environmental, Social and Governance Report

Part D: Climate-related Disclosures

Climate-related Disclosures	Chapter	
Governance	19(a) The governance body(s) or individual(s) responsible for oversight of climate related risks and opportunities.	2.4.1 Governance
	19(b) Management's role in the governance processes, controls and procedures used to monitor and oversee climate-related risks and opportunities.	2.4.1 Governance
Strategy	20 Climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	2.4.2 Strategy
	21 The current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	2.4.2 Strategy
	22 The effects of climate-related risks and opportunities on the issuer's strategy and decision-making.	2.4.2 Strategy
	23 The progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	2.4.2 Strategy
	24 Qualitative and quantitative disclosures about the current financial effects of climate-related risks and opportunities.	2.4.2 Strategy
	25 Qualitative and quantitative disclosures about the anticipated financial effects of climate-related risks and opportunities.	2.4.2 Strategy
Risk Management	26 The resilience of the issuer's strategy and business model to climate-related changes, developments or uncertainties, and how and when climate-related scenario analysis is used to assess its climate resilience.	2.4.2 Strategy
	27(a)(b) The processes and related policies the issuer uses to identify, assess, prioritize and monitor climate-related risks and opportunities.	2.4.3 Risk Management
	27(c) The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	2.4.3 Risk Management

Environmental, Social and Governance Report

Climate-related Disclosures	Chapter
28 The issuer’s absolute gross greenhouse gas emissions generated during the reporting period, classified as: Scope 1, Scope 2, Scope 3	Appendix 2: ESG Performance Indicators
29 The standards, measurement approach and other reasonable and supportable information used to measure greenhouse gas emissions.	Appendix 2: ESG Performance Indicators
30 The amount and percentage of assets or business activities vulnerable to climate-related transition risks.	2.4.2 Strategy
31 The amount and percentage of assets or business activities vulnerable to climate-related physical risks.	2.4.2 Strategy
32 The amount and percentage of assets or business activities aligned with climate-related opportunities.	2.4.2 Strategy
33 The amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	2.4.2 Strategy
34 Whether and how the issuer is applying carbon pricing in decision-making, and the price of each metric ton of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions.	2.4.4 Metrics and Targets
35 Whether and how climate-related considerations are factored into remuneration policy.	2.4.1 Governance
36 Industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry.	Appendix 2: ESG Performance Indicators

Metrics and Targets

Environmental, Social and Governance Report

Climate-related Disclosures	Chapter
37 The qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals, and any targets the issuer is required to meet by law or regulation.	2.4.4 Metrics and Targets
38 The approach to setting and reviewing each target, and how it monitors progress against each target.	2.4.4 Metrics and Targets
39 Information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Appendix 2: ESG Performance Indicators
40 For each greenhouse gas emissions target disclosed, the type of target, the scope of the target, the approach used to set the target, and the use of carbon credits.	2.4.4 Metrics and Targets
41 Applicability of cross-industry metrics and industry-based metrics.	Appendix 2: ESG Performance Indicators

Environmental, Social and Governance Report

APPENDIX 2: ESG PERFORMANCE INDICATORS

Indicator		Unit	2025
Waste			
Non-hazardous Waste	Kitchen Garbage	Tonne	230.17
	Other Waste	Tonne	676.10
Hazardous Waste	Electronic Waste	Tonne	0.35
	Other Waste	Tonne	0.07
Non-hazardous Waste Discharge Intensity		Tonne/Person	0.70
Hazardous Waste Discharge Intensity		Tonne/Person	0.0003
Energy Consumption			
Direct Energy Consumption ⁶	Gasoline	Tonne	1.78
	Diesel	Tonne	1.33
	Natural Gas	m ³	80,444.00
	On-site Renewable Energy and Self-consumption	MWh	363.31
Indirect Energy Consumption ⁷	Electricity Purchased	MWh	13,081.22
Total Direct Energy Consumption		GWh	1.27
Total Indirect Energy Consumption		GWh	13.08
Total Comprehensive Energy Consumption ⁸		GWh	14.35
Comprehensive Energy Consumption Intensity		GWh/Person	0.0111

⁶ Direct energy consumption includes gasoline and diesel consumption, electricity from renewable energy, and natural gas consumption of self-owned properties.

⁷ Indirect energy consumption includes the consumption of purchased electricity in self-owned properties.

⁸ The total comprehensive energy consumption is calculated based on the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2020).

Environmental, Social and Governance Report

Indicator	Unit	2025	
Carbon Emissions⁹			
Scope 1 ¹⁰ Emissions	Tonne of CO ₂ e	673.18	
Scope 2 ¹¹ Emissions Location-based	Tonne of CO ₂ e	5,792.79	
Scopes 1 + 2	Tonne of CO ₂ e	6,465.97	
Scope 3 ¹²	Tonne of CO ₂ e	1,238.15	
Per Capita Emissions from Operations (Scopes 1 + 2) ¹³	Tonne of CO ₂ e/Person	5.02	
Total Per Capita Emissions (Scopes 1 + 2 + 3)	Tonne of CO ₂ e/Person	5.98	
Water Consumption¹⁴			
Total Water Consumption	Tonne	51,330.76	
Water Use Intensity	Tonne/Person	39.85	
Supplier Management			
Number of Centralized Suppliers	Quantity	71	
Number of Centralized Suppliers	Chinese Mainland	Quantity	69
by Geographical Region	Other Regions	Quantity	2

⁹ The measurement approach, inputs and related assumptions used to measure the Company's GHG emissions are primarily based on the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (2004) and other applicable local frameworks. Applying the operational control approach, we account for Scope 1, Scope 2 and Scope 3 GHG emissions to reasonably reflect our operational footprint, considering our current business model and data availability. Key assumptions include the use of the latest nationally recognized authoritative emission factors, as well as the accuracy of metering data and internal records. This methodological consistency serves to underpin the scientific robustness, comparability, and operational representativeness of the calculated results.

No material changes were made to the measurement approach, key inputs or core assumptions compared with the previous reporting period, thereby maintain the year-on-year comparability of emissions performance. The basic measurement approach applied is: GHG emissions = activity data × emission factor.

¹⁰ Scope 1 GHG emissions primarily from the consumption of gasoline, diesel and natural gas, as well as fugitive emissions from refrigerants and fire suppression agents. Activity data are sourced from procurement invoices and related records, and emissions are calculated with reference to the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* (2019 Revision) issued by the Intergovernmental Panel on Climate Change (IPCC).

¹¹ Scope 2 GHG emissions result from purchased electricity consumption. Electricity usage data are obtained from utility invoices, and emissions are calculated using the 2023 electricity carbon dioxide emission factor jointly issued by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics.

¹² Scope 3 GHG emissions cover purchased goods and services (specifically cloud services), business travel, employee commuting, and upstream leased assets (covering energy use in leased data centers and offices). Calculation inputs are primarily derived from ledger records and internal systems.

¹³ During the reporting period, we commissioned a new office campus and further reduced our reliance on third-party leased data centers, increasing the share of self-owned data centers. Consequently, Scope 3 emissions decreased year-over-year, while Scope 2 emissions rose. Although per capita operational emissions (Scopes 1 + 2) increased, the change in total per capita emissions (Scopes 1+2+3) remained within acceptable thresholds.

¹⁴ Water usage mainly comes from the municipal water supply and there are no issues in sourcing water.

Environmental, Social and Governance Report

Indicator		Unit	2025
Employees			
Employees by Gender	Male	Person	751
	Female	Person	537
Employees by Age Group	30 and under	Person	362
	31 to 50	Person	925
	Over 50	Person	1
Employees by Geographical Region	Chinese Mainland	Person	1,286
	Other Regions	Person	2
Number of Employees by Employment Type	Full-time Employees	Person	1,288
	Contractual Employees and Others	Person	454
Employee Turnover Rate ¹⁵		%	23
Turnover Rate by Gender	Male	%	22
	Female	%	23
Turnover Rate by Age Group	30 and under	%	26
	31 to 50	%	21
	Over 50	%	50
Turnover Rate by Geographical Region	Chinese Mainland	%	23
	Other Regions	%	0

¹⁵ Employee turnover rate = (Number of full-time employees who left during the reporting year/Average number of full-time employees at the beginning and end of the reporting period) * 100%. Employee turnover reflects the number of full-time employees who have left (due to voluntary resignations, dismissals, retirement).

Environmental, Social and Governance Report

Indicator		Unit	2025
Employee Training			
Percentage of Trained Employees		%	100
Trained Employees by Gender	Male	%	59.83
	Female	%	40.17
Trained Employees by Employee Category	Middle and Senior Management	%	1.67
	Junior Management	%	1.32
	Non-management	%	97.01
Average Training Hours		Hour/Person	41.23
Average Training Hours by Gender	Male	Hour/Person	40.57
	Female	Hour/Person	42.22
Average Training Hours by Employee Category	Middle and Senior Management	Hour/Person	54.39
	Junior Management	Hour/Person	112.57
	Non-management	Hour/Person	40.03

Health and Safety

Indicator	Unit	2023	2024	2025
Number of work-related fatalities occurred	Person	0	0	0
Work-related fatality rate	%	0	0	0

Indicator	Unit	2025
Lost days due to work injury	Day	70

Independent Auditor's Report



To the Shareholders of NetEase Cloud Music Inc.

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of NetEase Cloud Music Inc. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 129 to 213, comprise:

- the consolidated balance sheet as at 31 December 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public 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.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to revenue recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p>Refer to notes 2.2.12 and 5 to the consolidated financial statements.</p> <p>The Group's revenue is primarily from the provision of online music services and social entertainment services, which includes revenue from membership subscriptions and sales of virtual items in social entertainment platforms operating by the Group.</p> <p>During the year ended 31 December 2025, total revenue of the Group amounting to approximately RMB7.76 billion which is recognised when or as the control of the services or goods is transferred to the customers.</p>	<p>We performed the following procedures to address the key audit matter:</p> <ul style="list-style-type: none">• Evaluated the appropriateness of the revenue recognition policies as adopted by management;• Understood, evaluated and tested, on a sample basis, the key internal controls in relation to recognition of revenue from membership subscriptions and sales of virtual items in social entertainment platforms operating by the Group;• Understood, evaluated and tested, on a sample basis, the key controls in relation to the general control environment of the IT Systems and the underlying automated controls relevant to recording and processing of data and transactions supporting the corresponding revenue;

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on revenue from membership subscriptions and sales of virtual items in social entertainment platforms operating by the Group as significant efforts were spent on auditing the revenue recognised due to magnitude of the revenue amount and the significant volume of revenue transactions processed through the information technology systems ("IT Systems").	<ul style="list-style-type: none">• By using computer-assisted audit techniques, tested the mathematical accuracy and the completeness of the system generated reports that summarised the key inputs for the calculation of revenue; and compare data from these reports to the relevant revenue amount recognised; and• Tested revenue transactions, on a sample basis, by comparing the key terms and attributes of the underlying contracts, the services consumed and cash receipts, where relevant, against the underlying data recorded in the relevant IT Systems used in transaction processing and recalculated the revenue amount recognised.

Based on the procedures performed, we found revenue from membership subscriptions and sales of virtual items in social entertainment platforms operating by the Group to be 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 IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Chun Wah Ryan.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 13 March 2026

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	5	7,759,450	7,950,146
Cost of revenue	8	(4,989,858)	(5,268,634)
Gross profit		2,769,592	2,681,512
Selling and marketing expenses	8	(408,734)	(611,533)
General and administrative expenses	8	(176,602)	(184,651)
Research and development expenses	8	(761,602)	(779,659)
Other income	6	181,922	27,859
Other gains, net	7	17,376	37,319
Operating profit		1,621,952	1,170,847
Share of results of investments accounted for using equity method	18	98	(6,544)
Finance income	11	445,882	406,191
Finance cost		(194)	(239)
Profit before income tax		2,067,738	1,570,255
Income tax credit/(expense)	12	678,090	(4,886)
Profit for the year		2,745,828	1,565,369
Profit for the year attributable to:			
Equity holders of the Company		2,748,210	1,561,507
Non-controlling interest		(2,382)	3,862
		2,745,828	1,565,369
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
Basic earnings per share	13	13.02	7.48
Diluted earnings per share	13	12.87	7.40

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

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit for the year	2,745,828	1,565,369
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Currency translation differences	(240,383)	99,175
Items that will be reclassified to profit or loss		
Currency translation differences	(13,525)	(1,075)
Total comprehensive income for the year	2,491,920	1,663,469
Total comprehensive income for the year attributable to:		
Equity holders of the Company	2,494,302	1,659,607
Non-controlling interest	(2,382)	3,862
	2,491,920	1,663,469

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

AS AT 31 DECEMBER 2025

		As at 31 December	
		Notes	
			2025
			RMB'000
			2024
			RMB'000
Assets			
Non-current assets			
Property, plant and equipment	15	19,660	20,080
Right-of-use assets	16	5,939	6,165
Investments accounted for using equity method	18	51,576	72,425
Deferred income tax assets	19	746,701	–
Prepaid contents royalties	22	102,792	107,173
Prepayments, deposits and other receivables	23	60,497	24,221
Bank deposits	24	1,400,000	1,400,000
		2,387,165	1,630,064
Current assets			
Accounts and bills receivable	21	1,068,190	1,054,653
Prepaid contents royalties	22	531,956	335,144
Prepayments, deposits and other receivables	23	270,251	305,139
Amounts due from group companies	34	28,444	32,993
Financial assets at fair value through profit or loss	20	–	6,515
Bank deposits	24	9,057,452	6,420,669
Restricted cash	25	407	1,862
Cash and cash equivalents	25	3,117,624	3,795,210
		14,074,324	11,952,185
Total assets		16,461,489	13,582,249
Equity			
Equity attributable to equity holders of the Company			
Share capital	26	139	139
Other reserves	27	18,653,014	18,708,160
Accumulated losses		(5,783,719)	(8,530,648)
		12,869,434	10,177,651
Non-controlling interest		–	3,862
Total equity		12,869,434	10,181,513
Liabilities			
Non-current liabilities			
Contract liabilities	31	101,657	83,889
Lease liabilities	16	4,229	4,762
		105,886	88,651

Consolidated Balance Sheet

AS AT 31 DECEMBER 2025

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
Current liabilities			
Accounts payable	29	56,074	24,015
Accruals and other payables	30	1,920,671	1,976,447
Contract liabilities	31	1,406,207	1,235,473
Amounts due to group companies	34	38,464	73,702
Income tax payable		62,786	738
Lease liabilities	16	1,967	1,710
		3,486,169	3,312,085
Total liabilities		3,592,055	3,400,736
Total equity and liabilities		16,461,489	13,582,249

The consolidated financial statements on pages 129 to 213 were approved by the Board of Directors on 13 March 2026 and were signed on its behalf:

William Lei Ding
Director

Yong Li
Director

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

Attributable to equity holders of the Company

	Notes	Share capital RMB'000	Other reserves RMB'000 (Note 27)	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2025		139	18,708,160	(8,530,648)	10,177,651	3,862	10,181,513
Profit for the year		-	-	2,748,210	2,748,210	(2,382)	2,745,828
Other comprehensive income:							
Currency translation differences		-	(253,908)	-	(253,908)	-	(253,908)
Total comprehensive income for the year		-	(253,908)	2,748,210	2,494,302	(2,382)	2,491,920
Transactions with equity holders:							
Exercise of options	26, 27	-	86,106	-	86,106	-	86,106
Equity-settled share-based payment under the share option scheme of the Pre-IPO Share Incentive Plan	27	-	6,037	(189)	5,848	-	5,848
Equity-settled share-based payment under the share award scheme of the Pre-IPO Share Incentive Plan	27	-	3,211	(9)	3,202	-	3,202
Equity-settled share-based payment under the share award scheme of the Post-IPO Share Incentive Plan	27	-	103,762	(1,015)	102,747	-	102,747
Repurchase of shares	27	-	(1,902)	-	(1,902)	-	(1,902)
Appropriations to statutory reserves	27	-	68	(68)	-	-	-
Acquisition of non-controlling interests	27	-	1,480	-	1,480	(1,480)	-
Total transactions with equity holders		-	198,762	(1,281)	197,481	(1,480)	196,001
Balance at 31 December 2025		139	18,653,014	(5,783,719)	12,869,434	-	12,869,434

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

Attributable to equity holders of the Company							
	Notes	Share capital RMB'000	Other reserves RMB'000 (Note 27)	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024		137	18,532,229	(10,091,464)	8,440,902	-	8,440,902
Profit for the year		-	-	1,561,507	1,561,507	3,862	1,565,369
Other comprehensive income:							
Currency translation differences		-	98,100	-	98,100	-	98,100
Total comprehensive income for the year		-	98,100	1,561,507	1,659,607	3,862	1,663,469
Transactions with equity holders:							
Exercise of options	26, 27	2	161,547	-	161,549	-	161,549
Equity-settled share-based payment under the share option scheme of the Pre-IPO Share Incentive Plan	27	-	11,923	(249)	11,674	-	11,674
Equity-settled share-based payment under the share award scheme of the Pre-IPO Share Incentive Plan	27	-	48,008	(6)	48,002	-	48,002
Equity-settled share-based payment under the share award scheme of the Post-IPO Share Incentive Plan	27	-	79,331	(436)	78,895	-	78,895
Repurchase of shares	27	-	(222,978)	-	(222,978)	-	(222,978)
Total transactions with equity holders		2	77,831	(691)	77,142	-	77,142
Balance at 31 December 2024		139	18,708,160	(8,530,648)	10,177,651	3,862	10,181,513

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	32(a)	1,624,644	1,782,905
Income taxes paid		(6,563)	(8,285)
Net cash generated from operating activities		1,618,081	1,774,620
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(11,203)	(3,709)
Proceeds from disposal of property, plant and equipment		954	1,970
Placement of bank deposits		(25,139,726)	(8,939,032)
Proceeds from maturity of bank deposits		22,300,125	6,697,853
Payments for investments in financial assets at fair value through profit or loss		(23,462,000)	(16,975,000)
Proceeds from disposal of financial assets at fair value through profit or loss		23,501,405	17,003,461
Dividends received from an associate		653	–
Interest received		463,463	275,675
Net cash used in investing activities		(2,346,329)	(1,938,782)
Cash flows from financing activities			
Exercise of options		86,404	162,824
Repurchase of shares		(1,902)	(222,978)
Principal elements of lease payments	32(b)	(1,799)	(1,667)
Interest elements of lease payments	32(b)	(194)	(239)
Net cash generated from/(used in) financing activities		82,509	(62,060)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		3,795,210	4,020,400
Exchange differences on cash and cash equivalents		(31,847)	1,032
Cash and cash equivalents at end of the year	25	3,117,624	3,795,210

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

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION AND HISTORY OF THE GROUP

1.1 General information

NetEase Cloud Music Inc. (the “Company”) was incorporated in the Cayman Islands on 2 February 2016 as an exempted company with limited liability. The registered office of the Company is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the operation of online platforms to provide music services and social entertainment services in the People’s Republic of China (the “PRC”).

NetEase, Inc. (“NetEase”) is the immediate holding company and the ultimate holding company of the Company. NetEase, Inc., its subsidiaries and consolidated affiliated entities, excluding the Group, are collectively referred to as “NetEase Group”.

These consolidated financial statements are presented in thousands of unit of Renminbi (RMB’000), unless otherwise stated.

The Group operates its business primarily through contractual arrangements (the “Contractual Arrangements”) with Hangzhou Yuedu Technology Co., Ltd (“Hangzhou Yuedu”), which enable the Group to exercise power over Hangzhou Yuedu, receive variable returns from its involvement in Hangzhou Yuedu and have the ability to affect those returns through its power over Hangzhou Yuedu. Therefore, the Group controls Hangzhou Yuedu and regards Hangzhou Yuedu as a controlled structured entity.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the structured entity. Uncertainties presented by the PRC legal system could impede the Group’s beneficiary rights of the results, assets and liabilities of the structured entity. The directors of the Company, based on the advice from its legal counsel, consider that the Contractual Arrangements among the Group, Hangzhou Yuedu and its equity holders are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable. Other contractual arrangements were also executed for another entity which is insignificant to the Group. All these operating companies are treated as controlled Structured Entities of the Group and their financial statements have also been consolidated by the Group. See details in Note 17.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION

This note provides a list of the accounting policies adopted in the preparation of these consolidated financial statements.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities, which are measured at fair value.

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.1 *Basis of preparation (Continued)*

2.1.2 *New standards and amendments to standards not yet adopted (Continued)*

The directors have performed assessment on the new standards, and amendments, and has concluded on a preliminary basis that these new standards and amendments would not have a significant impact on the Group's consolidated financial statements when they become effective, except for IFRS 18 which will impact the presentation of profit and loss.

IFRS 18 will replace IAS 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 IFRS 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.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.1 *Basis of preparation* *(Continued)*

2.1.2 *New standards and amendments to standards not yet adopted* *(Continued)*

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes 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. In addition, there will be significant new disclosures required for:

- management-defined performance measures;
- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
- for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Summary of 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 control. 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.

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.

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

(b) Subsidiaries controlled through Contractual Arrangements

In order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of internet content and other restricted businesses, the Group operates its business operations within these areas in the PRC through a series of contractual arrangements entered into among the Company, its wholly-owned subsidiaries, and certain domestic entities ("Structured Entities") that legally owned by certain management members of the Group ("Registered Shareholders") authorised by the Group.

The Contractual Arrangements include cooperation agreements and operation agreements, exclusive purchases option agreement, equity pledge agreements, shareholders' voting rights trust agreements and powers of attorney, which enable the Group to:

- govern the financial and operating policies of the Structured Entities;
- receive substantially all of the economic interest returns generated by the Structured Entities in consideration for the technical support, consulting and other services provided exclusively by the Wholly Foreign Owned Enterprise ("WFOE"), at the WFOE's discretion;

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

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

(b) Subsidiaries controlled through Contractual Arrangements *(Continued)*

- obtain an irrevocable and exclusive right to purchase part or all of the equity interests in the Structured Entities at any time and from time to time, at the minimum consideration permitted by the relevant law in China at the time of transfer;
- obtain a pledge over all of its equity interests from its respective Registered Shareholders as collateral for all of the PRC entities' payments due to the Group to secure performance of entities' obligation under the Contractual Arrangements; and
- exercise equity holder voting rights of the Structured Entities.

Accordingly, the Group has rights to control these entities and they are accounted for as entities controlled by the Group.

(c) Associates

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

(d) Equity accounting

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 receivables from associates and joint venture are recognised as a reduction in the carrying amount of the investment.

When 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 and joint venture 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.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.2.5.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “CODM”), who is responsible for allocating resources and assessing performance of the operating segments and making 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 functional currency of the Company is United States Dollars (“US\$”). The Company’s primary subsidiaries and Structured Entities are incorporated in the PRC and the functional currency of these entities is Renminbi (“RMB”). The Group determined to present its consolidated financial statements in RMB.

(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.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 *Summary of material accounting policies (Continued)*

2.2.3 *Foreign currency translation (Continued)*

(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 are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 *Summary of material accounting policies (Continued)*

2.2.4 *Prepaid contents royalties*

Prepaid contents royalties represent the prepaid licence fee related to the music contents licensed from third parties. Prepaid contents royalties are carried at cost less impairment loss and are expensed to the consolidated statement of profit or loss within cost of revenue according to the pattern that the Group derives the benefit from the prepaid contents royalties, which is straight line over the relevant licence period as the benefits of its own use or revenue from sublicensing are both derived evenly throughout the period. Prepaid contents royalties are presented on the balance sheet as current and non-current based on estimated time of usage.

2.2.5 *Impairment of non-financial assets*

Non-financial 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. For the purpose 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.

2.2.6 *Accounts and bills receivable*

Accounts and bills receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. Accounts receivable are generally due for settlement within one year and therefore are all classified as current.

Accounts and bills receivable 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 accounts receivable with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 21 for further information about the Group's accounting for accounts and bills receivable and Note 3.1(b) for a description of the Group's impairment policies.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 *Summary of material accounting policies (Continued)*

2.2.7 *Cash and cash equivalents*

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, and 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.

2.2.8 *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 and its subsidiaries, associates and joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not 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 substantively 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.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.8 Current and deferred income tax *(Continued)*

(b) Deferred income tax *(Continued)*

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

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

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.

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.

2.2.9 Employee benefits

(a) Short-term obligation

Liabilities for wages and salaries, including non-monetary benefits and annual leaves that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheets.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.9 Employee benefits *(Continued)*

(b) Post-employment obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by government authorities. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plan prior to vesting fully in the contributions.

2.2.10 Share-based payments

The Group operates an equity-settled share-based compensation plan (i.e. share option scheme and share award scheme), under which the Group receives services from employees and others who provide similar services as employees ("Service Recipients"), as consideration for equity instruments of the Company. In addition, the controlling shareholder, NetEase, also operates certain share-based compensation plans (i.e. restricted share units ("RSUs") plans) which may cover certain employees (the "Eligible Grantees") of the Group. Share options, share awards and RSUs granted to the grantees of the Group are measured at the grant date based on the fair value of equity instruments and are recognised as an employee benefit expenses over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity as "share-based compensation reserve" if it is related to equity instruments of the Company or as "contributions from ultimate holding company" if it is related to equity instruments of NetEase.

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.10 Share-based payments *(Continued)*

The total amount to be expensed is determined by reference to the fair value of the options and RSUs granted:

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

For share options with a performance condition that affects vesting, the performance condition is not considered in determining the share option's fair value on the grant date. Performance condition should be considered when the Group is estimating the quantity of share options that will vest. The Group recognises compensation expenses for share options with performance conditions if and when the Group concludes that it is probable that the performance condition will be achieved, net of actual prevesting forfeitures over the requisite service period. The Group reassesses the probability of vesting at each reporting period for share options with performance conditions and adjusts compensation expenses based on its probability assessment.

2.2.11 Share held under share award scheme

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

Consideration paid for shares held under share award scheme is deducted from equity attributable to the equity holders of the Company and disclosed as "shares held under share award scheme".

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.12 Revenue recognition

The Group generates revenue primarily from provision of online music services and social entertainment services, such as music membership subscriptions, sublicensing of contents royalties, online advertising and sales of virtual items. Revenue is recognised when or as the control of the services or goods is transferred to the customer. Depending on the terms of the contract and the laws that are applied to the contract, control of the services and goods may be transferred over time or at a point in time.

(a) Revenue from online music services

Online music services mainly include revenue from membership subscriptions, sales of digital music album and songs, contents sublicensing and online advertising on the Group's online platforms.

The Group offers users subscription packages which entitled paying subscribers access to the Group's relevant music contents and other privileged features on its platforms. The subscription fees for these packages are primarily time-based mainly from weekly to yearly and is collected upfront. The receipt of subscription fees is initially recognised as contract liabilities. The Group satisfies its performance obligations throughout the subscription period and revenue from the membership subscriptions is recognised over time.

The Group also offers users to purchase exclusive digital music albums and songs which can listen both online and offline. The Group considers that the control has been transferred to customer at time of purchase. As a result, the performance obligation is satisfied and revenue is recognised at a point in time.

The Group sublicenses certain music content to other music platforms for a fixed period of one to three years, which generally falls within the original license period. The Group determines that sublicensing of content represents a single performance obligation. When the sublicensing arrangement grants a right to other music platforms to access the content, revenue is recognised over time throughout the sublicense period. However, if the sublicensing arrangement grants a right to other music platforms to use the content, revenue is recognised at a point in time.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.12 Revenue recognition *(Continued)*

(a) Revenue from online music services *(Continued)*

Revenue from online advertising is primarily generated through display of advertisements on the Group's online platforms.

The Group derives its advertising revenue principally from short-term online advertising contracts. Advertising service contracts may consist of multiple performance obligations with a typical term of less than three months. In arrangements where the Group has multiple performance obligations, the transaction price is allocated to each performance obligation using the relative stand-alone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. Considerations allocated to each performance obligation is recognised as revenue over the advertisement display period, which is usually within three months.

The Group also enters into performance-based advertising arrangements with customers. For example, for cost per mile ("CPM"), or cost per thousand impressions, advertising arrangements with customers, the Group recognises revenue based on the number of times that the advertisement has been displayed.

Certain customers may receive volume rebates, which are accounted for as variable consideration. The Group estimates annual expected rebate volume with reference to their historical results and reduce revenues recognised.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.12 Revenue recognition *(Continued)*

(b) Revenue from social entertainment services and others

The Group operates live streaming platforms whereby users can view live stream performance provided by live streaming performers and interact with them on a real time basis free of charge. The Group sells virtual items to users at pre-determined price, which users can gift the virtual items to live streaming performers to show their support and appreciation.

The Group also operates social networking platforms whereby users can access to basic functionalities on the platforms, such as view other users' sharing and private messaging, free of charge. The Group sells virtual items to users at pre-determined price, which users can purchase virtual items and send them to other users for better interaction and social networking experience.

The Group generates revenue from the sale of virtual items, which are produced and delivered by the Group in these platforms. Majority of revenue from sales of virtual items are recognised when the virtual items are gifted by users to live streaming performers in the live streaming platforms or other users in the social networking platforms, which is considered as the point when the Group's performance obligation is satisfied and the Group has no further obligations related to the virtual items after they are consumed by the users. The Group allocates revenue to each performance obligation on a relative stand-alone selling price basis, which are determined based on the prices charged to customers. Proceeds received from the sales of virtual items before they are being gifted in the live streaming platforms or social networking platforms are recorded as contract liabilities.

The Group shares with the gift recipients a portion of the revenue from sale of virtual items. Revenue from sale of virtual items are generally recorded at the gross amount with the portion remitted to gift recipients as cost of revenue as the Group considers itself as the principal for the sale of virtual items as the Group controls the production and price setting of the virtual items before they are transferred to the customers.

Further consideration about principal versus agent consideration in relation to recognising revenue on a gross or net basis is disclosed in note (c) below.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.12 Revenue recognition *(Continued)*

(c) Principal agent consideration

The Group reports revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in a transaction. The determination of whether to report the revenue on a gross or net basis is based on an evaluation of various factors, including but not limited to whether the Group (i) is the primary obligor in the arrangement; (ii) has latitude in establishing the selling price; (iii) changes the product or performs part of the service; and (iv) has involvement in the determination of product and service specifications.

(d) Contract liabilities

A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2.2.13 Research and development expenses

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are capitalised as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the intangible asset so that it will be available for use or sales; (b) management intends to complete the intangible asset and use or sell it; (c) there is an ability to use or sell the intangible asset; (d) it can be demonstrated how the intangible asset will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and (f) the expenditure attributable to the intangible asset during its development can be reliably measured. Other development costs that do not meet these criteria are expensed as incurred. There were no development costs meeting these criteria and capitalised as intangible assets as at 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.14 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to equity 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 period, adjusted for bonus elements in ordinary shares issued during the period 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.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Summary of other accounting policies

2.3.1 Separate financial statements

Investments in subsidiaries, associate and joint venture 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, associate and joint venture is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary, associate or joint venture 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.

2.3.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.2 Property, plant and equipment *(Continued)*

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Servers and network equipment	3 – 5 years
Office furniture, equipment and others	3 – 5 years
Leasehold improvements	Shorter of expected lives of leasehold improvements and lease term

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

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 in profit or loss.

2.3.3 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 ("FVOCI").

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.3 Investments and other financial assets *(Continued)*

(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 ("FVPL") are expensed in profit or loss.

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

Debt instruments

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

- Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as and 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 gains/(losses), net" together with foreign exchange gains and losses. Impairment losses are charged to profit or loss.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.3 Investments and other financial assets *(Continued)*

(c) Measurement *(Continued)*

Debt instruments *(Continued)*

- FVOCI: Financial 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 classified as and measured at FVOCI. Movements in the carrying amount of these financial assets are taken through other comprehensive income, except for the recognition of impairment losses or reversals, 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 other comprehensive income is reclassified from equity to profit or loss and recognised in "other gains/(losses), net" in the consolidated statements of profit or loss. Interest income from these financial assets is recognised using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses), net" and impairment loss are charged to profit or loss.
- FVPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are classified as and measured at FVPL. A gain or loss on a debt investment measured at fair value through profit or loss which is not part of a hedging relationship is recognised in profit or loss and presented in "other gains/(losses), net" for the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, 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 gains/(losses), net" in the consolidated statements of profit or loss as applicable. Impairment losses/(reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 *Summary of other accounting policies (Continued)*

2.3.3 *Investments and other financial assets (Continued)*

(d) **Impairment**

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

For accounts and bills receivable, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised since initial recognition. For other financial assets, the Group applies the general approach permitted by IFRS 9, which requires the 12-month losses when there is no significant increase in credit risk since origination.

2.3.4 *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheets where there is 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.

2.3.5 *Restricted cash*

Cash that restricted from withdrawal, use or pledged as security is reported separately on the face of the consolidated balance sheets, and is not included in the total cash and cash equivalents in the consolidated statements of cash flow. The Group's restricted cash mainly represents the deposits restricted in relation to legal claims.

2.3.6 *Accounts 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. Accounts 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.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 *Summary of other accounting policies (Continued)*

2.3.7 *Provisions and contingent liabilities*

Provisions for legal claims 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 can be reliably estimated. Provisions are not recognised for future 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.

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

2.3.8 *Interest income*

Interest income is presented within "finance income" when 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).

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.9 Government grants

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 profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.3.10 Leases

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. The right-of-used assets of the Group all represent the lease of offices for operation purpose.

Contracts may contain both lease and non-lease components. For leases of rentals of offices for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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 may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.10 Leases *(Continued)*

The lease payments are discounted using the interest rate implicit in the lease. The Group uses the incremental borrowing rate, for the implicit rate cannot be readily determined, which is the Group 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.

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 liabilities;
- 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 of office buildings and servers are recognised on a straightline basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the potential adverse effects on the financial performance of the Group. Risk management is carried out by the senior management of the Group.

(a) *Market risk*

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US\$. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of the respective entity of the Group. The functional currency of the Company is US\$ whereas the functional currency of the subsidiaries which operate in the PRC is RMB. The Group currently does not hedge transactions undertaken in foreign currencies but manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

As at 31 December 2025 and 2024, the impact of foreign exchange fluctuations is not material as the Group's entities had no material financial assets or financial liabilities denominated in a currency that different from its functional currency and therefore no sensitivity analysis is presented for foreign exchange risk.

(ii) Price risk

The Group is exposed to price risk mainly relating to certain investments held by the Group, which were classified as financial assets at fair value through profit or loss, including investments in wealth management products. The Group is not exposed to commodity price risk. See Note 3.3 for details.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(iii) Interest rate risk

The Group's interest rate risk primarily arises from bank deposits and certain cash at bank. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

If the interest rate of cash and cash equivalents and bank deposit had been 50 basis points higher/lower, the profit before income tax for the year ended 31 December 2025 would have been higher/lower RMB67.9 million (2024: RMB58.1 million).

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

(b) Credit risk

(i) Risk management

Credit risk arises from bank deposits, cash and cash equivalents and restricted cash as well as credit exposures on amounts due from group companies, accounts and bills receivable, other receivables and deposits. The carrying amount of each class of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

Credit risk is managed on a group basis. Bank deposits and cash and cash equivalents are mainly placed with reputable financial institutions in the PRC and reputable international financial institutions in Hong Kong, which management considers being of high credit quality. For accounts and bills receivable, the Group assesses the credit quality of the receivables by taking account of various factors, including past operational and financial performance and other factors.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 *Financial risk factors* *(Continued)*

(b) Credit risk *(Continued)*

(ii) Impairment of financial assets

The Group has following types of financial assets that are subject to the expected credit loss model:

- Accounts and bills receivable
- Bank deposits
- Cash and cash equivalents
- Restricted cash
- Amounts due from group companies
- Other receivables and deposits

Accounts and bills receivable

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts and bills receivable. To measure the expected credit losses, accounts and bills receivable have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical payment profiles and historical loss rates, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The Group has identified the Producer Price Index ("PPI") and Purchasing Managers' Index ("PMI") of the PRC to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Accounts and bills receivable (Continued)

On that basis, the loss allowance as at 31 December 2025 and 2024 was determined as follows for accounts and bills receivable:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Gross carrying amount	1,077,496	1,061,927
Loss allowance provision	(9,306)	(7,274)
Expected loss rate	0.86%	0.68%

The loss allowances for accounts and bills receivable as at 31 December 2025 and 2024 reconcile to the opening loss allowances is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
At 1 January	7,274	6,951
Net impairment loss during the year	2,032	323
At 31 December	9,306	7,274

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 *Financial risk factors* *(Continued)*

(b) Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

Accounts and bills receivable *(Continued)*

Accounts and bills receivable are written off where 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 repayment plan with the Group, and indicators of financial difficulties. Impairment losses on accounts and bills receivable are charged to profit or loss, and subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

To manage credit risk, bank deposits, cash and cash equivalents and restricted cash are mainly placed with reputable financial institutions in PRC and reputable international financial institutions in Hong Kong. There has been no recent history of default in relation to these financial institutions.

For impairment on amounts due from group companies, other receivables and deposits, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. Management makes periodic collective assessments as well as individual assessment on these financial assets based on historical settlement records and past experience.

The expected credit loss on other financial assets at amortised cost is insignificant to the Group.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and short-term time deposits or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2025					
Accounts payable	-	56,074	-	-	56,074
Accruals and other payable (excluding non-financial liabilities)	-	1,561,465	-	-	1,561,465
Amounts due to group companies	38,464	-	-	-	38,464
Lease liabilities	-	2,131	1,673	2,740	6,544
At 31 December 2024					
Accounts payable	-	24,015	-	-	24,015
Accruals and other payable (excluding non-financial liabilities)	-	1,664,855	-	-	1,664,855
Amounts due to group companies	73,702	-	-	-	73,702
Lease liabilities	-	1,887	1,264	3,805	6,956

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management

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

The Group monitors capital (including share capital and share premium) by regularly reviewing the capital structure. As part of this review, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. As at 31 December 2025 and 2024, the directors of the Company consider that the capital risk of the Group is minimal as the Group's capital structure is mainly financed by ordinary and preferred shares with net cash and there is no material external interest bearing debts during the years ended 31 December 2025 and 2024.

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at each balance sheet date by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

The following table presents the Group's financial assets that are measured at fair value at 31 December 2024:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2024				
Assets				
Financial assets at fair value through profit or loss				
– Wealth management products	–	–	6,515	6,515

As at 31 December 2025, the Group had no financial assets or financial liabilities that are measured at fair value.

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the year ended 31 December 2024.

(a) *Financial instruments in Level 3*

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Quoted market prices were used to value financial instruments.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial instruments in Level 3 (Continued)

The following table presents the changes in level 3 items of financial assets at fair value through profit or loss for the year ended 31 December 2025:

	RMB'000
At 1 January 2024	–
Additions	16,975,000
Disposals	(17,003,461)
Change in fair value through profit or loss	34,976
At 31 December 2024 and 1 January 2025	6,515
Additions	23,462,000
Disposals	(23,501,405)
Change in fair value through profit or loss	32,890
At 31 December 2025	–

Description	As at 31 December 2024 RMB'000	Unobservable inputs	Range of input As at 31 December 2024	Relationship of unobservable inputs to fair value
Wealth management products	6,515	Expected rate of return	1.52%	The higher the expected rate of return, the higher the fair value.

Investments in wealth management products are measured at fair value through profit or loss.

Financial instruments at amortised cost

The carrying amounts of the Group's other financial assets measured at amortised costs, including long-term bank deposits, short-term bank deposits, cash and cash equivalents, restricted cash, amounts due from group companies, accounts and bills receivable, other receivables and deposits and the Group's financial liabilities, including accounts payables, accruals and other payables and amounts due to group companies, approximate their fair values due to their short maturities or the interest rates are close to the market interest rates.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Impairment assessment of non-financial assets

Non-financial assets, mainly including prepaid contents royalties, property, plant and equipment, investments accounted for using equity method, right-of-use assets and other prepayments, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) the selection of the most appropriate valuation technique, e.g. the market approach, the income approach, as well as a combination of approaches, including the adjusted net asset method; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Contractual arrangements

As disclosed in Note 2.2.1(b), the Group exercises control over certain Structured Entities and has the right to recognise and receive substantially all the economic benefits from them through the Contractual Arrangements. The Directors consider that the Group controls these Structured Entities notwithstanding that it does not have direct or indirect legal ownership in equity of these entities as the Group has power over the financial and operating policies of these entities and receives substantially all the economic interest returns generated from the business activities of these entities through these Contractual Arrangements. Accordingly, all these Structured Entities are accounted for as controlled Structured Entities and their financial statements have also been consolidated by the Company throughout the years ended 31 December 2025 and 2024.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Structured Entities. Uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Structured Entities. Significant judgement is involved in determining whether the Group is able to control these entities through these Contractual Arrangements. The Directors of the Company, after taking into account of the advice from its external legal advisors, consider that the Contractual Arrangements entered into by the Group are in compliance with the relevant PRC laws and regulations and are therefore legally binding and enforceable.

(c) Share-based payments

The Group measures the cost of equity-settled transactions with employees and others who provide similar services as employees with reference to the fair value of the equity instruments at the date at which they are granted with estimated forfeiture rate of eligible grantees. Significant estimates are involved in the determination of forfeiture rate, which include the use of the most appropriate calculation model and inputs based on the actual forfeiture rate of the Group.

(d) Current and deferred income taxes

The Group is subject to income taxes in the PRC and other jurisdictions. Significant judgement is required in determining the provision for income taxes in each of these jurisdictions. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provision in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate including revenue growth rate and expiry date of tax loss, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Type of goods or services:		
Online music services	5,994,437	5,354,517
Social entertainment services and others	1,765,013	2,595,629
	7,759,450	7,950,146
Timing of revenue recognition:		
At a point in time	2,283,665	3,108,034
Over time	5,475,785	4,842,112
Total	7,759,450	7,950,146

(b) Segment information

The CODM has been identified as the Board, who reviews the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group as a whole. For the purpose of internal reporting and management's operation review, the CODM considered that the Group's businesses are operated and managed as one single segment and no separate segment information was presented for the years ended 31 December 2025 and 2024.

During the year ended 31 December 2025, the Group principally operated in the PRC and substantial all of its revenue was generated in the PRC. All of its non-current assets were located in the PRC during the years ended 31 December 2025 and 2024.

(c) Information about major customers

Revenue from an external customer contributed over 10% to the total revenue of the Group for the years ended 31 December 2025 and 2024 are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Customer A	1,064,596	797,590

Notes to the Consolidated Financial Statements

6 OTHER INCOME

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Government grants and value-added tax subsidies	181,922	27,859

7 OTHER GAINS, NET

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net foreign exchange losses	(1,985)	(2,396)
Gain on fair value changes of financial assets at fair value through profit or loss	32,890	34,976
Impairment loss on interests in associates	(20,294)	–
Others	6,765	4,739
	17,376	37,319

Notes to the Consolidated Financial Statements

8 EXPENSES BY NATURE

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Content service costs (Note)	3,733,529	4,008,896
Technology costs	311,749	395,577
Employee benefit expenses (Note 9)	1,278,369	1,215,752
Promotion and advertising expenses	295,672	519,759
Payment channel fees	497,105	485,234
Net impairment losses on financial assets	351	4,280
Depreciation of property, plant and equipment	10,885	14,906
Auditors' remuneration		
– Audit services related to the Group	5,300	5,300
– Other audit related services and non-audit services	980	980
Legal and professional fees	25,640	20,063
Others	177,216	173,730
Total cost of revenue, selling and marketing expenses, general and administrative expenses and research and development expenses	6,336,796	6,844,477

Note: Content service costs mainly comprise of content licensing fees and revenue sharing fees.

Notes to the Consolidated Financial Statements

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries and bonuses	977,015	892,022
Welfare and other employee benefits	189,557	185,159
Equity-settled share-based payments (Note 28(e))	111,797	138,571
	1,278,369	1,215,752

Note: The employee benefit expenses included labour outsourcing services from NetEase Group during the years ended 31 December 2025 and 2024 of RMB22,423,000 and RMB16,860,000, respectively.

During the years ended 31 December 2025 and 2024, employee benefit expenses were charged to the consolidated profit or loss as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of revenue	452,911	443,295
Selling and marketing expenses	104,214	83,327
General and administrative expenses	133,819	131,738
Research and development expenses	587,425	557,392
	1,278,369	1,215,752

Notes to the Consolidated Financial Statements

9 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the years ended 31 December 2025 and 2024 include one director in 2025 and 2024, whose emoluments were reflected in the analysis presented in Note 10. The emoluments paid and payable to the five individuals during the years ended 31 December 2025 and 2024 are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries	8,125	8,309
Bonus	15,632	13,697
Pension costs-defined contribution plans	229	221
Welfare and other employee benefits	489	551
Equity-settled share-based payments	4,611	9,924
	29,086	32,702

The emoluments fell within the following bands:

	Number of individuals Year ended 31 December	
	2025	2024
Emolument bands (in HK\$)		
HK\$4,500,001 to HK\$5,000,000	1	1
HK\$5,000,001 to HK\$5,500,000	–	1
HK\$5,500,001 to HK\$6,000,000	1	1
HK\$6,000,001 to HK\$7,000,000	2	–
HK\$7,000,001 to HK\$7,500,000	–	1
HK\$9,000,001 to HK\$9,500,000	1	–
HK\$12,500,001 to HK\$13,000,000	–	1
	5	5

Notes to the Consolidated Financial Statements

10 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of every director during the years ended 31 December 2025 and 2024 is set out below:

For the year ended 31 December 2025:

Name	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
	Fees RMB'000	Salary RMB'000	Estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
William Lei Ding	–	–	–	–	–
Yat Keung Li	–	–	–	–	–
Yong Li	–	4,130	1,394	49	5,573
Yanfeng Wang	–	1,839	858	49	2,746
Xianfeng Gu	–	500	–	–	500
Ying Kit Caleb Lo	–	500	–	–	500
Zhong Xu	–	500	–	–	500

For the year ended 31 December 2024:

Name	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
	Fees RMB'000	Salary RMB'000	Estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
William Lei Ding	–	–	–	–	–
Yat Keung Li	–	–	–	–	–
Yong Li	–	3,996	1,300	44	5,340
Yanfeng Wang	–	1,539	1,038	44	2,621
Dewei Zheng (Note (i))	–	–	–	–	–
Xianfeng Gu	–	500	–	–	500
Ying Kit Caleb Lo	–	500	–	–	500
Zhong Xu	–	500	–	–	500
Ran Wang (Note (ii))	–	–	–	–	–

Notes to the Consolidated Financial Statements

10 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

Notes:

- (i) Resigned since February 2024.
- (ii) Appointed as non-executive director since June 2023 and resigned since May 2024.

(a) Directors' retirement or termination benefits

None of the directors received or will receive any retirement or termination benefits during the years ended 31 December 2025 and 2024.

(b) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2025 and 2024, the Company did not pay consideration to any third parties for making available directors' services.

(c) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 December 2025 and 2024, there is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors.

(d) 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 31 December 2025 or at any time during the years ended 31 December 2025 and 2024.

11 FINANCE INCOME

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interest income from bank deposits	445,882	406,191

Notes to the Consolidated Financial Statements

12 INCOME TAX CREDIT/(EXPENSE)

The income tax credit/(expense) of the Group is analysed as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current income tax		
– Corporate income tax	(7,611)	(4,886)
– Top-up tax under Pillar Two Rules	(61,000)	–
Deferred income tax (Note 19)	746,701	–
Income tax credit/(expense)	678,090	(4,886)

(a) Cayman Islands

Under the current laws of the Cayman Islands, the Company is not currently subject to tax on income or capital gains.

(b) Hong Kong

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%. Except for the Top-up tax under Pillar Two Rules (Note 12(d)), no provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit in Hong Kong.

(c) PRC

Under the Enterprise Income Tax (“EIT”) Law, foreign invested enterprises and domestic enterprises are subject to a unified EIT rate of 25%, except for a subsidiary of the Group in the PRC that was approved as High and New Technology Enterprise (“HNTE”) which enjoys a preferential tax rate of 15% from 2025 onwards and subject to re-approval by the related authorities in every three years.

Under the EIT Law, finance income from financial institutions located in Chinese mainland earned by foreign investors is subject to withholding tax of 10%.

(d) Pillar Two Model Rules

NetEase, Inc., the ultimate holding company of the Group, and its subsidiaries (together, “NetEase Group”) are subject to the Pillar Two Model Rules established by the Organisation for Economic Co-operation and Development. The Group applies the IAS12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the Consolidated Financial Statements

12 INCOME TAX CREDIT/(EXPENSE) (Continued)

(d) Pillar Two Model Rules (Continued)

According to these rules, in jurisdictions with an effective income tax rate below 15%, NetEase Group may be subject to a top-up tax liability, calculated based on the shortfall between its effective tax rate in each jurisdiction and the 15% minimum rate. Consequently, certain subsidiaries of the Group, that are indirectly owned by NetEase Group, may also be subject to this top-up tax liability under the Pillar Two regulations.

The respective Pillar Two legislation was enacted in Hong Kong and became effective on 1 January 2025. In light of Hong Kong's Pillar Two legislation requirements, the Group has recognised a current tax expense of RMB61,000,000, reflecting the current estimate of the top-up tax exposure borne by the Group for the year ended 31 December 2025. This expense is included in the income tax expense of the consolidated statement of profit or loss of the Group.

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended 31 December 2025 and 2024, being the tax rate of the major subsidiaries of the Group before enjoying preferential tax treatments, as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before income tax	2,067,738	1,570,255
Tax calculated at a tax rate of 25%	516,935	392,564
Effect of different tax rates applicable to different companies within the Group	(27,809)	(30,176)
Effect of preferential income tax rate of a subsidiary	(169,033)	(119,703)
Expenses not deductible for tax purposes	2,584	1,043
Income not subject to tax	(67,386)	(54,337)
Super deduction for research and development expenses	(46,013)	(30,092)
Withholding tax on finance income	–	1,843
Utilization of previously unrecognised tax losses	(209,479)	(115,085)
Recognition of previously unutilised tax losses and other temporary differences	(746,701)	–
Recognition of income tax under Pillar Two model rules	61,000	–
Tax losses and other temporary differences not recognised	2,915	(42,132)
Others	4,897	961
	(678,090)	4,886

Notes to the Consolidated Financial Statements

13 EARNINGS PER SHARE

(a) *Basic earnings per share*

Basic earnings per share (“EPS”) is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares outstanding during the year.

	Year ended 31 December	
	2025	2024
Profit for the year attributable to equity holders of the Company (in RMB'000)	2,748,210	1,561,507
Weighted average number of shares outstanding	211,029,784	208,846,525
Basic earnings per share (in RMB)	13.02	7.48

Notes to the Consolidated Financial Statements

13 EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

The share options and awarded shares granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and share awards granted by the Company (collectively forming the denominator for computing the diluted EPS).

	Year ended 31 December	
	2025	2024
Profit attributable to equity holders of the Company for the calculation of diluted EPS (in RMB'000)	2,748,210	1,561,507
Weighted average number of ordinary shares in issue	211,029,784	208,846,525
Adjustments for share options and share awards	2,500,839	2,204,498
Weighted average number of ordinary shares for the calculation of diluted EPS	213,530,623	211,051,023
Diluted earnings per share (in RMB)	12.87	7.40

14 DIVIDENDS

No dividends have been paid or declared by the Company during each of the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

15 PROPERTY, PLANT AND EQUIPMENT

	Servers and network equipment RMB'000	Leasehold improvements RMB'000	Office furniture, equipment and others RMB'000	Total RMB'000
As at 1 January 2024				
Cost	113,827	5,583	17,817	137,227
Accumulated depreciation	(89,019)	(2,809)	(12,377)	(104,205)
Net book amount	24,808	2,774	5,440	33,022
Year ended 31 December 2024				
Opening net book amount	24,808	2,774	5,440	33,022
Additions	1,564	–	2,145	3,709
Disposals	(523)	–	(1,222)	(1,745)
Depreciation charge	(8,939)	(1,991)	(3,976)	(14,906)
Closing net book amount	16,910	783	2,387	20,080
As at 31 December 2024				
Cost	100,355	1,858	16,400	118,613
Accumulated depreciation	(83,445)	(1,075)	(14,013)	(98,533)
Net book amount	16,910	783	2,387	20,080
Year ended 31 December 2025				
Opening net book amount	16,910	783	2,387	20,080
Additions	9,398	126	1,679	11,203
Disposals	(6)	(11)	(721)	(738)
Depreciation charge	(8,554)	(440)	(1,891)	(10,885)
Closing net book amount	17,748	458	1,454	19,660
As at 31 December 2025				
Cost	97,733	1,935	14,369	114,037
Accumulated depreciation	(79,985)	(1,477)	(12,915)	(94,377)
Net book amount	17,748	458	1,454	19,660

Notes to the Consolidated Financial Statements

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

During the years ended 31 December 2025 and 2024, depreciation was charged to the consolidated statements of profit or loss as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of revenue	699	3,027
Selling and marketing expenses	99	147
General and administrative expenses	635	488
Research and development expenses	9,452	11,244
	10,885	14,906

16 RIGHT-OF-USE ASSETS/LEASE LIABILITIES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Right-of-use assets		
At 1 January	6,165	6,313
Depreciation (Note)	(1,749)	(2,313)
Addition	1,523	6,669
Modification	–	14
Termination	–	(4,518)
At 31 December	5,939	6,165
Lease liabilities		
At 1 January	6,472	6,359
Addition	1,523	6,669
Modification	–	14
Payments	(1,993)	(1,906)
Interest expenses	194	239
Termination	–	(4,903)
At 31 December	6,196	6,472
Current	1,967	1,710
Non-current	4,229	4,762
	6,196	6,472

Notes to the Consolidated Financial Statements

16 RIGHT-OF-USE ASSETS/LEASE LIABILITIES (Continued)

Note:

Depreciation of approximately RMB1.7 million (2024: RMB2.3 million) was included in cost of revenue. The total cash outflow for leases in 2025 was RMB15.2 million (2024: RMB12.9 million). The short-term lease payment in 2025 was RMB13.2 million (2024: RMB11.0 million).

17 SUBSIDIARIES

The Group's principal subsidiaries (including Structured Entities) during the years ended 31 December 2025 and 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interest held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of incorporation and kind of legal entity	Principal activities	Particulars of issued/registered share capital	Effective interest held	
				2025	2024
Subsidiaries directly held:					
Cloud Village Limited	Hong Kong, limited liability company	Investment holdings	HKD1	100%	100%
Dream Studio, Inc.	Cayman Islands, limited liability company	Investment holdings	US\$1	100%	100%
Indirectly held:					
Hangzhou NetEase Cloud Music Technology Co., Ltd.	PRC, limited liability company	Provision of online music streaming services in the PRC	US\$1,000,000,000	100%	100%
Structured Entities/consolidated affiliated entities (Note)					
Hangzhou Yuedu Technology Co., Ltd.	PRC, limited liability company	Provision of online music streaming services and social entertainment services in the PRC	RMB10,000,000	100%	100%
Hangzhou Rege Culture Creativity Co., Ltd.*	PRC, limited liability company	Dormant	RMB100,000	100%	100%

* English names are translated for identification purpose only.

Notes to the Consolidated Financial Statements

17 SUBSIDIARIES (Continued)

Note: The Company does not have direct or indirect legal ownership in equity of the Structured Entities. Nevertheless, under certain Contractual Arrangements entered into with the Structured Entities and their registered owners, the Company and its other legally owned subsidiaries have rights to exercise power over the Structured Entities, receive variable returns from its involvement in the Structured Entities, and have the ability to affect those returns through its power over these Structured Entities. As a result, they are presented as Structured Entities of the Group.

18 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Associates	51,576	72,425

Movement of investments in associates is analysed as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
At 1 January	72,425	78,969
Share of results	98	(6,544)
Dividend	(653)	–
Impairment loss on interests in associates	(20,294)	–
At 31 December	51,576	72,425

Note: Both external and internal sources of information of associates are considered in assessing whether there is any indication that the investments may be impaired, including but not limited to financial position, business performance and market capitalisation. The Group carries out impairment assessment on those investments with impairment indicators, and the respective recoverable amounts of investments are determined with reference to the higher of fair value less cost of disposal and value in use.

The Group made an aggregate impairment provision of approximately RMB20,294,000 and nil against the carrying amounts of certain investments in associates during the years ended 31 December 2025 and 2024, respectively. The impairment losses mainly were resulted from revisions of financial and business outlook of certain associates and changes in the market environment of the associates' underlying businesses.

Notes to the Consolidated Financial Statements

19 DEFERRED INCOME TAX ASSETS

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Deferred income tax assets:		
To be recovered after 12 months	444,822	–
To be recovered within 12 months	301,879	–
	746,701	–

The movements of deferred income tax assets before offsetting are as follows:

	Tax losses	Accruals liabilities and others	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2025	–	–	–
Credited to profit or loss (Note 12)	650,325	96,376	746,701
As at 31 December 2025	650,325	96,376	746,701

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. As at 31 December 2025, the Group had unrecognised tax losses to be carried forward against future taxable income amounting to RMB182 million (31 December 2024: RMB5,765 million). As at 31 December 2025, RMB162 million (31 December 2024: RMB5,759 million) of these unrecognised tax losses will expire within 5 years and RMB20 million (31 December 2024: RMB6 million) of these unrecognised tax losses have no expiry.

As at 31 December 2025 and 2024, the potential deferred income tax assets in respect of the above unrecognised tax losses amounted to RMB44 million and RMB882 million, respectively. Unrecognised tax assets in respect of other deductible temporary differences are relatively insignificant.

During the year ended 31 December 2025, taking into consideration of the consistent and stable financial position, the Group recognised a deferred income tax credit of RMB746.7 million primarily arise from the recognition of deferred tax assets in respect of cumulative tax losses incurred by a wholly-owned subsidiary. These tax losses are available to be carried forward against future taxable income. Deferred tax assets relating to tax losses and temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised.

Notes to the Consolidated Financial Statements

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Wealth management products	–	6,515

For the fair value measurement of financial assets at fair value, please refer to Note 3.3.

21 ACCOUNTS AND BILLS RECEIVABLE

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Accounts receivable	1,077,496	1,061,705
Less: loss allowance	(9,306)	(7,274)
Accounts receivable, net	1,068,190	1,054,431
Bills receivable	–	222
	1,068,190	1,054,653

The Group generally allows a credit period of 0 to 180 days to its customers depending on different revenue streams. Aging analysis of accounts receivable based on invoice date is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Up to 3 months	1,070,204	1,053,927
3 to 6 months	1,228	3,179
Over 6 months	6,064	4,599
	1,077,496	1,061,705

The carrying amount of accounts and bills receivable approximated their fair values and were denominated in RMB. Information about the impairment of accounts and bills receivable and the Group's exposure to credit risk can be found in Note 3.1.

Notes to the Consolidated Financial Statements

22 PREPAID CONTENTS ROYALTIES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Current	531,956	335,144
Non-current	102,792	107,173
	634,748	442,317

Prepaid contents royalties represent the prepaid licence fee related to the music contents licensed from third parties.

23 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Non-current assets		
Deposits	5,523	300
Prepayments	–	1,847
Interests receivable in relation to bank deposit	54,974	22,074
	60,497	24,221
Current assets		
Interests receivable in relation to bank deposit	141,517	194,837
Prepaid payment channel fees	89,027	77,781
Prepaid promotion, advertising and other expenses	32,723	16,858
Value-added tax recoverable	5,128	9,246
Rental and other deposits	219	350
Others	3,881	10,193
	272,495	309,265
Less: loss allowance	(2,244)	(4,126)
	270,251	305,139

Notes to the Consolidated Financial Statements

24 BANK DEPOSITS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Current	9,057,452	6,420,669
Non-current	1,400,000	1,400,000
	10,457,452	7,820,669

The weighted average effective interest rate on bank deposits of the Group with initial terms of over three months as at 31 December 2025 and 2024 was 4.21% and 4.82% per annum, respectively.

The carrying amounts of bank deposits with initial terms of over three months approximated their fair values and were denominated in the following currencies:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
US\$	9,057,452	6,420,669
RMB	1,400,000	1,400,000
	10,457,452	7,820,669

Notes to the Consolidated Financial Statements

25 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cash at bank	3,117,624	3,795,210

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
US\$	54,908	126,781
RMB	3,041,128	3,634,151
HK\$	21,588	34,278
	3,117,624	3,795,210

The conversion of the RMB denominated balances maintained in the PRC into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Restricted cash

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Restricted cash, denominated in RMB	407	1,862

Restricted cash mainly represents cash restricted in relation to certain legal claims.

Notes to the Consolidated Financial Statements

26 SHARE CAPITAL

Authorised:

	Total number of ordinary shares '000	Total nominal value of shares US\$'000
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1,000,000	100

Issued and fully paid:

	Number of ordinary shares	Nominal value of share capital RMB'000
As at 1 January 2024	214,289,426	137
Exercise of share options	2,432,935	2
As at 31 December 2024 and 1 January 2025	216,722,361	139
Exercise of share options	1,158,612	-*
As at 31 December 2025	217,880,973	139

* the amount is less than RMB1,000.

Notes to the Consolidated Financial Statements

27 OTHER RESERVES

	Share premium RMB'000	Treasury shares RMB'000 (Note (c))	Contributions from ultimate holding company RMB'000 (Note (a))	Share-based compensation reserve RMB'000	PRC statutory reserve RMB'000 (Note (b))	Exchange reserve RMB'000	Total RMB'000
As at 1 January 2025	17,551,671	(546,804)	36,453	310,704	4,430	1,351,706	18,708,160
Exercise of share options	240,138	-	-	(154,032)	-	-	86,106
Release of shares from the Trustee for the share award scheme	(1,719)	93,166	-	(91,447)	-	-	-
Equity-settled share-based payment under the share option scheme of the Pre-IPO Share Incentive Plan	-	-	3,035	3,002	-	-	6,037
Equity-settled share-based payment under the share award scheme of the Pre-IPO Share Incentive Plan	-	-	-	3,211	-	-	3,211
Equity-settled share-based payment under the share award scheme of the Post-IPO Share Incentive Plan	-	-	-	103,762	-	-	103,762
Currency translation differences	-	-	-	-	-	(253,908)	(253,908)
Repurchase of shares	-	(1,902)	-	-	-	-	(1,902)
Appropriations to statutory reserves	-	-	-	-	68	-	68
Acquisition of non-controlling interests	1,480	-	-	-	-	-	1,480
As at 31 December 2025	17,791,570	(455,540)	39,488	175,200	4,498	1,097,798	18,653,014

Notes to the Consolidated Financial Statements

27 OTHER RESERVES (Continued)

	Share premium RMB'000	Treasury shares RMB'000 (Note (c))	Contributions from ultimate holding company RMB'000 (Note (a))	Share-based compensation reserve RMB'000	PRC statutory reserve RMB'000 (Note (b))	Exchange reserve RMB'000	Total RMB'000
As at 1 January 2024	17,285,792	(397,533)	32,364	353,570	4,430	1,253,606	18,532,229
Exercise of share options	272,115	-	-	(110,568)	-	-	161,547
Release of shares from the Trustee for the share award scheme	(6,236)	73,707	-	(67,471)	-	-	-
Equity-settled share-based payment under the share option scheme of the Pre-IPO Share Incentive Plan	-	-	4,089	7,834	-	-	11,923
Equity-settled share-based payment under the share award scheme of the Pre-IPO Share Incentive Plan	-	-	-	48,008	-	-	48,008
Equity-settled share-based payment under the share award scheme of the Post-IPO Share Incentive Plan	-	-	-	79,331	-	-	79,331
Currency translation differences	-	-	-	-	-	98,100	98,100
Repurchase of shares	-	(222,978)	-	-	-	-	(222,978)
As at 31 December 2024	17,551,671	(546,804)	36,453	310,704	4,430	1,351,706	18,708,160

Notes:

(a) Contributions from ultimate holding company

The contributions from ultimate holding company represent deemed contribution from NetEase as a result of NetEase granting restricted share units to Eligible Grantees of the Group.

(b) PRC statutory reserve

According to the Companies Laws of the PRC and the articles of association of the relevant subsidiaries established in the PRC, PRC subsidiaries are required to transfer not less than 10% of their net profit to PRC statutory reserves before distributions are made to the equity owners. Such a transfer is not required when the balance of the PRC statutory reserve reaches 50% of the subsidiaries' registered capital. The PRC statutory reserves shall only be used to make up losses of the subsidiaries, to expand the subsidiaries' production operations, or to increase the capital of the subsidiaries. Upon approval by the resolutions of the subsidiaries' shareholders in general meetings, the subsidiaries may convert their PRC statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure.

Notes to the Consolidated Financial Statements

27 OTHER RESERVES (Continued)

Notes: (Continued)

(c) Treasury shares

	Number of treasury shares	Amounts RMB'000
As of 1 January 2024	5,508,642	397,533
Shares repurchased under the Trustee	2,251,650	194,938
Shares repurchased under the Company	331,550	28,040
Release of shares from the Trustee for the share award scheme	(962,308)	(73,707)
As of 31 December 2024 and 1 January 2025	7,129,534	546,804
Shares repurchased under the Trustee	14,350	1,902
Release of shares from the Trustee for the share award scheme	(1,198,120)	(93,166)
As of 31 December 2025	5,945,764	455,540

Note: As at 31 December 2025, 5,614,214 number of treasury shares were repurchased under the Trustee for the share award scheme (31 December 2024: 6,797,984). See details in Note 28.

Notes to the Consolidated Financial Statements

28 SHARE-BASED COMPENSATION

During the years ended 31 December 2025 and 2024, the Group has a Pre-IPO Share Incentive Plan and a Post-IPO Incentive Plan in place, and the Group was also a party to the Restricted Share Unit (“RSU”) plan of NetEase whereas restricted share units may be issued to eligible grantees of the Group.

(a) Pre-IPO Share Incentive Plan of the Company

During the year ended 31 December 2016, the board of directors of the Company approved the establishment of a Pre-IPO Share Incentive Plan (the “Pre-IPO Share Incentive Plan”) with the purpose of motivating, attracting and retaining those individuals for outstanding performance to generate superior returns to the shareholders of the Group. The Pre-IPO Share Incentive Plan is valid and effective for 10 years from the date of the approval of the board of directors. The maximum aggregate number of Shares which may be issued pursuant to the Pre-IPO Share Incentive Plan is 15,000,000 ordinary shares.

(i) Share options

The share options under the Pre-IPO Share Incentive Plan have graded vesting terms, and will be vested from the grant date over four years to five years on the condition that employees remain in service together with a performance requirement.

The options may be exercised at any time after the IPO of the Company provided the options have vested and subject to the terms of the Pre-IPO Share Incentive Plan. The options are exercisable for a maximum period of seven years after the date of grant.

Set out below are summaries of options granted under the plan:

	Number of share options	Weighted average exercise price per share option US\$
Outstanding as of 1 January 2024	4,375,400	9.89
Exercised during the year	(2,432,935)	9.35
Forfeited during the year	(101,725)	11.00
Outstanding as of 31 December 2024 and 1 January 2025	1,840,740	10.55
Exercised during the year	(1,158,612)	10.34
Forfeited during the year	(6,375)	11.00
Outstanding as of 31 December 2025	675,753	10.91
Vested and exercisable at 31 December 2025	675,753	10.91
Vested and exercisable at 31 December 2024	1,606,540	10.49

Notes to the Consolidated Financial Statements

28 SHARE-BASED COMPENSATION *(Continued)*

(a) Pre-IPO Share Incentive Plan of the Company (Continued)

(i) Share options (Continued)

Share options outstanding at the end of the year have the following expiry date and exercise price.

Grant date	Expiry date	Exercise price	Vesting year*	Year ended 31 December	
				2025	2024
21 May 2018	21 May 2025	US\$8	4 years from grant date	–	169,650
17 August 2018	17 August 2025	US\$8	4 years from grant date	–	71,000
19 November 2018	19 November 2025	US\$8	4 years from grant date	–	5,000
2 March 2019	2 March 2026	US\$8	4 years from grant date	20,000	30,000
25 September 2019	25 September 2026	US\$11	4 years from grant date	367,543	463,871
22 November 2019	22 November 2026	US\$11	4 years from grant date	5,000	82,000
1 March 2020	1 March 2027	US\$11	4 years from grant date	16,700	108,000
20 May 2020	20 May 2027	US\$11	4 years from grant date	12,500	39,900
30 September 2020	30 September 2027	US\$11	4 years from grant date	16,600	166,150
24 November 2020	24 November 2027	US\$11	4 years from grant date	10,500	90,694
19 February 2021	19 February 2028	US\$11	1 year from grant date	2,000	4,700
26 February 2021	26 February 2028	US\$11	4 years from grant date	7,000	25,750
27 May 2021	27 May 2028	US\$11	4 years from grant date	195,285	535,875
15 June 2021	15 June 2028	US\$11	4 years from grant date	22,625	48,150
Total				675,753	1,840,740
Weighted average remaining contractual life of options outstanding at end of the year				1.34 years	1.75 years

* 20% to 100% of the options, depending on different vesting terms and performance requirements, are vested on the first anniversary of the grant date, and remaining options shall be vested in equal tranches at the anniversary of remaining vesting periods.

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option as of the grant date.

Notes to the Consolidated Financial Statements

28 SHARE-BASED COMPENSATION (Continued)

(a) Pre-IPO Share Incentive Plan of the Company (Continued)

(ii) Share awards

The aggregate number of awarded shares currently permitted to be awarded under the share award scheme is limited to 1,781,250 new shares under the Pre-IPO Share Incentive Plan (adopted in 2016 and amended from time to time) in the form of awards (other than options).

During the years ended 31 December 2025 and 31 December 2024, the Company granted certain share awards to eligible grantees following the terms of the Pre-IPO Share Incentive Plan, subject to the satisfaction of certain performance requirements as set out in the award agreements. The share awards are granted without consideration, and the vesting period is one to three years in equal tranches.

Movements in the number of share awards granted to eligible grantees of the Group for the years ended 31 December 2025 and 2024 are as follows:

	Number of share awards	Weighted average grant date fair value HK\$
Outstanding as of 1 January 2024	846,091	77.11
Vested during the year	(398,203)	75.22
Forfeited during the year	(99,294)	78.86
Outstanding as of 31 December 2024 and 1 January 2025	348,594	78.78
Vested during the year	(228,697)	76.76
Forfeited during the year	(38,076)	75.95
Outstanding as of 31 December 2025	81,821	85.75

The fair value of the share awards was calculated based on the market price of the Company's shares at the respective grant date.

Notes to the Consolidated Financial Statements

28 SHARE-BASED COMPENSATION *(Continued)*

(b) Post-IPO Share Incentive Plan of the Company

During the year ended 31 December 2022, the board of directors of the Company approved the establishment of a 2022 RSU Plan (the "Post-IPO Share Incentive Plan") with the purpose of motivating, attracting and retaining those individuals for outstanding performance to generate superior returns to the shareholders of the Group. The Post-IPO Share Incentive Plan is valid and effective for 10 years from the approval of the board of directors. The maximum aggregate number of Shares which may be issued pursuant to the Post-IPO Share Incentive Plan is 10,462,280 ordinary shares.

Share awards

During the year ended 31 December 2025, the Company granted certain share awards to eligible grantees following the terms of the Post-IPO Share Incentive Plan, subject to the satisfaction of certain performance objectives as set out in the award agreements. The share awards are granted without consideration, and the vesting period is three years in equal tranches.

Movements in the number of share awards granted to eligible grantees of the Group for the years ended 31 December 2025 and 2024 are as follows:

	Number of share awards	Weighted average grant date fair value HK\$
Outstanding as of 1 January 2024	1,842,981	79.95
Granted during the year	1,733,785	92.16
Vested during the year	(564,105)	80.03
Forfeited during the year	(366,612)	87.39
Outstanding as of 31 December 2024 and 1 January 2025	2,646,049	86.90
Granted during the year	721,057	169.04
Vested during the year	(969,423)	85.94
Forfeited during the year	(388,151)	99.46
Outstanding as of 31 December 2025	2,009,532	114.41

The fair value of the share awards was calculated based on the market price of the Company's shares at the respective grant date.

Notes to the Consolidated Financial Statements

28 SHARE-BASED COMPENSATION *(Continued)*

(c) Treasury shares for the share award scheme

Computershare Hong Kong Trustees Limited (“CPM Trustees”), a company incorporated in Hong Kong and authorised to undertake trust business in accordance with the laws of Hong Kong, was appointed as the trustee (the “Trustee”) for the administration of the share award scheme. The Trustee will hold the shares on trust for the eligible grantees. The Trustee and its ultimate beneficial owners are third parties independent of, and not connected with, the Group or its connected persons.

The Trustee shall not exercise the voting rights in respect of any shares of the Company held under the Trust, including, inter alia, the awarded shares and further shares of the Company acquired out of the income derived therefrom.

The following table represents the movements for number of shares under the Trustee for the year ended 31 December 2025 and 31 December 2024.

	Number of shares	RMB'000
As at 1 January 2024	5,508,642	397,533
Repurchase of shares from market	2,251,650	194,938
Release of shares from the Trustee for the share award scheme	(962,308)	(73,707)
As at 31 December 2024 and 1 January 2025	6,797,984	518,764
Repurchase of shares from market	14,350	1,902
Release of shares from the Trustee for the share award scheme	(1,198,120)	(93,166)
As at 31 December 2025	5,614,214	427,500

(d) Restricted share units plan

2019 Restricted Share Unit Plan

In October 2019, NetEase adopted a 2019 restricted share unit plan for the employees, directors and consultants of NetEase and its subsidiaries (the “2019 Plan”). The 2019 Plan has a ten-year term and a maximum number of 322,458,300 ordinary shares of NetEase is available for issuance pursuant to all awards under the plan.

NetEase granted certain RSUs (or the “NetEase share-based awards”) to certain Eligible Grantees of the Group. These RSUs will be vested from the grant date over one year to five years on the condition that employees and others remain in service with performance requirement.

All, half, one-third, one-fourth or one-fifth of the relevant RSUs, depending on different vesting terms and performance requirements, are vested on the first anniversary of the grant date, and remaining RSUs shall be vested in equal tranches at the anniversary of remaining vesting periods.

Notes to the Consolidated Financial Statements

28 SHARE-BASED COMPENSATION (Continued)

(d) Restricted share units plan (Continued)

2019 Restricted Share Unit Plan (Continued)

Movement in the number of RSUs granted to Eligible Grantees of the Group for the years ended 31 December 2025 and 2024 are as follows:

	Number of RSUs	Weighted average grant date fair value US\$
Outstanding as at 1 January 2024	11,035	94.62
Granted during the year	4,203	106.17
Vested and transferred during the year	(847)	93.90
Forfeited during the year	(1,256)	98.05
Outstanding as at 31 December 2024 and 1 January 2025	13,135	98.88
Granted during the year	5,897	110.15
Vested and transferred during the year	(3,595)	94.60
Forfeited during the year	(2,172)	84.08
Outstanding as at 31 December 2025	13,265	108.12

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expenses were as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Share options issued under the Pre-IPO Share Incentive Plan	2,813	7,585
Share awards granted under the Pre-IPO Share Incentive Plan to Eligible Grantees	3,202	48,002
Share awards granted under the Post-IPO Share Incentive Plan to Eligible Grantees	102,747	78,895
RSUs granted under the NetEase Group Restricted Shares Units Plan to Eligible Grantees of the Group	3,035	4,089
	111,797	138,571

Notes to the Consolidated Financial Statements

29 ACCOUNTS PAYABLE

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Accounts payable	56,074	24,015

Accounts payable are unsecured and are usually paid within 30 to 45 days of recognition and denominated in RMB.

As at 31 December 2025 and 2024, the aging of accounts payable are all between 0 – 90 days based on invoice date.

30 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current liabilities		
Accrued content service costs	1,305,668	1,392,175
Accrued expenses	204,385	188,379
Accrued salaries and staff benefits	299,961	264,522
Deposits from customers	37,846	49,411
Other taxes payable	59,245	47,070
Others	13,566	34,890
	1,920,671	1,976,447

31 CONTRACT LIABILITIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Contract liabilities related to online music services	1,426,209	1,240,773
Contract liabilities related to social entertainment services and others	81,655	78,589
Contract liabilities	1,507,864	1,319,362
Less: Non-current portion	(101,657)	(83,889)
Current portion	1,406,207	1,235,473

Notes to the Consolidated Financial Statements

31 CONTRACT LIABILITIES *(Continued)*

(i) Significant changes in contract liabilities

Contract liabilities mainly represent advance payments received from customers related to music membership subscription, sublicensing of contents royalties and sales of virtual items. Contract liabilities increased by RMB188,502,000 and RMB251,810,000 during the years ended 31 December 2025 and 2024, respectively, mainly due to the increase of music membership subscription.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the year related to carried forward contract liabilities.

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	1,235,473	1,001,013

(iii) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations mainly resulting from fixed-price contracts:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within one year	1,406,207	1,235,473
Over one year	101,657	83,889
	1,507,864	1,319,362

As at 31 December 2025 and 2024, the Group expects that the unsatisfied performance obligations resulting from the above contracts that will be recognised as revenue within one year amounting to RMB1,406,207,000 and RMB1,235,473,000 respectively. The remaining unsatisfied performance obligations are primarily expected to be recognised as revenue within the second year after the respective balance sheet dates.

Notes to the Consolidated Financial Statements

32 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before income tax	2,067,738	1,570,255
Adjustments for:		
Depreciation of property, plant and equipment (Note 15)	10,885	14,906
Depreciation of right-of-use assets (Note 16)	1,749	2,313
Net impairment loss on financial assets	351	4,280
Net impairment loss on investments in associates (Note 18)	20,294	–
Equity-settled share-based payments (Note 9)	111,797	138,571
Gains on disposal of property, plant and equipment	(216)	(225)
Gains on termination of lease	–	(385)
Gain on fair value changes of financial assets at fair value through profit or loss	(32,890)	(34,976)
Share of results of investments accounted for using equity method	(98)	6,544
Finance income	(445,882)	(406,191)
Finance cost	194	239
	1,733,922	1,295,331
Changes in working capital:		
Changes in accounts receivable	(15,569)	(133,567)
Changes in other operating assets	(224,186)	367,658
Changes in accounts payable	32,059	23,844
Changes in other operating liabilities	96,963	210,496
Changes in restricted cash	1,455	19,143
Cash generated from operations	1,624,644	1,782,905

Notes to the Consolidated Financial Statements

32 CASH FLOW INFORMATION *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

	Lease liabilities RMB'000
Balance at 1 January 2024	6,359
Principal elements of lease payments	(1,667)
Interest elements of lease payments	(239)
Non-cash movements	2,019
Balance at 31 December 2024	6,472
Balance at 1 January 2025	6,472
Principal elements of lease payments	(1,799)
Interest elements of lease payments	(194)
Non-cash movements	1,717
Balance at 31 December 2025	6,196

Notes to the Consolidated Financial Statements

33 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Financial assets		
Measured at amortised cost		
Accounts and bills receivable (Note 21)	1,068,190	1,054,653
Deposits and other receivables	203,870	223,628
Amounts due from group companies (Note 34)	28,444	32,993
Bank deposits (Note 24)	10,457,452	7,820,669
Cash and cash equivalents (Note 25)	3,117,624	3,795,210
Restricted cash (Note 25)	407	1,862
	14,875,987	12,929,015
Measured at fair value		
Financial assets at fair value through profit or loss (Note 20)	–	6,515
	14,875,987	12,935,530
Financial liabilities		
Measured at amortised cost		
Accounts payable (Note 29)	56,074	24,015
Accruals and other payables (excluding non-financial liabilities)	1,561,465	1,664,855
Amounts due to group companies (Note 34)	38,464	73,702
Lease liabilities (Note 16)	6,196	6,472
	1,662,199	1,769,044

Notes to the Consolidated Financial Statements

34 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties and the balances arising from related party transactions in addition to the related party information shown elsewhere in the consolidated financial statements:

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the years ended 31 December 2025 and 2024:

Name of related parties	Relationship with the Group
NetEase and its subsidiaries other than the entities controlled by the Group (“NetEase Group”)	The Company’s principal shareholder

(a) Transactions

	Year ended 31 December	
	2025 RMB’000	2024 RMB’000
Purchase of property, plant and equipment from NetEase Group	281	1,847
Purchase of goods from NetEase Group	5,872	3,533
Purchase of technology and other services from NetEase Group	265,170	304,178
Provision of advertising services to NetEase Group	25,653	64,094
Provision of other services to NetEase Group	36,305	18,319
Sales of property, plant and equipment to NetEase Group	164	1,557

Transactions with related parties were determined based on prices and terms mutually agreed by the relevant parties involved.

Notes to the Consolidated Financial Statements

34 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Amounts due from NetEase Group	28,444	32,993
Amounts due to NetEase Group	38,464	73,702

Note: Outstanding balances are in trade nature, unsecured, interest-free and are repayable on demand.

(c) Key management personnel compensation

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries	4,042	3,638
Bonus	2,252	2,346
Welfare and other employee benefits	457	458
Equity-settled share-based payments	4,201	5,959
	10,952	12,401

35 CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in claims, legal proceedings and arbitration that arise from time to time. As at 31 December 2025 and 2024, there were certain claims pending in the courts and arbitrations, or otherwise unresolved. Based on currently available information, management does not believe that the ultimate outcome of these unresolved matters, individually and in the aggregate, is reasonably possible to have a material adverse effect on the Group's financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties and the Group's view of these matters may change in the future. Where an unfavorable outcome to occur, there exists the possibility of a material adverse impact on the Group's financial position, results of operations or cash flows for the period in which the unfavorable outcome occurs.

Notes to the Consolidated Financial Statements

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Assets		
Non-current assets		
Investment in an associate	–	8,653
Investments in subsidiaries	16,521,251	16,824,391
	16,521,251	16,833,044
Current assets		
Prepayments, deposits and other receivables	296	594
Cash and cash equivalents	34,965	12,337
	35,261	12,931
Total assets	16,556,512	16,845,975
Equity		
Equity attributable to equity holders of the Company		
Share capital	139	139
Reserves (36(b))	16,549,272	16,835,623
Total equity	16,549,411	16,835,762
Liability		
Current liability		
Accounts payable	–	123
Accruals and other payables	7,101	10,090
	7,101	10,213
Total liabilities	7,101	10,213
Total equity and liabilities	16,556,512	16,845,975

Notes to the Consolidated Financial Statements

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share-based						
	Share premium RMB'000	Treasury shares RMB'000	compensation reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2025	17,551,671	(28,040)	310,704	1,646,206	(2,650,432)	5,514	16,835,623
Profit for the year	-	-	-	-	(15,681)	-	(15,681)
Exercise of share options	240,138	-	(154,032)	-	-	-	86,106
Release of shares from the Trustee for the share award scheme	(1,719)	-	(91,447)	-	-	-	(93,166)
Equity-settled share-based payment under the share option scheme of the Pre-IPO Share Incentive Plan	-	-	3,002	-	(189)	-	2,813
Equity-settled share-based payment under the share award scheme of the Pre-IPO Share Incentive Plan	-	-	3,211	-	(9)	-	3,202
Equity-settled share-based payment under the share award scheme of the Post-IPO Share Incentive Plan	-	-	103,762	-	(1,015)	-	102,747
Currency translation differences	-	-	-	(372,372)	-	-	(372,372)
As at 31 December 2025	17,790,090	(28,040)	175,200	1,273,834	(2,667,326)	5,514	16,549,272

Notes to the Consolidated Financial Statements

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company (Continued)

	Share premium RMB'000	Treasury shares RMB'000	Share-based compensation reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	17,285,792	-	353,570	1,403,749	(2,652,918)	5,514	16,395,707
Profit for the year	-	-	-	-	3,177	-	3,177
Exercise of share options	272,115	-	(110,568)	-	-	-	161,547
Release of shares from the Trustee for the share award scheme	(6,236)	-	(67,471)	-	-	-	(73,707)
Equity-settled share-based payment under the share option scheme of the Pre-IPO Share Incentive Plan	-	-	7,834	-	(249)	-	7,585
Equity-settled share-based payment under the share award scheme of the Pre-IPO Share Incentive Plan	-	-	48,008	-	(6)	-	48,002
Equity-settled share-based payment under the share award scheme of the Post-IPO Share Incentive Plan	-	-	79,331	-	(436)	-	78,895
Currency translation differences	-	-	-	242,457	-	-	242,457
Repurchase of shares	-	(28,040)	-	-	-	-	(28,040)
As at 31 December 2024	17,551,671	(28,040)	310,704	1,646,206	(2,650,432)	5,514	16,835,623

37 SUBSEQUENT EVENTS

Subsequent to the year end and up to date of this report, the Group repurchased treasury shares amounted to approximately RMB252 million, the consideration paid will be deducted from equity attributable to the equity holders of the Company and disclosed as treasury shares, for the details please refer to next day disclosure returns published on the Stock Exchange's website.

Five Year Financial Summary

CONDENSED CONSOLIDATED INCOME STATEMENTS AND STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	6,997,622	8,992,221	7,866,992	7,950,146	7,759,450
Gross profit	142,674	1,293,118	2,102,670	2,681,512	2,769,592
(Loss)/Profit before income tax	(2,051,423)	(204,479)	767,679	1,570,255	2,067,738
(Loss)/Profit for the year attributable to equity holders of the Company	(2,056,092)	(221,494)	734,182	1,561,507	2,748,210
Other comprehensive income/(loss) for the year, net of taxes	169,800	519,465	105,712	98,100	(253,908)
Total comprehensive (loss)/income for the year attributable to equity holders of the Company	(1,886,292)	297,971	839,894	1,659,607	2,494,302

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31 December				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	618,919	416,120	287,392	1,630,064	2,387,165
Current assets	8,768,719	10,475,272	11,323,159	11,952,185	14,074,324
Total assets	9,387,638	10,891,392	11,610,551	13,582,249	16,461,489
Equity					
Total equity holders' equity	7,381,670	7,820,059	8,440,902	10,181,513	12,869,434
Liabilities					
Non-current liabilities	58,448	60,867	69,897	88,651	105,886
Current liabilities	1,947,520	3,010,466	3,099,752	3,312,085	3,486,169
Total liabilities	2,005,968	3,071,333	3,169,649	3,400,736	3,592,055
Total equity and liabilities	9,387,638	10,891,392	11,610,551	13,582,249	16,461,489

“Board”	the board of directors of our Company
“China” or the “PRC”	the People’s Republic of China, and for the purpose of this annual report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Company”	NetEase Cloud Music Inc., the shares of which are listed on the Main Board of the Stock Exchange under the stock code “9899”
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	our Company and its subsidiaries, including consolidated affiliated entities, the financials of which are consolidated into our Company’s accounts
“IFRS”	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board
“Latest Practicable Date”	13 April 2026, being the latest practicable date for ascertaining certain information in this annual report before its publication
“Listing”	the listing of our shares on the Main Board of the Stock Exchange
“Listing Date”	2 December 2021, the date on which our shares were listed and on which dealings in our shares were first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules

Definitions

“Monthly paying users of online music services”	the average of the number of users whose membership subscription packages remain active as of the last day of each month in a given period. Monthly paying users of online music services for any given period excludes the number of users who only purchase digital music singles and albums during such period because these users’ purchasing patterns tend to reflect specific hit releases, which fluctuate from period to period
“NetEase”	NetEase, Inc., an exempted company incorporated in the Cayman Islands with limited liability on 6 July 1999 (Nasdaq: NTES; SEHK: 9999) and considered our controlling shareholder under the Listing Rules
“NetEase Group”	NetEase and its subsidiaries and consolidated affiliated entities, and unless the context otherwise requires, excluding the Group
“Prospectus”	the Company’s prospectus dated 23 November 2021, a copy of which is available on the Stock Exchange’s website at www.hkexnews.hk
“Reporting Period”	the financial year ended 31 December 2025
“Shareholder(s)”	holder(s) of the Company’s share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), and includes our consolidated affiliated entities and any other entity the financials of which are consolidated into the accounts of the Company
“treasury shares”	has the meaning ascribed to it under the Listing Rules



(incorporated in the Cayman Islands with limited liability)

Stock code: 9899