

乐华娱乐集团

YH Entertainment Group
Annual Report

股份代號Stock Code:2306

ANNUAL REPORT | 2025

YH Entertainment Group · 乐华娱乐集团年報



乐华娱乐
YUE HUA
ENTERTAINMENT



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Ms. DU Hua (*Chairlady and Chief Executive Officer*)
Mr. SUN Yiding
Mr. SUN Le

Non-executive Director

Mr. MENG Jun

Independent Non-executive Directors

Mr. FAN Hui
Mr. LU Tao
Mr. HUANG Jiuling

AUDIT COMMITTEE

Mr. FAN Hui (*Chairman*)
Mr. LU Tao
Mr. HUANG Jiuling

REMUNERATION COMMITTEE

Mr. LU Tao (*Chairman*)
Mr. SUN Yiding
Mr. HUANG Jiuling

NOMINATION COMMITTEE

Ms. DU Hua (*Chairlady*)
Mr. LU Tao
Mr. FAN Hui

JOINT COMPANY SECRETARIES

Mr. ZHANG Wensheng
Mr. AU Kai Yin (appointed on March 26, 2026)
Mr. CHUNG Ming Fai (resigned on March 26, 2026)

AUTHORIZED REPRESENTATIVES

Mr. SUN Yiding
Mr. AU Kai Yin (appointed on March 26, 2026)
Mr. CHUNG Ming Fai (resigned on March 26, 2026)

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681,
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 6006, 6/F, Building One
Yard 28, Chuangyuan Road
Chaoyang District, Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman KY1-1111
Cayman Islands

CORPORATE INFORMATION (continued)

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKS

China Guangfa Bank
(Beijing International Exhibition Center Branch)
First Floor, Zhongjian Building
No. 18 Xibahe Dongli
Chaoyang District
Beijing, PRC

China Merchants Bank (Tianjin Binhai Branch)
No. 33 Second Road, Binhai New District
Tianjin, PRC

AUDITOR

SHINEWING (HK) CPA Limited
Certified Public Accountants and Registered PIE Auditor
17/F, Chubb Tower, Windsor House
311 Gloucester Road
Causeway Bay
Hong Kong

HONG KONG LEGAL ADVISOR

Cooley HK
35/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

STOCK CODE

2306

COMPANY'S WEBSITE

www.yuehuamusic.com

LISTING DATE

January 19, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are an established artist management company in China. Since our establishment in 2009, through years of development, we have grown into a culture and entertainment platform comprising four complementary businesses, including artist management, music IP production and operation, IP commercialization business and pop toys operation.

During the Reporting Period, despite the complicated market environment, we made endeavors to maintain and develop our connection and cooperation with our suppliers, customers and other business partners.

Based on our full-fledged professional artist management system, we have been continually exploring diversified career path and training scheme for our managed artists and trainees. As of December 31, 2025, we had 64 managed artists and 55 trainees enrolled in our trainee program. Leveraging their positive public images and popularity, our managed artists have played important roles in various popular productions, such as the movies “Gift from a Cloud (有朵雲像你),” “We Girls (向陽·花)” and “Love List (分手清單),” drama series “Those Days (四喜),” “All Rise (即刻上場),” “Midnight Snow (三更雪),” “Moonlit Reunion (子夜歸),” “Deep Affection Eyes (深情眼),” “The Best Thing (愛你),” “Glory (玉茗茶骨)” and “Light of Dawn (人之初),” documentary reality show “Exploring the Unknown Season 2 (探索新境第二季),” and the variety programs “The Top Racer (風馳賽車手),” “We Are the Champions Season 4 (戰至巔峰第四季),” “MULTISUB (我贊紅人),” “Taste For You (味你而來),” “Go Live! Young Merchandisers (開播吧! 青春採銷),” “Detective Academy (名偵探學院),” “My Little One (我家那小子),” “Run for Time (全員加速中)” and “Daughters and Mothers Season 2 (是女兒是媽媽第二季).”

During the Reporting Period, several of our managed artists or managed artist groups successfully held their concerts, including Mr. Huang Minghao (黃明昊)’s “Justin’s Imaginary World (賈想世界)” concert in Beijing and Chengdu, Mr. Zhu Zhengting (朱正廷)’s “ZT27 Universe – Realm of Freedom (ZT27宇宙自由之境)” concert, Mr. Wang Xi (王晰)’s solo tour concert “I (吾),” managed artist group NAME’s 4th anniversary audience meeting in Beijing, Mr. Bi Wenjun (畢雯珺)’s “Bi’s Land Birthday Concert (畢達之地生日演唱會),” Mr. Tang Jiuzhou (唐九洲)’s JOJOLAND tour concerts and Mr. Li Wenhan (李汶翰)’s premiere concert for the newly released digital single “Litopia (理想國).”

We are also dedicated to the development of our music IP production and operation business. During the Reporting Period, we successfully released 36 digital singles and 9 digital albums covering a diverse range of genres, which enjoyed widespread popularity.

During the Reporting Period, we continued to leverage our longstanding expertise in IP commercialization to further diversify and strengthen our IP operations. The Group’s IP commercialization business comprises artist photocards, artist-related merchandise and artist concerts, each contributing to the enhancement of our IP value and commercial ecosystem. Through continuous optimization of our content offerings and closer integration between IP development and commercial execution, the Group further strengthened the monetization efficiency and sustainability of its IP assets.

Within the IP commercialization business, artist-related merchandise and artist concerts continued to deliver stable contributions during the Reporting Period. Artist photocards, as an integral component of artist-related merchandise, benefited from curated promotional initiatives and selective exclusive releases, supporting steady audience engagement and sales performance, and made a meaningful contribution to the overall performance of the segment. Artist concerts generated revenue primarily through ticket sales and, in addition to their direct financial contribution, serve as one of Yuehua’s key branded activities, enhancing artist visibility, strengthening audience engagement and loyalty, and bringing sustained commercial value to the Group.

In parallel with the IP commercialization business, the Group continued to develop its pop toys operation, which achieved favorable market response and solid commercial performance during the Reporting Period. Through strengthened business partnerships and ongoing enhancements in IP incubation, product development, and commercial execution, the Group improved its ability to respond to consumer trends and to scale its pop toys offerings effectively.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Pop toy IPs such as WAKUKU, together with other brands under the Group's portfolio, are characterized by distinctive aesthetic positioning and collectible appeal, which continued to resonate with young consumers. This resulted in a number of successful product launches and increased brand exposure across both online and offline channels. Looking ahead, the Group expects to continue incubating and developing additional pop toy IPs in response to evolving market demand. The progress achieved during the Reporting Period contributed positively to business diversification and laid a solid foundation for the sustainable growth of the pop toys operation.

Our total revenue increased from RMB764.5 million for the year ended December 31, 2024 to RMB907.0 million during the Reporting Period, primarily due to the increase of revenue generated from artist management. We recorded a profit of RMB71.8 million during the Reporting Period, compared to a profit of RMB44.3 million for the year ended December 31, 2024, primarily attributable to the decrease in equity settled share-based payments and the increase in revenue generated from artist management business during the Reporting Period.

As we enter the fourth year since our Listing on the Stock Exchange, we remain focused on unlocking long-term value across our core business segments. Drawing on the industry expertise and brand equity we have built through years of development and innovation in the entertainment sector, we will continue to execute our integrated development strategies with discipline and agility. Looking ahead, we will continue to focus on strengthening our market competitiveness across these business areas, while proactively adapting to evolving industry dynamics and emerging business models under the new operating environment. By fostering creativity, strengthening execution, and deepening collaboration, we aim to enhance the value of our content and brand assets while continuously adjusting our business strategies in response to market demand and expanding our presence in both domestic and international markets. We remain committed to building a resilient and adaptable entertainment business that captures evolving opportunities and delivers long-term value.

BUSINESS ANALYSIS BY BUSINESS LINE

We generated revenue from (i) artist management, (ii) music IP production and operation, (iii) IP commercialization business and (iv) pop toys operation during the Reporting Period. The table below sets forth a breakdown of our revenue by business line for the years indicated.

	For the year ended December 31,				Year-on-Year change
	2025		2024		
	Amount	% of total revenue	Amount	% of total revenue	
	(RMB in thousands, except for percentages)				
Artist management*	748,514	82.5%	665,647	87.1%	12.4%
Music IP production and operation	55,191	6.1%	42,212	5.5%	30.7%
IP commercialization business	66,133	7.3%	56,679	7.4%	16.7%
Pop toys operation	37,134	4.1%	N/A	N/A	N/A
Total Revenue	906,972	100.0%	764,538	100.0%	18.6%

Note:

- * During the Reporting Period, the Group adjusted its revenue categorization for presentation purposes. Revenue generated from artist concerts previously included in the artist management segment has been reclassified to the IP commercialization business segment. Accordingly, the comparative figures for the year ended December 31, 2024 have been restated, with no impact on total revenue for any period.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Artist Management

We continued to reinforce our leading position in China's artist management market during the Reporting Period. We continuously identify candidates with high artistic potential to build a robust pipeline of trainees and provide comprehensive and high-quality training classes for such trainees.

During the Reporting Period, we primarily generated revenue from providing services to our customers, including corporate customers, media platforms, content producers and advertising agencies, by arranging our managed artists to participate in commercial activities and provide entertainment content services.

We arrange for our managed artists to participate in various commercial activities at the request of our customers, including endorsement deals, business promotion activities and other commercial activities. During the Reporting Period, our managed artists attended various high-profile business promotion activities and other commercial activities, underscoring their substantial commercial value. Meanwhile, our managed artists have starred in a wide selection of movies, drama series, variety programs and public performances, and have gained wide popularity.

The revenue we generated from artist management business increased by 12.5% from RMB665.6 million for the year ended December 31, 2024 to RMB748.5 million during the Reporting Period, primarily due to an increase of revenue generated from commercial activities participated in by our managed artists.

The gross profit for artist management increased by 47.2% from RMB115.8 million for the year ended December 31, 2024 to RMB170.4 million during the Reporting Period. The gross profit margin for our artist management business increased from 17.4% for the year ended December 31, 2024 to 22.8% during the Reporting Period, primarily due to the revenue growth in the artist management segment outpacing the growth in related costs.

Going forward, we will continue to pursue a balanced, quality-focused approach in developing our artist management business, with a view to optimizing both the quality and scale of our managed artist and trainee portfolio. Leveraging our established trainee program, we intend to identify and develop trainees with artistic potential in a targeted and tailored manner while maintaining disciplined growth aligned with our overall strategy. We will also continue to strengthen our artist operation capabilities to support the sustainable development and commercial value of our managed artists, alongside ongoing marketing and promotional efforts.

Music IP Production and Operation

We continued to develop our music IP production and operation business during the Reporting Period.

We maintain an extensive library of original and licensed music IPs, which is continuously expanding. As of December 31, 2025, we had built an extensive music IP library comprising more than 1,240 musical works we produced for our managed artists. During the Reporting Period, we released 36 digital singles and 9 digital albums, comprising 81 songs in total.

During the Reporting Period, we generated revenue from licensing our music IPs to music streaming platforms and other music service providers, and selling digital and physical copies of our music IPs. We granted license on the music IPs in our music IP library to a wide selection of music service providers, including major music streaming platforms for licensing fees and royalties.

The revenue we generated from music IP production and operation business increased by 30.8% from RMB42.2 million for the year ended December 31, 2024 to RMB55.2 million during the Reporting Period, primarily due to an increase in revenue generated from music streaming platforms.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The gross profit for our music IP production and operation business increased by 48.3% from RMB14.9 million for the year ended December 31, 2024 to RMB22.1 million during the Reporting Period. The gross profit margin for our music IP production and operation business increased from 35.4% for the year ended December 31, 2024 to 40.0% during the Reporting Period, primarily due to the revenue growth in the music IP production and operation segment outpacing the growth in related costs.

In the future, we will further develop our music IP production and operation business in response to the rapidly growing digital music market in China. We will continue to produce digital singles and albums for our managed artists who have developed a music career. We also intend to further expand our music IP library by acquiring the copyrights of quality musical works from copyright holders.

IP Commercialization Business

In addition to artist management and music IP production and operation, during the Reporting Period, our IP commercialization business continued to develop as a more structured and diversified segment, encompassing multiple sub-verticals, further enriching the breadth and depth of our pan-entertainment strategy. The IP commercialization business comprises artist-related merchandise, artist photocards and artist concerts, which collectively reflect the Group's ongoing efforts to enhance the commercial value of its creative assets through diversified content formats and differentiated audience engagement strategies.

The business of artist-related merchandise covers a broad range of physical and digital products derived from our talent portfolio, while the artist photocard business operated as an independent and content-driven offering targeting core audience communities. Supported by disciplined product development, curated promotional initiatives and selective releases, these sub sectors maintained stable audience engagement and demonstrated scalability as repeat-consumption monetization channels. In parallel, artist concerts remained an important component of the IP commercialization business, generating revenue primarily through ticket sales and also serving as a key branded activity to enhance artist visibility, deepen audience engagement and support the long-term commercial value of our IP portfolio.

The revenue we generated from IP commercialization business increased by 16.6% from RMB56.7 million for 2024 to RMB66.1 million for 2025, primarily due to an increase in revenue generated from artist related merchandise.

The gross profit for our IP commercialization business decreased by 44.7% from RMB25.3 million for 2024 to RMB14.0 million during the Reporting Period. The gross profit margin for our IP commercialization business decreased from 44.6% for 2024 to 21.2% during the Reporting Period, primarily due to the cost growth in the IP commercialization segment outpacing revenue growth.

Looking ahead, we will continue to strengthen its IP commercialization business by further refining the development of individual sub sectors, exploring new content formats and cross industry collaboration opportunities, and enhancing the integration between creative development and commercial execution. We aim to build a resilient and scalable IP commercialization framework that supports long-term growth while maintaining flexibility to adapt to evolving market conditions and consumer preferences.

Pop Toys Operation

During the Reporting Period, we continued to advance pop toys operation as an independently operated business line, achieving favorable market response and solid commercial performance. The business focuses on the incubation, development and commercialization of pop toy IPs through strengthened business partnerships, disciplined product execution and multi channel distribution, enhancing the breadth of our IP ecosystem and supporting diversified revenue streams.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Operationally, we deepened collaboration with industry partners to strengthen capabilities in IP incubation, product design, manufacturing coordination and retail operations. Pop toy IPs such as WAKUKU, together with other brands in our portfolio, continued to resonate with young consumers through distinctive aesthetics and collectible appeal. In our retail operations, YH TOYS ROBO SHOP successfully integrated IP-driven pop toys with new retail scenarios. By creating an immersive offline experience through its robotic store format, the business extended the value of its entertainment content into the broader domain of trend-oriented lifestyle consumption. Targeted product launches and curated campaign releases improved sell through efficiency and increased brand exposure across online and offline channels, laying a firmer foundation for scalable, repeat consumption growth.

In light of the commencement and development of the pop toys operation business during the Reporting Period, we recorded revenue from pop toys operation of RMB37.1 million during the Reporting Period. The gross profit in this segment amounted to RMB16.7 million, representing a gross profit margin of 45.0%.

Looking ahead, the Group will continue to broaden its pop toys portfolio by incubating and developing additional pop toy IPs in response to evolving market demand and consumer preferences. The Group plans to further enhance operating efficiency through tighter partner collaboration, data driven product planning and more disciplined management of product launches, production volumes and product replacement cycles, while deepening omnichannel reach in both domestic and international markets. By maintaining a measured pace of innovation and execution, the Group aims to build a resilient and scalable pop toys business that supports long term, sustainable growth.

Our Global Footprint

Building on our market-leading position in China, we actively promoted and marketed our managed artists and our Yuehua brand in Asian markets during the Reporting Period. When our managed artists published a musical work, we simultaneously published it on multiple music streaming platforms overseas. Our musical works have been published on various overseas music streaming platforms, including Apple Music, Spotify, YouTube and KKBox, leading Chinese pop music culture trend worldwide.

Yuehua Korea is an important part of our global strategy. During the Reporting Period, our managed artists in Yuehua Korea achieved sustained international exposure and commercial traction across multiple markets, strengthening our global footprint. Our managed artist group TEMPEST maintained a high level of music output with the release of several Korean mini digital albums and singles, alongside localized releases in China and Japan, supporting cross-market audience expansion. The managed artist group successfully conducted its *As I Am* concert tour in Asia and gained broader regional media exposure, reflecting growing regional brand recognition.

Following his return to the entertainment industry, Lee Do-hyun increased his engagement in film and drama series projects, while participating in related commercial events and gaining broader media exposure. YENA (Choi Yena) continued to diversify her music portfolio with the release of her fifth mini digital albums and singles, including cross-IP collaboration content, and was honored with the 2025 Asia Artist Awards – Best Musician (Solo). She held a solo concert tour, participated in KCON JAPAN, a global Korean culture convention and concert series, featuring live K-pop performances alongside Korean content, lifestyle, and cultural experiences. She was also featured in multiple premium fashion and lifestyle publications. Collectively, these activities contributed to broader international market penetration and enhanced the Company's competitiveness across music, content, advertising, and fashion-related segments during the Reporting Period.

During the Reporting Period, we continued to explore the overseas markets and promote our managed artists globally. Movies starring Ms. Cheng Xiao (程瀟), such as “We Girls (向陽·花),” and “Love List (分手清單)” were distributed in Malaysia, Australia, the United Kingdom, New Zealand, Germany and Singapore and movies starring Mr. Huang Minghao, such as “A Place Called Silence (默殺)” were distributed in the United Kingdom, Ireland, Ecuador and Peru. TV series starring Ms. Cheng Xiao such as “Glory (玉茗茶骨)” were released across various countries including the United States, Singapore, Thailand, Indonesia and Vietnam. Variety programs featuring Ms. Cheng Xiao, such as “Daughters and Mothers Season 2 (是女兒是媽媽第二季)”, were made available on overseas platforms. These series, movies, shows and music works have been widely popular since their international distribution.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW

Revenue

Our revenue increased by 18.6% from RMB764.5 million for the year ended December 31, 2024 to RMB907.0 million during the Reporting Period, primarily due to an increase in revenue generated from artist management.

The revenue we generated from artist management business increased by 12.5% from RMB665.6 million for the year ended December 31, 2024 to RMB748.5 million during the Reporting Period, primarily because an increase in revenue generated from commercial activities our managed artists participated in.

The revenue we generated from music IP production and operation business increased by 30.8% from RMB42.2 million for the year ended December 31, 2024 to RMB55.2 million during the Reporting Period, primarily due to an increase in revenue generated from music streaming platforms.

The revenue we generated from IP commercialization business increased by 16.6% from RMB56.7 million for the year ended December 31, 2024 to RMB66.1 million during the Reporting Period, primarily due to an increase in revenue generated from artist-related merchandise.

The revenue we generated from pop toys operation business amounted to RMB37.1 million during the Reporting Period.

Cost of Revenue

The table below sets forth our cost of revenue by nature both in absolute amount and as percentages for the years indicated.

	For the year ended December 31,				Year-on-Year change
	2025		2024		
	Amount	%	Amount	%	
	(RMB in thousands, except for percentages)				
Revenue sharing for artist management business	469,430	68.7%	423,319	69.6%	10.9%
Artist promotion costs	50,739	7.4%	54,734	9.0%	(7.3%)
Production costs of music content	28,446	4.2%	30,566	5.0%	(6.9%)
Employee benefits expenses	20,605	3.0%	14,987	2.5%	37.5%
Depreciation and amortisation	16,725	2.4%	6,701	1.1%	149.6%
Equity settled share-based payments ⁽¹⁾	14,560	2.1%	30,226	5.0%	(51.8%)
Production costs of concert	24,531	3.6%	24,558	4.0%	(0.1%)
Cost of pop toys operation	18,028	2.6%	N/A	N/A	N/A
Others ⁽²⁾	40,718	6.0%	23,396	3.8%	74%
Total	683,782	100.0%	608,487	100.0%	12.4%

Notes:

- (1) Consisting primarily of expenses arising from granting restricted share units ("RSUs") to eligible individuals under our Pre-IPO Share Incentive Plan. We adopted our Pre-IPO Share Incentive Plan on December 10, 2021. We granted 1,542,500 RSUs, 3,594,750 RSUs and 652,750 RSUs to eligible individuals on December 10, 2021, March 4, 2022 and December 20, 2022 respectively.
- (2) Consisting primarily of (i) expenses for training our trainees, (ii) travel and car rental expenses for artists and assistants to participate in various commercial activities, and (iii) costs for sales of artist-related merchandise on third-party e-commerce platforms.

Our cost of revenue increased by 12.4% from RMB608.5 million for the year ended December 31, 2024 to RMB683.8 million during the Reporting Period, primarily attributable to an increase in the cost incurred for artist management and pop toys operation businesses.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded (i) a gross profit of RMB156.1 million and RMB223.2 million in 2024 and 2025, respectively, and (ii) a gross profit margin of 20.4% and 24.6% in 2024 and in 2025, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by businesses for the years indicated.

	For the year ended December 31,			
	2025		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)			
Artist management	170,366	22.8%	115,835	17.4%
Music IP production and operation	22,077	40.0%	14,925	35.4%
IP commercialization business	14,038	21.2%	25,291	44.6%
Pop toys operation	16,709	45.0%	N/A	N/A
Total/Overall	223,190	24.6%	156,051	20.4%

The gross profit for artist management increased by 47.2% from RMB115.8 million for the year ended December 31, 2024 to RMB170.4 million during the Reporting Period. The gross profit margin for our artist management business slightly increased from 17.4% for the year ended December 31, 2024 to 22.8% during the Reporting Period, primarily due to revenue growth in the artist management segment outpacing the growth in related costs.

The gross profit for our music IP production and operation business increased by 48.3% from RMB14.9 million for the year ended December 31, 2024 to RMB22.1 million during the Reporting Period. The gross profit margin for our music IP production and operation business increased from 35.4% for the year ended December 31, 2024 to 40.0% during the Reporting Period, primarily due to the revenue growth in the music IP production and operation segment outpacing the growth in related costs.

The gross profit for our IP commercialization business decreased by 44.7% from RMB25.3 million for the year ended December 31, 2024 to RMB14.0 million for the year ended December 31, 2025. The gross profit margin for our IP commercialization business decreased from 44.6% for the year ended December 31, 2024 to 21.2% during the Reporting Period, primarily due to the cost growth in the IP commercialization segment outpacing revenue growth.

During the Reporting Period, we recorded revenue from pop toys operation of RMB37.1 million. The gross profit in this segment amounted to RMB16.7 million, representing a gross profit margin of 45.0%.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) employee benefits expenses, including salaries and benefits, for sales and marketing personnel, (ii) advertising and promotion expenses mainly in relation to general marketing and promotion of our managed artists, (iii) rental expenses, (iv) traveling expenses, and (v) equity settled share-based payments.

The table below sets forth a breakdown of our selling and marketing expenses in absolute amounts and as percentages of our selling and marketing expenses for the years indicated.

	For the year ended December 31,				Year-on-Year change
	2025		2024		
	Amount	%	Amount	%	
	(RMB in thousands, except for percentages)				
Employee benefits expenses	31,113	50.6%	28,187	47.7%	10.4%
Advertising and promotion expenses	10,163	16.5%	17,031	28.8%	(40.3%)
Rental expenses	147	0.2%	2,236	3.9%	(93.4%)
Traveling expenses	273	0.4%	250	0.4%	9.2%
Equity settled share-based payments ⁽¹⁾	1,240	2.0%	2,109	3.6%	(41.2%)
Others ⁽²⁾	18,559	30.3%	9,226	15.6%	101.2%
Total	61,495	100.0%	59,039	100.0%	4.2%

Notes:

- (1) Consisting primarily of expenses arising from granting RSUs to eligible individuals under our Pre-IPO Share Incentive Plan.
- (2) Consisting primarily of depreciation of property, plant and equipment and expenses for office supplies.

Our selling and marketing expenses increased by 4.2% from RMB59.0 million for the year ended December 31, 2024 to RMB61.5 million during the Reporting Period, primarily due to an increase in employee benefits expenses during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

General and Administrative Expenses

Our general and administrative expenses consist primarily of (i) employee benefits expenses, including salaries and benefits, for our management and administrative staff, (ii) depreciation and amortization, (iii) taxes and surcharges, (iv) professional and consulting fees, (v) traveling expenses, (vi) equity settled share-based payments and (vii) auditor's remuneration.

The table below sets forth a breakdown of our general and administrative expenses in absolute amounts and as percentages of our general and administrative expenses for the years indicated.

	For the year ended December 31,				Year-on-Year change
	2025		2024		
	Amount	%	Amount	%	
	(RMB in thousands, except for percentages)				
Employee benefits expenses	34,336	41.6%	31,155	33.1%	10.2%
Depreciation and amortization	14,369	17.4%	10,941	11.6%	31.3%
Taxes and surcharges	5,537	6.7%	7,115	7.6%	(22.2%)
Professional and consulting fees ⁽¹⁾	4,855	5.9%	8,875	9.3%	(45.3%)
Traveling expenses	1,541	1.9%	1,333	1.4%	15.6%
Equity settled share-based payments ⁽²⁾	4,349	5.3%	18,997	20.2%	(77.1%)
Auditor's remuneration	1,831	2.2%	1,651	1.8%	10.9%
Others ⁽³⁾	15,686	19.0%	14,080	15.0%	11.4%
Total	82,504	100.0%	94,147	100.0%	(12.4%)

Notes:

- (1) Consisting primarily of service fees for business, legal, tax and other consultants in connection with our business operations.
- (2) Consisting primarily of expenses arising from granting RSUs to eligible individuals under our Pre-IPO Share Incentive Plan.
- (3) Consisting primarily of rental expenses for short-term leases, office supplies and other miscellaneous expenses.

Our general and administrative expenses decreased by 12.4% from RMB94.1 million for the year ended December 31, 2024 to RMB82.5 million during the Reporting Period, primarily due to a decrease in share-based payments.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Impairment Losses on Financial Assets/Net Reversal of Impairment Losses

Our impairment losses on financial assets are primarily related to the credit risk associated with our trade receivables and other receivables. For the year ended December 31, 2024, we recorded a net reversal of impairment losses on financial assets of RMB2.8 million, whereas impairment losses on financial assets increased to RMB7.0 million during the Reporting Period, primarily due to an increase in trade receivables.

Other Income

Our other income consists of (i) government subsidies, and (ii) rental income from investment properties. The government subsidies were unconditional and granted by the local government in recognition of our contributions during the Reporting Period. There were no unfulfilled conditions or contingencies attached to these government grants during the Reporting Period. The rental income from investment properties was derived from rental income generated by buildings located in Korea and China.

The table below sets forth a breakdown of the components of our other income in absolute amounts and as a percentage of our total other income for the years indicated.

	For the year ended December 31,	
	2025	2024
	(RMB in thousands)	
Government subsidies	2,684	19,699
Rental income from investment properties	414	221
Total	3,098	19,920

Other Gains, Net

Our other gains primarily comprise (i) fair value gains from wealth management products, (ii) fair value losses or gains from unlisted equity security, (iii) fair value gains from unlisted funds, (iv) net loss on disposal of an associate in relation to sale of our equity interest in an associate and (v) net exchange gains or losses. Our other gains, net in 2025 were RMB9.1 million, compared with net other gains of RMB29.0 million in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The table below sets forth a breakdown of our other gains, net for the years indicated.

	For the year ended December 31,	
	2025	2024
	(RMB in thousands)	
Fair value gains from wealth management products	–	303
Net exchange (losses)/gains	(4,496)	30,472
Fair value losses from a listed entity	(1,011)	–
Fair value gains/(losses) from unlisted entities	3,602	(8,090)
Fair value gains from unlisted funds	8,184	5,454
Net gains on disposal of property, plant and equipment	69	431
Net gains on early termination of right-of-use assets	–	1,033
Net loss on disposal of an associate	(295)	–
Net loss on disposal/redemption of unlisted entities	(411)	–
Others	3,497	(561)
	9,139	29,042

Finance Income, Net

Our finance income consists of interest income from bank deposits and investments measured at amortized cost, while our finance costs comprise interest expenses on bank borrowings and lease liabilities. Our net finance income remained stable at approximately RMB17.6 million during the Reporting Period, representing a slight decrease compared with the year ended December 31, 2024, primarily due to lower interest income from bank deposits.

Share of Losses of Investment Accounted for Using the Equity Method

Our share of losses of investment accounted for using the equity method is primarily related to our equity investment in our associates. Our share of losses of investment accounted for using the equity method increased from RMB2.0 million for the year ended December 31, 2024 to RMB6.0 million during the Reporting Period, primarily due to an increase in losses incurred by our associate companies.

Income Tax Expense

Our income tax expense in 2025 was RMB24.2 million. Our effective tax rate was approximately 25.2% in 2025.

Profit for the year

As a result of the foregoing, we recorded profit of RMB71.8 million in 2025, as compared to the profit of RMB44.3 million in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Non-IFRS Accounting Standards Measures

To supplement our consolidated financial statements which are presented under IFRS Accounting Standards, we also use adjusted net profit as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards. We believe that the non-IFRS Accounting Standards measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We believe that such measures provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS Accounting Standards measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net profit as profit for the year adjusted for (i) equity settled share-based payments, (ii) fair value changes of financial instrument, (iii) net losses/gains on deregistration/disposal of associates, and (iv) loss on disposal of investments in unlisted entities. Equity settled share-based payments consist of non-cash expenses arising from granting RSUs to eligible individuals under our Pre-IPO Share Incentive Plan. We define adjusted net profit margin as adjusted net profit divided by revenue. The table below sets forth our adjusted net profit and adjusted net profit margin for the years indicated.

	For the year ended December 31,	
	2025	2024
	(RMB in thousands, except for percentages)	
Profit for the year	71,841	44,317
Adjusted for:		
Equity settled share-based payments	20,149	51,332
Fair value changes of financial instruments	(10,775)	2,636
Net losses on deregistration/disposal of investments accounted for using equity method	3	1,761
Net loss on disposal/redemption of unlisted entities	411	–
Non-IFRS measures: Adjusted net profit	81,629	100,046
Adjusted net profit margin	9.0%	13.1%

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss comprise our unlisted equity securities at fair value, unlisted funds at fair value and a listed equity security at fair value.

Our financial assets at fair value through profit or loss increased by 5.8% from RMB374.1 million as of December 31, 2024 to RMB395.9 million as of December 31, 2025, primarily due to our investment in financial assets during the Reporting Period.

Trade Receivables

Our net trade receivables increased by 49.9% from RMB71.9 million as of December 31, 2024 to RMB107.8 million as of December 31, 2025, primarily due to an increase in revenue generated from artist management business, which led to a corresponding increase in trade receivables.

As of December 31, 2024 and 2025, we made allowance for impairment of trade receivables of approximately RMB12.7 million and RMB18.7 million, which we believe were sufficient as of the end of each year, respectively.

Prepayments and Other Receivables

Our prepayments decreased from RMB40.2 million as of December 31, 2024 to RMB11.7 million as of December 31, 2025, primarily due to a reduction in our investment in film production during the Reporting Period.

Our other receivables increased by 31.6% from RMB35.8 million as of December 31, 2024 to RMB47.1 million as of December 31, 2025, primarily attributable to the prepaid investment payments during the Reporting Period.

Restricted Cash

As of December 31, 2025, we did not have any restricted cash.

Trade Payables

Our trade payables increased by 20.1% from RMB202.7 million as of December 31, 2024 to RMB243.4 million as of December 31, 2025, primarily due to higher business volume, which resulted in increased costs and hence higher trade payables.

Other Payables and Accruals

Our other payables and accruals increased by 26.5% from RMB50.2 million as of December 31, 2024 to RMB63.5 million as of December 31, 2025, primarily due to an increase in employee benefit expenses.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Contract Liabilities

Our contract liabilities decreased by 15.2% from RMB190.7 million as of December 31, 2024 to RMB161.7 million as of December 31, 2025, primarily due to the recognition of revenue upon the fulfilment of performance obligations.

Financial Position, Liquidity and Capital Resources

We have historically funded our cash requirements principally from cash generated from our business operations. After the Global Offering, we finance our capital requirements through cash generated from our business operations, the net proceeds from the Global Offering, and other future equity or debt financings. We currently do not anticipate any material changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB386.1 million and RMB323.2 million as of December 31, 2024 and 2025, respectively.

Compared with the bank borrowings of RMB162.3 million as of December 31, 2024, the bank borrowings as of December 31, 2025 was RMB58.4 million, primarily due to the fact that the Group had fully settled all outstanding loan balances in China as of December 31, 2025. As of December 31, 2025, our borrowings in Korea were secured by certain property, plant and equipment and investment properties with floating interest rates of 2.76% to 5.23% per annum. Our Group does not have any interest rate hedging policy as of the date of this report.

We intend to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, our policy is to regularly monitor our liquidity risk and to maintain adequate liquid assets including cash and cash equivalents or to maintain adequate financing arrangements to meet our liquidity requirements.

Gearing Ratio

Gearing ratio is calculated based on our total debt divided by our total equity as of the same dates and multiplied by 100%. Our gearing ratio reduced to 4.4% as of December 31, 2025, primarily due to the early repayment of certain loans, compared with the gearing ratio of 11.8% as of December 31, 2024.

Significant Investments Held

December 2024 Subscription

On December 23, 2024, the Company entered into the Subscription Agreement with the A1 Orient Investments Limited (the “**Fund**”), pursuant to which the Company agreed to subscribe for the Class B shares attributable to the Fund, at a total subscription amount of HK\$102 million (inclusive of subscription fee) (the “**December 2024 Subscription**”). For details of the December 2024 Subscription, please refer to the relevant announcements published by the Company on December 23, 2024 and January 14, 2025, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The December 2024 Subscription was officially closed in April 2025, with the fee for the Subscription fully settled by the Company and recognized by the Company as financial assets at fair value through profit or loss as of December 31, 2025. The principal purpose of the December 2024 Subscription is to diversify the investment portfolio of the Company with an aim to enhance its profitability. The December 2024 Subscription provides an opportunity for the Company to enhance return by utilizing the idle cash of the Company at acceptable risk level. In light of the above, the Directors are of the view that the terms of the Subscription and transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

Set out below is a summary of information of the Fund during the Reporting Period:

Name of fund	Name of investment manager	Registered place	Business nature	Fund holdings	Investment cost	Fair value as of December 31, 2025	Percentage of the Group's total assets (%)
A1 Orient Investments Limited	Alpn Group Limited	British Virgin Islands	Approved fund established under the laws of the British Virgin Islands	10,000 Class B Shares in the Fund	HK\$102 million	HK\$105 million	4.75%

The performance of the Fund during the Reporting Period is set out below:

Name of fund	Unrealized gain for the year ended December 31, 2025 (HK\$'000)	Dividend received for the year ended December 31, 2025
A1 Orient Investments Limited	295	Nil

The investment objective of the Fund is to seek long-term growth of capital while preserving real value of client assets after inflation. The investment strategy of the Fund is to employ value investing and quantitative strategies to achieve its investment objective. The investment scope of the Fund includes but not limited to, equity financial products, fixed income financial products, OTC derivative financial products, cash financial products, etc.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

May 2025 Subscription

On May 9, 2025, the Company entered into a limited partnership agreement, pursuant to which the Company's application to subscribe for the Class A Interest in the SPL New Economy LPF (星光新經濟產業有限合夥基金) (the "SPL Fund") as a Class A limited partner for a capital commitment of HK\$100 million (exclusive of a subscription fee of HK\$2 million) under the subscription agreement was accepted by the SPL Fund (the "May 2025 Subscription"). For details of the May 2025 Subscription, please refer to the relevant announcements published by the Company on May 9 and May 28, 2025, respectively. As of December 31, 2025, a total of HK\$10 million had been paid by the Company for the May 2025 Subscription pursuant to relevant subscription terms.

The principal purpose of the SPL Fund is to enable the partners to carry on the business of investing in, holding, managing and disposing of public and private equity, public and private debt, public and private convertible bonds, and/or through products including but not limited to structured notes and investment funds that are linked to aforesaid assets with the principal objective of creating capital growth, generating income and realizing capital gain.

As of the date of this report, the SPL Fund has not officially launched and is still at the stage of fundraising. Accordingly, the May 2025 Subscription would not constitute a significant investment held by the Group during the Reporting Period.

Save as disclosed in this report, our Group did not make or hold any significant investments during the Reporting Period.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this report, as of December 31, 2025, we did not have other plans for material investments and capital assets.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

Our Group did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies during the Reporting Period.

Employee and Remuneration Policy

The following table sets forth the numbers of our employees dedicated to our business and operations categorized by function as of December 31, 2025.

Function	Number of Employees	% of Total
Artist operation	65	28.1%
Artist training	33	14.3%
Artist promotion	38	16.5%
Music and Pan-entertainment Business	56	24.2%
Administration	39	16.9%
Total	231	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, pension, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance and housing fund plans through a PRC government-mandated benefit contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our staff, up to a maximum amount specified by the local government from time to time.

Our Company also has a Pre-IPO Share Incentive Plan under which eligible employees may participate. The total employee benefit expenses, including share-based payments to eligible individuals, during the Reporting Period were RMB106.2 million, as compared to RMB125.7 million for the year ended December 31, 2024, representing a year-on-year decrease of 15.5%.

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the functional currency of the entities of our Group. The functional currency of our Company is HKD and our Company is exposed to foreign currency risk with respect to our Company's monetary assets and liabilities denominated in RMB. The functional currency of our subsidiaries that operate in the PRC is RMB and such PRC subsidiaries are exposed to foreign exchange risk arising from recognized assets and liabilities denominated in USD. Since balances denominated in USD are reasonably stable with the Hong Kong dollars under the Linked Exchange Rate System, our directors are of the opinion that our Company is not exposed to significant foreign exchange risk and that the exposure to fluctuation in exchange rates will only arise from the translation to RMB, the presentation currency of our Group. During the Reporting Period, our net exchange losses were RMB4.5 million, as compared to net exchange gains of RMB30.5 million for the year ended December 31, 2024. We currently have no hedging policy with respect to foreign exchange risks. Therefore, we have not entered into any hedging transactions to manage potential fluctuation in foreign currencies. We will closely monitor our foreign exchange risks and will utilize appropriate financial tools for hedging purposes when necessary to help reduce foreign exchange risk.

Pledge of Assets

As of December 31, 2025, certain property, plant and equipment, investment properties and certificate of deposit of our Group with an aggregate carrying value of RMB90.1 million were pledged to secure the bank borrowings of our Group.

Treasury Policy

Our Group adopts a prudent financial management approach for its treasury policy to ensure that our Group's liquidity structure comprising assets, liabilities and other commitments is able to always meet its capital requirements.

Contingent Liabilities

As of December 31, 2025, we did not have any material contingent liabilities or guarantees.

Subsequent Events After the Reporting Period

As of the date of this report, there were no other significant events that might have material impact on our Group since December 31, 2025.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

As of the date of this report, the Board comprises seven Directors, of which three are executive Directors, one is non-executive Director and three are independent non-executive Directors. The following table sets forth information regarding our Directors.

Name	Age	Position	Time of appointment as a Director
Executive Directors			
Ms. DU Hua (杜華) ⁽¹⁾	44	Executive Director, Chairlady of the Board and Chief Executive Officer	June 2021
Mr. SUN Yiding (孫一丁) ⁽¹⁾	58	Executive Director and President	June 2021
Mr. SUN Le (孫樂)	45	Executive Director and Vice President	June 2021
Non-executive Director			
Mr. MENG Jun (孟鈞)	46	Non-executive Director	June 2023
Independent non-executive Directors			
Mr. FAN Hui (范輝)	48	Independent Non-executive Director	January 2023
Mr. LU Tao (呂濤)	60	Independent Non-executive Director	January 2023
Mr. HUANG Jiuling (黃九嶺)	54	Independent Non-executive Director	January 2023

Note:

(1) Ms. Du and Mr. Sun are cohabiting as spouses.

EXECUTIVE DIRECTORS

Ms. DU Hua (杜華), aged 44, is our founder, executive Director, the chairlady of the Board and the chief executive officer. Ms. Du was appointed as our Director on June 10, 2021, and re-designated as our executive Director on March 3, 2022. Ms. Du is primarily responsible for the overall strategic planning and business direction and day-to-day management of our Group. She also holds directorship in a number of our subsidiaries¹.

Prior to founding Yuehua Limited in July 2009, Ms. Du worked at Huayou Digital Media Technology Co., Ltd. (華友數碼傳媒科技有限公司) and its affiliates, an internet service provider, from August 2004 to July 2009.

Ms. Du received a diploma majoring in English from North China Institute of Science and Technology (華北科技學院) in the PRC in July 2003 and completed the EMBA Program at Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2015.

¹ Yuehua Limited, Yuehua Investment, Tibet Yuehua, Hainan Yuehua, Tianjin Chufa, Tianjin Yihua, Tianjin Yuehua, Yuehua HK and YUE HUA HONG KONG.

DIRECTORS AND SENIOR MANAGEMENT (continued)

Mr. SUN Yiding (孫一丁), aged 58, is our executive Director and President, primarily responsible for the operation and management of our Group. Mr. Sun joined the Group in May 2015. Mr. Sun was appointed as our Director on June 10, 2021, and re-designated as our executive Director on March 3, 2022.

Mr. Sun served as a director and chief executive officer of RISE Education Cayman Ltd, an educational services provider, whose shares are listed on the Nasdaq Global Market (ticker symbol: REDU), from October 2013 to January 2022 and October 2013 to January 2020, respectively. Mr. Sun served as the general manager in GYMBOGLOBAL (CHINA) TRADING CO., LTD (金寶貝(中國)商貿有限公司), from September 2011 to August 2013. Mr. Sun also consecutively served as general manager of Jinan Gome, deputy general manager of headquarter procurement center, general manager of headquarter operation center, vice president and general manager of northern China in Gome Electrical Appliances Co., Ltd (國美電器有限公司) and the executive director in Gome Retail Holdings Limited (國美零售控股有限公司) (formerly known as Gome Electrical Appliances Holding Limited (國美電器控股有限公司)), whose shares are listed on the Stock Exchange (stock code: 0493), from April 1999 to April 2011.

Mr. Sun received a bachelor's degree in engineering from East China University of Science and Technology (上海華東理工大學) (formerly known as East China Institute of Chemical Technology (華東化工學院)) in the PRC in July 1990 and a master's degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in October 2013.

Mr. SUN Le (孫樂) (with former name as Gao Xiang (高翔)), aged 45, is our executive Director and Vice President. Since joining our Group in November 2009, Mr. SUN Le has been primarily responsible for establishing and maintaining customer relationship and marketing positioning. Mr. SUN Le was appointed as our Director on June 10, 2021, and re-designated as our executive Director on March 3, 2022. Mr. SUN Le joined our Group in November 2009, and he also serves as the vice general manager of Tibet Yuehua and Tianjin Yuehua, being subsidiaries of the Company, from November 2009 to January 2022.

Mr. SUN Le received a diploma majoring in dance from Minzu University of China (中央民族大學) in the PRC in July 1998. Mr. SUN Le obtained the qualification as a performance agent issued by China Association of Performing Arts (中國演出行業協會) in the PRC in August 2017. Mr. SUN Le is the individual member of the 7th council of China Association of Performing Arts and the director of the first council of Artist Agent Alliance of China Association of Performing Arts.

NON-EXECUTIVE DIRECTOR

Mr. MENG Jun (孟鈞), aged 46, was appointed as our non-executive Director since June 28, 2023, primarily responsible for providing professional advice, opinion and guidance to our Board.

Mr. Meng has been serving as an executive director at Damai Entertainment Holdings Limited (formerly known as Alibaba Pictures Group Limited (阿里巴巴影業集團有限公司) (stock code: 1060)) ("**Damai Entertainment**") since March 5, 2019 and a non-independent director of Bona Film Group Co., Limited (博納影業集團股份有限公司), a company listed on the Shenzhen Stock Exchange (SZSE stock code: 001330) since May 30, 2023. Mr. Meng Jun joined Damai Entertainment on April 9, 2018 and has been consecutively serving as the chief financial officer, executive director, and a member of the executive committee of Damai Entertainment. Prior to that, Mr. Meng Jun served at Alibaba Group Holding Limited (阿里巴巴集團控股有限公司) ("**Alibaba Group**"), with its American depository shares listed on the New York Stock Exchange (stock symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988), where he held key financial management positions at a number of business units, including among others, Tao Dian Dian, Taobao Movie (now known as Tao Piao Piao), Tmall Supermarket and Alibaba Digital Media and Entertainment Group; he continues to hold some of these positions after joining the Alibaba Pictures.

Prior to joining Alibaba Group, Mr. Meng Jun held auditing and financial advisory positions at various companies, such as Ernst & Young and IBM. Mr. Meng Jun received his bachelor's degree in economics from Beijing Technology and Business University (北京工商大學) in the PRC in July 2002.

DIRECTORS AND SENIOR MANAGEMENT (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FAN Hui (范輝), aged 48, was appointed as our independent non-executive Director on January 19, 2023, primarily responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Fan has been serving as an independent director of Xuzhou Zm-besta Heavy Steel Structure Co., Ltd. (徐州中煤百甲重鋼科技股份有限公司), a company listed on the Beijing Stock Exchange (stock code: 835857) since September 2021, and was appointed as an independent non-executive director of Great Wall Motor Company Limited (長城汽車股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2333) on June 16, 2023.

Mr. Fan worked as an executive director of Beijing Quanfang Huitong Investment Management Co., Ltd. (北京全方匯通投資管理有限公司) from July 2018 to April 2025. He has also been working as a supervisor of and the chief risk officer of Econowledge Capital Co., Ltd. (易科縱橫投資管理(北京)有限公司) since December 2015. From June 2020 to January 2024, Mr. Fan served as an independent director of Noble Family Wine and Liquor Co., Ltd. (名品世家酒業連鎖股份有限公司), a company listed on the National Equities Exchange And Quotations (the "NEEQ") (stock code: 835961). From February 2022 to April 2023, Mr. Fan served as an independent director of Aura International Education Technology Co., Ltd. (北京光環國際教育科技股份有限公司), a company listed on the NEEQ (stock code: 838504). Prior to that, Mr. Fan consecutively served as a vice president and the director of the investment decision committee at Capital East Coast International (東海岸國際投資(北京)有限公司) from December 2012 to November 2015 and worked at JD Capital Co., Ltd. (昆吾九鼎投資管理有限公司) from May 2010 to November 2012. Mr. Fan served as a senior manager at Deloitte Touche Tohmatsu Certified Public Accountants LLP Beijing Branch (德勤華永會計師事務所(特殊普通合夥)北京分所) from June 2005 to April 2010 and an auditor at Pan-China Certified Public Accounts LLP (天健會計師事務所(特殊普通合夥)) from September 2000 to May 2005.

Mr. Fan received a bachelor's degree in economics from Central University of Finance and Economics (中央財經大學) in the PRC in July 2000 and completed postgraduate courses in accounting at Beijing Technology and Business University (北京工商大學) in the PRC in October 2003. Mr. Fan is a non-practicing member of the Beijing Institute of Certified Public Accountants.

Mr. Fan possesses appropriate professional accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules and confirms that he has gained such expertise through his experiences.

Mr. LU Tao (呂濤), aged 60, was appointed as our independent non-executive Director on January 19, 2023, primarily responsible for supervising and providing independent opinion and judgment to the Board. Mr. Lu had been an independent director of our Company's subsidiary, Yuehua Limited, from February 2021 to November 2021.

Mr. Lu consecutively worked at Beijing branch of Dongda Pinkong Industries Co., Ltd (東大品控實業有限公司北京分公司) from March 2017 to October 2017 and Dongda Pinzheng Holdings Co., Ltd. (東大品證控股有限公司), a catering company, from December 2016 to February 2017. Mr. Lu served as a regional sales and marketing director of Hebei Kangda Co., Ltd. (河北康達有限公司), a company principally engaged in pesticides manufacture business, from August 2012 to September 2014; member of sales department from December 2002 to March 2011 and associate sales director from April 2011 to June 2012 of Shanghai Johnson Ltd (上海莊臣有限公司); regional sales manager of Shanghai Pillsbury Frozen Foods Co., Ltd, Beijing Branch (上海品食樂冷凍食品有限公司北京分公司) from January 2000 to December 2001.

Mr. Lu received a bachelor's degree majoring in business economics from Anhui University of Finance and Economics (安徽財經大學) (formerly known as Anhui Commerce Institute (安徽財貿學院)) in the PRC in July 1987 and a master's degree in business administration from China Europe International Business School (中歐國際工商管理學院) in the PRC in July 2008.

DIRECTORS AND SENIOR MANAGEMENT (continued)

Mr. HUANG Jiuling (黃九嶺), aged 54, was appointed as our independent non-executive Director on January 19, 2023, primarily responsible for providing independent opinion and judgment to the Board. Mr. Huang had been an independent director of our Company's subsidiary, Yuehua Limited, from February 2021 to November 2021.

Mr. Huang has been working at Chaoshang ASEAN Investment Fund Management Co., Ltd. (潮商東盟投資基金管理有限公司) since October 2020, responsible for the general management of the company. Mr. Huang consecutively served as the president of Beijing Banyan Investment Management Co., Ltd. (北京榕樹投資管理有限公司) from May 2009 to September 2020; president and vice president of Beijing Century Huarong Investment Management Co., Ltd. (北京世紀華融投資管理有限公司) from June 2004 to April 2009 and from July 2000 to May 2004, respectively.

Mr. Huang received a bachelor's degree in economics and a master's degree in business administration from Renmin University of China (中國人民大學) in the PRC in July 1994 and June 2001, respectively.

SENIOR MANAGEMENT

Ms. DU Hua (杜華), aged 44, is the chairlady of our Board, executive Director and chief executive officer of our Company. For details of her biography, see "Directors – Executive Directors".

Mr. SUN Yiding (孫一丁), aged 58, is the executive Director and president of our Company. For details of his biography, see "Directors – Executive Directors".

Mr. SUN Le (孫樂) (former name: Gao Xiang (高翔)), aged 45, is the executive Director and vice president of our Company. For details of his biography, see "Directors – Executive Directors".

Mr. ZHANG Wensheng (張文勝), aged 58, is our chief financial officer and joined our Group in June 2020. Mr. Zhang is primarily responsible for overseeing the financial operation, risk management and investor relations.

Prior to join our Company in June 2020, Mr. Zhang worked at Gome Electrical Appliances Co., Ltd (國美電器有限公司) and its subsidiaries from March 2000 to April 2019.

Mr. Zhang received a bachelor's degree in economics from Tianjin University of Finance and Economics (天津財經大學) (formerly known as Tianjin Finance and Economics Institute (天津財經學院)) in the PRC in July 1990.

Mr. LEE Sang Kyu, aged 42, is our general manager of Korean business and joined our Group in September 2010. Mr. Lee is primarily responsible for overall operation and development of our Korean business.

Mr. Lee joined our Group as an artist manager in September 2010 and later served as the general manager of our Korean business from August 2016.

Mr. Lee received a bachelor's degree in arts from Communication University of China (中國傳媒大學) in July 2011.

DIRECTORS AND SENIOR MANAGEMENT (continued)

JOINT COMPANY SECRETARIES

Mr. ZHANG Wensheng (張文勝), see “– Senior Management.”

Mr. AU Kai Yin (歐啟賢), is a joint company secretary of our Company and is currently an assistant manager of listed corporate secretarial department of SWCS Corporate Services Group (Hong Kong) Limited. Mr. Au has over 10 years of experience in the field of corporate secretaries, with extensive experience in handling corporate secretarial and corporate governance affairs for both listed and private companies.

Mr. Au is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and holds a Master of Science degree in Corporate Governance and Compliance from Hong Kong Baptist University and a Bachelor of Science degree in Accounting from the University of Hull.

CHANGES TO DIRECTORS' INFORMATION

During the Reporting Period and up to the date of this report, save as disclosed in this report, the Company is not aware of any changes in the information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

YH Entertainment Group and its subsidiaries (hereinafter referred to as “**YH Entertainment**,” “**the Group**,” “**we**,” “**us**,” or “**our**”) hereby publish the fourth Environmental, Social and Governance Report (hereinafter referred to as the “**Report**”) of the Group. We place great importance on Environmental, Social and Governance (hereinafter referred to as the “**ESG**”) matters. We actively implement ESG measures and continuously improve our ESG governance standards. The purpose of this ESG Report is to disclose to stakeholders the Group’s ESG-related efforts and achievements during 2025, and disclose key environmental and social performance indicators (hereinafter referred to as the “**KPIs**”), policies and measures.

Reporting Standards

The Report is made in compliance with the mandatory disclosure requirements and “comply or explain” provisions in the Appendix C2 ESG Reporting Code (hereinafter referred to as the “**Code**”) to the Listing Rules published by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Stock Exchange**”). The preparation of the Report follows four reporting principles stipulated in the Code:

- **Materiality:** The Report discloses the process of identifying and the criteria for the selection of material ESG issues in accordance with requirements stipulated in the Code, and the Report describes the process of stakeholder engagement.
- **Consistency:** The statistical methodologies used for data disclosure in the Report are consistent with those of last year, ensuring comparability of content of report. Changes (if any) are clearly explained in the Report.
- **Quantitative:** The Report explains its disclosure of the assumptions, statistical standards, methodologies and calculation tools used for ESG KPIs and relevant data, and the source of conversion factors.
- **Balance:** The Report presents the Group’s performance for the Reporting Period in an unbiased manner, and avoids selection, omission or presentation format that may improperly affect the decision-making or judgment of its readers.

Scope of Reporting

The Report covers the period from January 1, to December 31, 2025 (hereinafter referred to as the “**Year**” or “**Reporting Period**”). The scope of social disclosure of the Report is consistent with that of the Annual Report, and its scope of environmental disclosure is headquarters of YH Entertainment in Beijing which is the key source of revenue for the Group. For the governance work of the Group, please refer to the section headed “Corporate Governance Report” in this report.

Reporting Languages

The Report is published in both Chinese and English versions. In the event of any inconsistency, the Chinese version shall prevail.

Confirmation and Approval

After being confirmed by the management, the Report has been considered and approved by the Board of the Group on March 26, 2026.

Feedback on the Report

Your opinions on the Report are very important to us. If you have any enquiries or recommendations, please contact the Group via e-mail (ir@yuehuamusic.com).

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1. ESG MANAGEMENT

1.1 Statement of the Board

YH Entertainment firmly believes that fulfilling corporate social responsibility is a vital cornerstone for achieving long-term business success. To this end, we have established an ESG governance structure to promote the sustainable development and continuously deepen and enhance corporate social responsibility practices of the Group. The Board is fully responsible for evaluating and managing material ESG matters and prioritizing materiality issues, and has authorized the establishment of the ESG committee to oversee and advance the Group's ESG initiatives and performance. The ESG committee is responsible for formulating and reviewing ESG-related strategies, continuously monitoring ESG issues, and regularly reporting to the Board to ensure alignment between ESG objectives and the Group's strategies. We have clearly defined multiple environmental targets. During the Year, we provided ESG and climate-related training to Directors.

Looking ahead, we pursue balanced and sustainable growth across our business areas. By fostering creativity, strengthening execution, and deepening collaboration, we enhance the value of our content and brand assets while expanding our presence in both domestic and international markets. We remain committed to building a resilient and adaptable entertainment business that captures evolving opportunities and delivers long-term value.

ESG Governance Structure

YH Entertainment has established its ESG governance structure. The ESG governance structure consists of three levels, including decision-making level consisting of the Board, organization level led by senior management, and implementation level consisting of relevant departments. The organization level refers to our ESG committee led by our Executive Director and President. The ESG work is driven by various relevant departments in the Group, which will formulate more environmental and social measures. The duties and responsibilities of each level are set out below.



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- Decision-making level: the Board
 - As the top decision-making level, the Board bears full responsibility for ESG-related issues and climate change-related policies and issues, including setting ESG targets. The Board has established ESG committee to carry out governance work on ESG;
 - The Board is responsible for supervising the implementation of the Group's policies on ESG issues, and identifies, assesses and manages the effects of ESG matters;
 - The Board is responsible for considering and approving annual ESG report
- Organization level: ESG committee

The ESG committee is led by Mr. SUN Yiding, Executive Director and President. The members of the ESG committee are Mr. SUN Le (Executive Director and Vice President), Mr. FAN Hui, Mr. LU Tao, Mr. HUANG Jiuling (Independent Non-executive Directors) and Mr. ZHANG Wensheng (Chief Financial Officer and company secretary).

 - ESG committee is responsible for reviewing ESG targets, strategies and internal policies as authorized by the Board;
 - Identifying ESG risks and opportunities, understanding and responding to stakeholders' opinions on ESG matters;
 - Reviewing and supervising policies, plans, management approach, working targets and other aspects relating to ESG, preparing ESG report, identifying climate-related risks and opportunities and regularly reporting to the Board
- Implementation level: ESG working group
 - The implementation unit consists of Integrated Management Department, Internal Control and Management Department, etc. The relevant departments shall carry out relevant ESG work according to the management approach, strategies, plans, annual targets relating to ESG set by the Group;
 - The relevant departments must comply with policies and regulations on ESG, and collect relevant KPIs data, and implement management measures for climate-related risks and opportunities;
 - Regularly report to ESG committee

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1.2 Stakeholder Engagement

YH Entertainment always pays attention to the voices and needs of stakeholders. We have identified various stakeholders and established multiple communication channels. Through an effective communication mechanism, we actively respond to stakeholders' opinions. We believe that robust communication with stakeholders will support the sustainable development of the Group and lay a solid foundation for future collaboration.

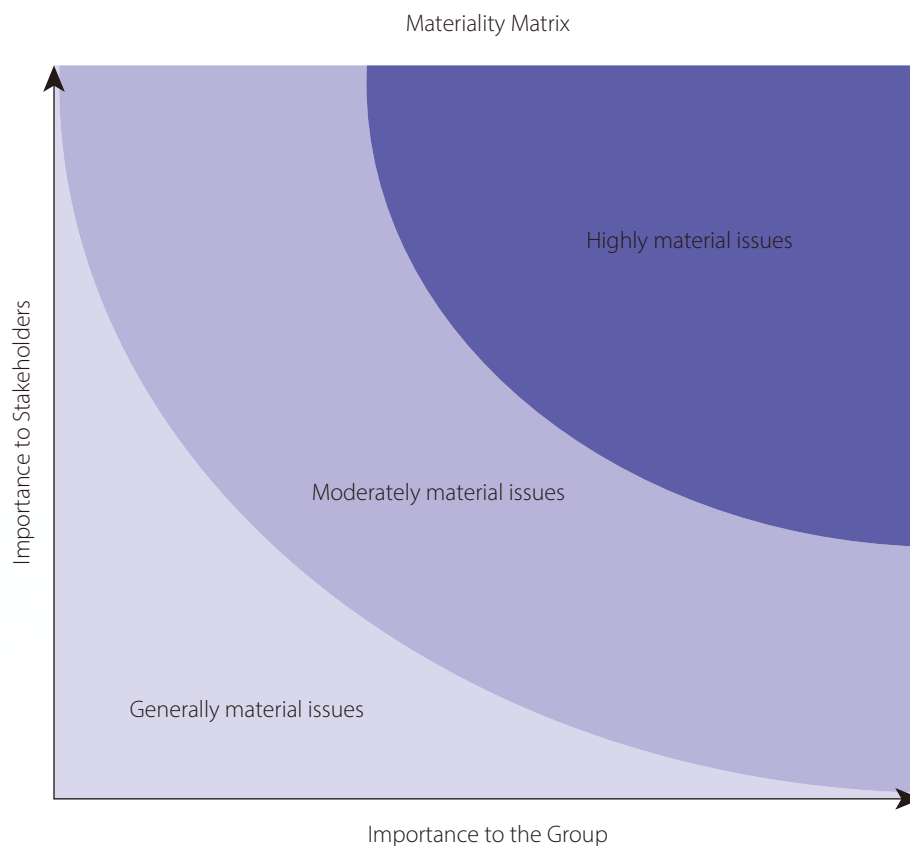
Significant stakeholders	Expectations and requirements	Communication channels	Communication frequency
Fans and customers (content producers, advertisers, corporate customers, etc.)	<ul style="list-style-type: none"> Users' experience 	Daily operation/communication; Social media interactions; Phone call; Mailbox	Irregular, multiple times a year Irregular, multiple times a year Irregular Regular check
Shareholders and investors	<ul style="list-style-type: none"> Protection of rights and interests of shareholders and investors; Prudent operation; Financial results; Long-term win-win cooperation relationship; Business development; Information transparency 	Regular disclosure of financial and operational information; Company's website; Corporate newsletter, such as letter/circular and meeting notice to shareholders; Shareholder visiting activity; Investor meeting; General meeting Interim report and annual report Results announcement Senior management meeting	Multiple times a year, regular disclosure Regular disclosure Regular, multiple times a year Held on an irregular basis Held on an irregular basis Twice a year Twice a year Twice a year Regular, once a week
Staff	<ul style="list-style-type: none"> Employment compliance; Occupational health and safety; Staff training and development; Compensation and welfare; Favourable working environment; Work and life balance; Protection of staff rights and interests 	Channels for staff to express opinions (internal system, forms, suggestion boxes, etc.); Work performance appraisal; Job performance interview; Business briefing; Staff communication conference; Staff training	Irregular Regular Held on an ad hoc basis Held on an ad hoc basis Twice a year Irregular, multiple times a year
Business partners	<ul style="list-style-type: none"> Long-term win-win cooperation relationship 	Meeting; Visit	Irregular, multiple times a year Irregular, multiple times a year
Suppliers (managed artists)	<ul style="list-style-type: none"> Compliance with contracts Long-term cooperation 	Meeting and communication	Irregular, multiple times a year
Government/regulatory body	<ul style="list-style-type: none"> Compliance with laws and regulations; Tax payment as legally required 	Meeting; Visitor reception	Irregular Irregular
Media	<ul style="list-style-type: none"> Information transparency; Financial results 	Press conference; Press release; Interviews of senior management; Results announcement	Irregular, held on an ad hoc basis Irregular, release on an ad hoc basis Irregular, multiple times a year Held on a regular basis
Peers	<ul style="list-style-type: none"> Win-win cooperation 	Strategic cooperation project	Irregular, held on an ad hoc basis

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1.3 Materiality Assessment

We disclose the process and criteria for identifying material ESG issues based on the reporting principle of materiality, and the materiality issue database was built with reference to the Code, industrial materiality issue database of Sustainability Accounting Standards Board (“SASB”) and peers’ examples. The Group regularly sorts out and assesses ESG materiality issues, and continuously reviews their significance with consideration of the current business status and strategic development. The Group has completed a review of materiality issues. Based on the materiality review results of the senior management, we have confirmed the continued use of the materiality assessment results for 2024. These results have been considered and confirmed by the Board.

We have a total of 17 material issues, of which 11 are highly material issues, 4 are moderately material issues and 2 are generally material issues.



Highly material issues	Moderately material issues	Generally material issues
<ul style="list-style-type: none"> - Greenhouse gas emissions - Waste management - Protection of employment rights and interests and welfare - Staff training and development - Staff health and safety - Employment criteria (such as equal opportunity and diversity) - Information security and privacy protection - Protection of intellectual property rights - Anti-corruption, anti-bribery - Community engagement and charity activities - Compliance operation 	<ul style="list-style-type: none"> - Tackling climate change - Water resource management - Material usage and efficiency - Business ethics 	<ul style="list-style-type: none"> - Energy management - Supplier management

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2. PROTECTING QUALITY ENTERTAINMENT VALUE

2.1 Building Diversified Entertainment Core

In the rapidly evolving entertainment industry, YH Entertainment has always remained true to our original aspirations, striving to deliver high-quality entertainment experiences and build a dynamic and diversified entertainment ecosystem that continuously creates long-term value for artists, clients, and media platforms. Throughout the process of promotion and development in entertainment industry, YH Entertainment always adheres to the core philosophy of creativity and vitality, aspiring to shape an entertainment brand with significant influence. Going forward, we will continue to pursue a balanced, quality-focused approach in developing our artist management business, with a view to optimizing both the quality and scale of our managed artist and trainee portfolio. Leveraging our established trainee program, we intend to identify and develop trainees with artistic potential in a targeted and tailored manner while maintaining disciplined growth aligned with our overall strategy. We will also continue to strengthen our artist operation capabilities to support the sustainable development and commercial value of our managed artists, alongside ongoing marketing and promotional efforts.

During the Year, managed artists of the Group have produced and operated various music works, and engaged in various types of film and television works and variety programs, which attracted extensive attention and support.



Wang Yibo's documentary "Exploring the Unknown Season 2 (探索新境第二季)"



Li Wenhao's music album "Litopia (理想国)"



Cheng Xiao's TV series "Glory (玉茗茶骨)"



Wang Xi's music single "Unspoken (不说)"

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Zhu Zhengting's TV series "Moonlit Reunion (子夜歸)"



Huang Minghao's TV series "Those Days (四喜)"



Bi Wenjun's TV series "Deep Affection Eyes (深情眼)"



Tang Jiuzhou's music album "PRE2EN7"

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Hu Chunyang's TV series "Love Travels Through Time (攬流光三千)"



Wang Yiren's music single "Quan Zhu Ni (圈住你)"

In addition, there were also the following works:

- Wang Yibo's personal documentary "Exploring the Unknown Season 2 (《探索新境》第二季)"; songs "I Can (我可以)", "GONG MING CI KE (共銘此刻)", "Qi Shi Ru Hong (氣勢如虹)"
- Li Wenhan starred in TV series "Jinghuan (驚歡)"; variety program "MULTISUB (我贊紅人)"; solo single "Thought I'd Be Back (還以為會回來)"
- Cheng Xiao starred in movies "We Girls (向陽花)", "Love List (分手清單)"; TV series "Light of Dawn (人之初)", "Glory (玉茗茶骨)", "Shadow Love (與晉長安)"; web series "Back For You (漫影尋蹤)"; variety programs "Daughters and Mothers Season 2 (是女兒是媽媽2)", "Have Fun Season IV (嗨放派4)"
- Wang Xi's physical album "Unspoken (不說)"; single "To Our Little Universe (致我們的小宇宙)"; OST "In Time (來得及)", etc.; starred in variety programs "Chinese Love Song Gala (中國情歌大會)", "The Backstory (背後)", "Hello Time (你好時光)", etc.
- Zhu Zhengting's single "Yu Ting De Mo Qi (雨停的默契)"
- Huang Minghao's birthday single "Light Dreamer"; TV series "Those Days (四喜)"; variety programs "The Top Racer (風馳賽車手)", "We Are the Champions Season 4 (戰至巔峰第四季)", "Fireworks Exploration (煙火探探探)", etc.; "Justin's Imaginary World (賈想世界)" concert in Beijing and Chengdu
- Bi Wenjun starred in TV series "Deep Affection Eyes (深情眼)", "Shadow Love (與晉長安)"; variety program "Yan Lab (巴黎合夥人)"; musical works "Whale Language (鯨語)", "Rain Is The Tears Of The Sky (雨是天空的眼淚)", etc.; "Bi's Land (畢達之地)" solo concert
- Huang Xinchun starred in variety programs "Chasing Flowers Over Twenty Thousand Miles (追花兩萬里)", "Laugh Together (一見你就笑)", "KEEP RUNNING (奔跑吧)", "Have Fun (嗨放派)", etc.; TV series "Wishing Upon the Bright Moon (向明月許願)"; solo album "TUBEROSE (晚香玉)"
- He Landou's TV series "WATCH YOUR BACK (黃雀)", "All Rise (即刻上場)"; movie "Gift from a Cloud (有朵雲像你)"; web series "Midnight Snow (三更雪)"
- Tang Jiuzhou's music album "PRE2EN7", etc.; variety programs "Detective Academy (名偵探學院)", "Run for Time (全員加速中)", "Deep into the Wild (向山海出發)"; TV series "The Best Thing (愛你)"
- Hu Chunyang's music single "WITHU", TV series "Love Again (我的後半生)"; variety programs "National Treasure-Travel Season (國家寶藏—周遊季)", "Singing For Beijing Central Axis (最美中軸綫)"

Case: Emperor and YH Youth Artist Training Program – 2026 Winter Holiday Session: A Pioneering Choice for Embarking on a Professional Performing Arts Journey



Emperor Entertainment and YH Entertainment, as benchmark enterprises in the entertainment industry, have jointly launched a youth artist training program in collaboration with Beijing Yanjing Experimental High School and its partner Wanxie, marking the official extension of professional artist cultivation systems to the youth demographic. Fok Man Hei, Mani (CEO of Emperor Entertainment (Beijing) Limited) and DU Hua (CEO of YH Entertainment), two authoritative figures, personally oversee the program. The program integrates resources across the pan-entertainment industry chain, including film and television production, music distribution and fashion marketing, enabling trainees to align with professional artistic career paths from the very start of their intensive training. This integration of resources and cross-sector empowerment not only provides youths with unprecedented learning opportunities but also establishes a new benchmark within the industry.

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At the training platform of Emperor Entertainment and YH Entertainment, trainees will benefit from a closed-loop cultivation system that fully connects training with performance. At the conclusion of the intensive training, a dedicated graduation performance will be held by the training program, and industry professionals will be invited to watch the performance on site. Excellent performers will be included in the talent reserve pool of Emperor Entertainment and YH Entertainment. Meanwhile, trainees will receive comprehensive assessments on artistic ability in the class, while those who register early will also have the opportunity to obtain a “Promising Newcomer Gift Package” from the two entertainment companies, paving the way for their future artistic careers. Outstanding performers will further gain practical opportunities to subsequently participate in film and television auditions, stage performances, fashion week shows, etc., truly achieving seamless connection from training to performance.

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2.2 Maintaining Excellent Entertainment Quality

YH Entertainment is consistently dedicated to discovering and nurturing high-quality artists and trainees, establishing a professional and standardized artist management system. We strictly comply with the Template Entertainment Content Service Contract (Trial) (《演員聘用合同示範文本(試行)》), Notice on Further Strengthening the Work Related to the Regulation of Online Information for Entertainment Artists (《關於進一步加強娛樂明星網上信息規範相關工作的通知》), Notice on Further Strengthening the Regulation and Management of Large-scale Commercial Performance Activities to Promote the Healthy and Orderly Development of the Performance Market (關於進一步加強大型營業性演出活動規範管理促進演出市場健康有序發展的通知), Administrative Measures for Performance Brokerage Agencies in the Field of Radio, Television and Online Audiovisual Platforms (《廣播電視和網絡視聽領域經紀機構管理辦法》), Popular Culture and Arts Industry Development Act (《대중문화예술산업발전법》) and laws and regulations on artist management of the regions where we operate. To standardize the selection, contract management and ethical requirements of the Group's artists and trainees, we have developed policies such as the Exclusive Brokerage Contract Management System on Trainee Cultivation and Performer (《練習生培養和演藝人員獨家經紀合同管理制度》) and the Systematized and Regulated Code of Conduct (《制度與規定行為準則》). These policies aim to ensure that we follow professional standards and ethical norms in the process of artist and trainee cultivation, so as to protect their rights and interests and establish good professional code of conduct. We regularly review these policies to continuously improve the professional standards and ethical norms of our artists and trainees. YH Entertainment will continue to uphold the principle of balancing regulation and responsibility, refine its artist management mechanisms, provide broader development platforms for artists and trainees, and promote the sustainable development of the entertainment industry.

We are consistently committed to discovering and nurturing potential artists and trainees through diversified channels, cultivating professional artists who meet the industry's high standards. We adopt a rigorous approach in our selection process, conducting comprehensive due diligence and in-depth analysis to ensure that they possess good character, have no negative public image or illegal or criminal act or administrative penalty record, and hold a clear political stance. These criteria form the core standards for our selection of artists and trainees. For minor artists or trainees, we must obtain guardian consent prior to signing, and guardians must participate throughout the contract negotiation process. At the same time, we place great emphasis on the holistic development of trainees, ensuring that they are able to receive and complete compulsory education. To ensure compliant operations, the Legal Department of the Group regularly provides legal knowledge training and guidance to staff involved in contract processing, ensuring all contracts and management processes meet the requirements under relevant laws and regulations. We will continue to uphold the principle of professionalism and responsibility, refine our talent selection and cultivation systems, and inject greater vitality and innovation into the industry.

We are consistently committed to upholding the professional conduct of our artists and safeguarding the Company's image, ensuring that artists demonstrate high standards of professionalism in their daily work and behavioral management. Artists must strictly adhere to schedules arranged by staff and complete all performance tasks punctually while guaranteeing both quality and quantity. We enforce strict requirements on artists' personal conduct. Artists are strictly prohibited from committing any act that is immoral, illegal or criminal. Artists shall not contact fans privately, accept gifts from fans, or exchange contact information with fans without permission. In addition, artists shall not engage in alcohol abuse or smoking in public places, during work hours or in open areas. To maintain high standards of professional ethics and corporate image, we have implemented detailed code of conduct, and supervised and managed artists' daily conduct. If there is any violation, the Group will take corresponding measures to handle the violation to ensure artists' conduct meet the Company's standards and social expectations. Through standardized management and guidance, we will continue to shape a positive public image for our artists and establish a benchmark for professional ethics within the industry.

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We are consistently committed to producing high-quality musical works. To ensure the high quality of the product of music production, we have established a rigorous selection system for music producers, music tapes and cooperative musicians. We require suppliers to provide previous works or company profiles. The relevant department of the Group will comprehensively evaluate their quality, with assessment dimensions covering industry reputation, professionalism, and marketing capabilities. Qualified suppliers will be included in the selected supplier list, and we will selectively cooperate with them on music production in the future based on their ratings. When initiating a new music production project, we select copyright companies, producers, composers and lyricists according to the rating system, ensuring professionalism at every stage. Every step of the whole music production process, including music arrangement, recording, post-production, mixing and mastering, is subject to rigorous quality control. We discuss professional subjects on intonation, beat, mood of songs, frequency, etc. The producers and department heads will also consider artists' suggestions to ensure both artistic merit and market reception of works. Additionally, we continuously optimize and improve our music production workflow to ensure that each work meets high standards. After works being finished, the master tapes shall be delivered in a required format to ensure the quality of music compositions. These practices help us maintain high quality standards in music production while also further elevating our overall production capabilities.

We consistently place the voices of our clients and fans at the core of our operations, continuously improving service quality and work standard through efficient communication mechanisms. Whenever feedback from clients regarding artists is received, our professional team responds promptly and engages in timely communication with the client, ensuring that client opinions are properly addressed and proactively responded to. To better understand fans' opinions, we have established a dedicated mailbox for collecting fans' feedback. We welcome fans' comments and suggestions. Through close communication and collaboration with clients and fans, we continually improve the quality of our works. In addition to paying attention to clients' and fans' real-time feedback, we regularly conduct satisfaction surveys to collect their comprehensive evaluations of our artists' performance, production quality and service experience. This feedback provides us valuable guidance for improvement, and help us further optimize our business processes and service standards. Meanwhile, we also host various online and offline interactive events, inviting clients and fans to participate to enhance their connection and interaction with our artists. These activities not only enhance clients' and fans' sense of engagement and belonging, but also offer us more opportunities to directly understand their needs and expectations. We will continue to place clients and fans at the center, deepen communication and interaction, and deliver higher quality works and service experiences to clients.

We are consistently committed to building a transparent, compliant and efficient supply chain system to support the Group's long-term development and social responsibility commitments. The Group's major suppliers are artist-related suppliers who are subject to relatively low environmental and social risks. To better manage these risks, we have implemented detailed policies to manage the social risks associated with artists, ensuring they uphold relevant social responsibility and ethical standards in their work. In addition to artist-related suppliers, we also require all other cooperative suppliers to sign integrity commitment letters to prevent bribery and inappropriate business behaviors. This measure ensures transparency and integrity throughout our supply chain and maintains a fair and competitive market environment. We developed a Procurement Management Policy for non-artist-related procurement. It stipulates the principles for supplier documentation and has created a "Qualified Supplier List". The policy outlines basic requirements for selecting suppliers, namely possessing a legally compliant business entity, strong product quality, timely delivery, reasonable pricing, good service and sound reputation. Long-term partners listed in the "Supplier Archive" are subject to annual reviews. Suppliers that fail to meet standards in quality, quantity, delivery time of goods or services, or after-sales service are subject to elimination via a bottom-ranking system, and new suppliers are sourced accordingly. Through these efforts, we have significantly enhanced the overall efficiency and accountability of our supply chain.

The Group is not involved in any product which is subject to recall for safety and health reasons. Our main businesses do not involve product recall, and we have not received any complaint on product.

In the Year, we have 804 suppliers in total, including 347 overseas suppliers and 457 domestic suppliers.

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2.3 Compliant Advertising Endorsements

To further strengthen the management of advertising endorsements, safeguard the legitimate rights and interests of artists, clients and the public, and enhance the compliance and credibility of promotional communications, the Group strictly adheres to relevant laws, regulations and regulatory guidelines, including the requirements for advertising endorsements set forth in the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), Guidelines on the Application of the Advertising Law of the People's Republic of China (II) for Law Enforcement Purposes (《〈中華人民共和國廣告法〉適用問題執法指南(二)》), Notice on Strengthening the Supervision of Cautionary Language in Advertising (《關於強化廣告中提示性用語監管工作的通知》), Administrative Measures for Standardizing Radio, Television and Online Audiovisual Platforms (《廣播電視和網絡視聽標準化管理辦法》), Compliance Guidelines for Artists' Advertising Endorsement Behavior (《明星廣告代言行為合規指引》) and Guidance on Further Regulating the Endorsement by Artists in Advertising Activities (《關於進一步規範明星廣告代言活動的指導意見》) and collaborated with the special action to "Clear and Bright 2025 Spring Festival Internet Environment Cleanup Campaign (清朗·2025年春節網絡環境整治)" launched by the Office of the Central Cyberspace Affairs Commission (中央網信辦). We set up the Specific Process System (《專項流程制度》), Endorsement Exhibition Withdrawal System (《代言撤展制度》) and Publicity Department Management System (《宣傳部管理制度》) to provide clear specifications for all stages of endorsement projects, including evaluation, approval, execution and withdrawal. These systems set forth detailed procedures for the management of advertising endorsements, including the evaluation and management of endorsement projects, as well as necessary endorsement exhibition withdrawal procedures. Through rigorous implementation of these systems and continuous improvement, we have significantly enhanced the transparency and credibility of endorsement activities, while also elevating the Group's service quality and management standards.

To ensure that collaborations with brand partners adhere to high standards of compliance and authenticity, thereby establishing a solid foundation of trust for advertising endorsement activities, we require counterparts to provide a series of qualification documents including business licenses, trademark registration certificates, operation or production licenses and quality inspection reports for related products. We resolutely eradicate false or exaggerated propaganda. Before signing contracts, we will require artists to use the products or experience the services of the cooperative brands, detailedly record the usage process and feelings. These records are submitted to the Legal Department of the Group for record-keeping to ensure the authenticity and credibility. Cooperation contracts clearly specify the endorsement duration and the withdrawal timeframe upon completion of endorsement duration. Brand partner shall withdraw the exhibition within required timeframe upon the expiration of endorsement duration. If the exhibition fails to be withdrawn on time, our Legal Department will intervene to protect our legal rights and interests in the follow-up work. We ensure that every brand partner meets our standard requirement. Through these strict measures and continuous improvement, we not only uphold compliance and authenticity of brand partners, but also increase transparency and credibility in our advertising endorsement activities. Through these efforts, we aim to continue providing high-quality, transparent advertising endorsement services and contribute to the healthy and orderly development of the advertising market.

We are committed to ensuring that all published content complies with laws, regulations and social value orientations, reflecting the Company's corporate social responsibility and professional image. To standardize publicity work, we strictly require employees to thoroughly review before publishing any content to ensure that the content is not illegal, does not involve inappropriate values, and does not violate social order or good customs. Meanwhile, we rigorously review and provide professional guidance on the content posted on artists' social media accounts, ensuring that such content also meets the above-mentioned compliance standards. Should any non-compliant content be identified, we promptly implement corrective measures to ensure that all publicity materials strictly adhere to relevant laws, regulations and social ethical norms. These initiatives are designed to uphold the legality and positive image of the Group's publicity efforts, while conveying positive social values.

During the Year, the Group did not violate any regulations regarding advertising endorsement.

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2.4 Privacy Protection Management

The Group places high importance on protecting personal information and is committed to safeguarding the privacy rights of artists, trainees and related parties through a standardized management mechanism. We only collect personal data voluntarily provided by trainees and artists, and we refrain from proactively collecting the privacy information of members of artists' fan club. According to the Employee Handbook (《員工手冊》), employees have the responsibility to maintain strict confidentiality regarding customer data, company personnel data and information and publicity materials related to artists. We have implemented Publicity Department Management System, which clearly defines the compliance of publicity data and requirements for the protection of artist information, strictly prohibiting employees from disclosing information on artist's privacy or personal itinerary. Employees are required to carefully check before publishing content to ensure it contains no personal privacy information. Employees also have the responsibility to review and remind artists about content they publish, preventing leakage of any personal privacy.

During the Year, no incident involving violation of personal data regulations occurred within the Group.

2.5 Intellectual Property Rights Compliance and Management

The Group places a high priority on the protection of intellectual property rights and is committed to safeguarding the legitimate intellectual property interests of both the Group and third parties, ensuring full compliance in all business operations. We strictly comply with the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), and other laws and regulations on protection of intellectual property rights in our operating jurisdictions, and we have formulated the Intellectual Property Rights Management System (《知識產權管理制度》) and the Genuine Software Management System (《正版軟件管理制度》), to ensure the compliance of intellectual property rights management.

The Group owns the work products completed by its employees in the name of the Group and utilizing the Group's resources. When entrusting third parties for design and development and other cooperation, the contract shall clearly specify the ownership, allocation and protection and other matters of intellectual property rights. The use of intellectual property rights must follow the principle of "contract first, execution later (先簽約·後執行)". No one is allowed to use the Group's intellectual property rights without signing a contract. No one is allowed to transfer, sell, use or embezzle the Group's intellectual property rights without permission. In case of any illegal use, tampering or theft of intellectual property rights, the Legal Affairs Department will take corresponding actions to safeguard rights, and criminal liability will be pursued where necessary. The Group's employees are strictly prohibited from any infringement acts. In case of any violation, infringing party will be ordered to rectify, and it shall bear the relevant legal or economic responsibilities.

The procurement of computers and accompanying genuine software for the Group is centrally managed by the Integrated Management Department, which is responsible for procurement, management, backup, and distribution. The Integrated Management Department conducts regular audits of the software used within the Group, and any non-compliant or unlicensed software discovered is immediately uninstalled to ensure the legality of software usage. At the same time, we strengthen employee training on intellectual property rights, clearly defining employees' responsibilities regarding intellectual property rights protection and compliance through the Employee Handbook, thereby reinforcing awareness of compliance of all staff.

During the Year, the total number of intellectual property works of the Group is 524, including 67 copyright works and 457 trademarks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

2.6 Commitment to Compliance and Integrity

We firmly uphold business integrity and strictly prohibit any form of fraudulent, corrupt or bribery behavior, and no employee is allowed to engage in any unlawful activities. We strictly comply with the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), Anti-Terrorism Law of the People's Republic of China (《中華人民共和國反恐怖主義法》), Company Law of the People's Republic of China (《中華人民共和國公司法》) and other laws and regulations on anti-fraud, anticorruption, and anti-bribery in our operating jurisdictions, and have developed policies such as the Internal Audit System (《內部審計制度》), Anti-Money Laundering Management System (《反洗錢管理制度》) and Anti-Fraud, Anti-Corruption and Anti-Bribery Management System (《反舞弊·反腐敗和反賄賂管理制度》). These measures ensure that the Group consistently upholds the high standards of ethics and integrity in all its business activities.

The Group places great importance on anti-money laundering and anti-fraud management. To this end, we have set up a dedicated anti-money laundering team to manage money laundering risks. In accordance with legal and regulatory requirements, we perform customer identity verification and monitor account data and transaction information. If any suspicious transactions are found, we will submit suspicious transaction reports to relevant authorities to ensure compliance and security.

To further strengthen our efforts in anti-fraud, anti-corruption and anti-bribery, we explicitly prohibit any employees from offering any benefits to business partners in exchange for cooperation opportunities. We will assess the risks of fraud, corruption and bribery faced by the Group and implement targeted control measures to mitigate potential risks. The Group's special integrity working group is responsible for reporting to the Audit Committee and the Board on anti-fraud, anti-corruption and anti-bribery work, and operates under the guidance and supervision of the Board and the Audit Committee. The Audit Department audits the legality, compliance, authenticity and integrity of the Group's financial receipts and expenditures and economic activities. In case of any violation of regulations being found, it immediately reports to the Board, initiates investigation and offers suggestions for handling. If risks or weak links in internal control are found during the audit process, the Audit Committee shall report to the Board and continuously monitor such situation.

The Group has established an integrity reporting email box, and all employees and third-party units can report to our special integrity working group through this channel. After receiving the report, the special integrity working group will organize relevant units to investigate the reported person(s). If the investigation involves senior employees, approval from the Board must be obtained before forming a special investigation team, and external experts will be invited to participate in as necessary. We will provide feedback to the informer on the investigation results, and based on the investigation results, we will also make assessment and offer recommendations for improvement for the internal control of the reported unit. Through these high-standard compliance practices, we uphold corporate integrity, enhance the Group's compliance management capabilities and risk prevention capacities, and promote healthy business development.

During the Year, the Group did not violate any relevant laws and regulations regarding corruption, bribery and extortion. In addition, the Group recorded no legal case which was brought against the Group or its employees by reason of relevant practices during the Year.

During the Year, all directors and all domestic employees of the Group participated in the anti-corruption training. The subject content of training of the Year was legal risks and preventive measures related to commercial bribery, embezzlement and relevant behavior.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)



Anti-Corruption, Integrity and Compliance Training



Anti-Corruption, Integrity and Compliance Training

3. BUILDING AN EXCEPTIONAL TALENT TEAM

3.1 Building an Equitable and Diverse Workplace

The Group regards talent as the core competitiveness and most valuable asset for the development of enterprise. We strictly abide by the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), Labor Standard Act of Korea (《근로기준법》), Administrative Measures for Performance Brokerage Agencies in the Field of Radio, Television and Online Audiovisual Platforms, and other laws and regulations. Through the Employee Handbook (《員工手冊》), we clearly illustrate the Company's culture, employee professional standards, human resources policies and other contents, fully helping employees understand their rights and obligations upon joining the organization.

Before commencing the recruitment process, our Integrated Management Department develops a human resource demand plan based on our needs, utilizing a combination of internal and external methods to identify candidates who are competent for the positions. During the recruitment, we require candidates to meet conditions such as integrity, competence and good health. We provide equal employment opportunities without discrimination based on candidates' gender, race, nationality, religious belief, or other factors. We strictly prohibit the employment of child labor and forced labor, and we review applicants' identification documents, academic credentials, and other information. Any employee found to have concealed, falsified or provided false information will be subject to immediate termination of the employment contract. Formal employment contracts are signed with qualified employees on the basis of equality and voluntariness. We have established working hour policies for employees and prohibit any form of forced labor.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

We are committed to fostering an equitable and diverse workplace environment. We have developed and implemented the Board and Employee Diversity Policies to create an inclusive and supportive workplace for all employees, respecting individual diversity and valuing the dignity of each employee. We are also dedicated to promoting employee equality and diversity, providing equal opportunities in recruitment, training and development, compensation, as well as employment and promotion opportunities. The appointment of all Board members and employees is based on the principle of meritocracy, with due consideration given to the benefits of board and employee diversity (including gender diversity) when considering candidates. We place great emphasis on the development of female talent, actively promoting gender diversity in the recruitment of mid-to-senior level employees, and providing greater career development opportunities for female employees. Furthermore, we have fully integrated the concept of diversity into our governance framework. We are committed to maintaining at least one member on the Board and the Nomination Committee whose gender differs from the other members. The Nomination Committee will make every effort to identify and recommend female Board candidates for consideration and appointment by the Board and Shareholders, where appropriate. It also evaluates and discloses the implementation of diversity measures annually in the Corporate Governance Report. Furthermore, to safeguard the legitimate rights and interests of our employees, we have established employee communication and grievance channels, through which they may raise appeals or suggestions in accordance with established procedures. When employees wish to resign, they follow the Employee Resignation Procedure Form (《員工離職程序表》) to hand over their duties. We will conduct an exit interview and complete the resignation process in compliance with relevant laws and regulations.

During the Year, the Group registered no legal case related to non-compliance with any law regarding compensation, equal opportunity, diversity, anti-discrimination as well as other treatment and benefits.

3.2 Creating a Happy Enterprise Together

We are committed to providing comprehensive compensation, benefits, and employee care initiatives, actively building a competitive compensation and benefits system. Employee compensation is structured to include base salary, bonuses and various benefits. To further enhance employee initiative, we conduct annual salary adjustments and special salary adjustments for employees based on information such as operating performance and outstanding employee contributions each year. Additionally, depending on the nature of different departments or positions, we offer bonuses or commissions, provide opportunities for share subscriptions and dividends, and share the Group's development achievements with our employees. Furthermore, we offer welfare leave including maternity leave, family planning leave, and paternity/spouse accompaniment leave. We also provide lunch subsidies, organize team-building activities and annual health check-ups, and distribute birthday and festival cash gifts or presents. We actively foster a harmonious and warm workplace atmosphere.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

3.3 Maintaining Occupational Health and Safety

We deeply understand that a healthy and safe working environment is an essential guarantee for efficient work. Therefore, we strictly implement workplace safety measures. Smoking is strictly prohibited outside designated smoking areas, and employees are required to immediately report any potential safety hazards to the Integrated Management Department or relevant departments. To continuously enhance employees' awareness of health and safety, we organize annual health check-ups and have launched multiple physical and mental health promotion programs, guiding employees to learn and practice healthy and positive lifestyles. We also conduct regular fire safety training and drills to improve employees' safety awareness in daily work and their ability to respond to emergency situations. We safeguard the health and safety of our employees from multiple perspectives.



Fire Safety Training for 2025

During the Year, 0 employee of the Group reported work-related injury that resulted in 0 lost work day. There was no work-related fatality occurred in the Group in the past three years (including the Year).

3.4 Supporting Employee Growth

We deeply understand that the development of the Company is inseparable from the progress and growth of our employees. Therefore, we have established comprehensive training plans covering various aspects such as employee onboarding, professional competence, job-specific skills and management capabilities, aiming to enhance employees' professional knowledge and business abilities. Through these efforts, we attract, retain and inspire the potential of our employees, building a high-quality talent team to support the Company's development. We encourage employees to prioritize participation in internal training activities organized by the Company. At the same time, we actively support employees in attending external trainings, such as professional trainings or continuing education classes. If the course is directly related to the employee's core duties and leads to a certificate of completion, employees may submit an application. Upon approval by the Company, the associated costs will be borne by the Company. This approach fully motivates employees to improve themselves while contributing back to the Company's business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

During this reporting period, we provided new employee orientation training for newly hired staff and anti-corruption training for all employees. Additionally, for our Korean subsidiary, we demonstrated our commitment to employee well-being and regulatory compliance by conducting workplace statutory obligation training. These training sessions covered topics including personal information protection, workplace bullying prevention, disability awareness improvement and sexual harassment prevention. This initiative not only strengthens the protection of employees' rights and interests but also injects strong impetus into fostering a fair, harmonious and sustainable workplace culture.

To comprehensively evaluate employees' performance, capabilities, attitude and job fit, we conduct regular performance appraisals for employees. Employees are required to set preliminary goals and development plans based on the evaluation form. After review by their direct supervisor and the next-level supervisor, the direct supervisor holds a meeting with the employee to confirm work objectives and establish a management file. The results of the performance appraisal are linked to the employee's training and development as well as the compensation and benefits system. Employees who demonstrate outstanding performance will be considered for promotion or salary increases, while those who fail to meet the required standards are required to participate in Group training or undergo job adjustments. If they are still unable to meet the requirements after such measures, the Group will terminate the employment contract in accordance with relevant laws and regulations.

3.5 Enriching Employee Activities

To continuously enhance the cohesion of the Yuehua talent team, deepen employees' identification with and practice of the corporate culture, and effectively alleviate work-related stress, the Company will regularly plan and organize a variety of team-building activities. These activities are designed to create an environment that facilitates their communication, collaboration and stress relief, thereby strengthening team unity, igniting work enthusiasm and empowering both individual and organizational development.



Company Team-building Activities for 2025

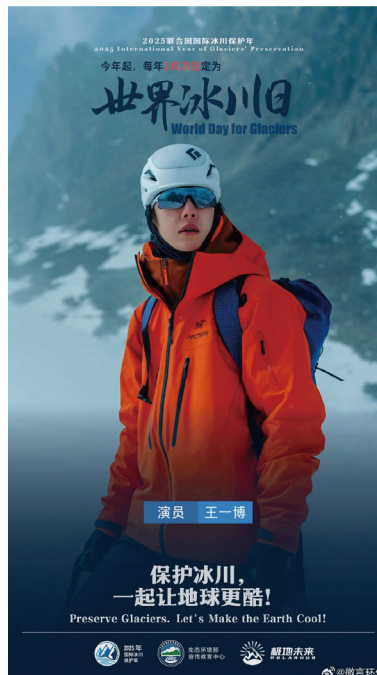
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

4. SAFEGUARDING A GREEN HOMELAND

The Group strictly abides by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and environmental protection laws and regulations in the jurisdictions where it operates. Although our business does not involve in production or direct emission, we remain proactive in taking measures to minimize the environmental impact of our operations and implementing the Group's various sustainability measures. We have reviewed our progress in reaching environmental targets. The increase in electricity consumption and greenhouse gas emission intensity during the Year, compared to the previous year, is primarily attributable to the Company's relocation to a new office in September, 2024. As a result, the comparative data for the previous year only covered the three-month period following the move into the new building with a relatively small data baseline. During the following full year of 2025, the statistical scope encompassed the year-round operational data of all 10 office floors in the building. Peak demand for summer cooling and winter heating significantly increased overall electricity consumption, resulting in higher electricity usage and emission intensity in this reporting period compared to the previous year. The intensity of non-hazardous waste generation remained largely at the same level as the previous year. Both water consumption intensity and paper usage intensity were lower than in previous years. During the Year, the Group did not violate any regulations related to environmental protection or have major accidents affecting the environment and natural resources, nor did it face any penalties or litigation related to environmental protection.

Protecting Glaciers

On March 21, 2025, the first World Glacier Day of the 2025 International Year of Glacier Protection, young actor and singer Wang Yibo, together with the public welfare organization Polar Future, traveled to Renlongba Glacier to conduct scientific observations and sample collection, completing scientific research tasks including ice core drilling. Through these concrete actions, he called on Chinese youth to pay attention to climate change. Join Wang Yibo in starting with ourselves, contributing our efforts to protect glaciers, and working together to make our planet cooler!



We solemnly commit to continuously advancing our established environmental targets and strictly complying with all environmental protection laws and regulations in each jurisdiction where we operate. Going forward, we will focus on optimizing resource efficiency and achieving continuous improvement in key performance indicators, including greenhouse gas emission intensity, waste generation intensity, electricity consumption intensity and water consumption intensity, through systematic measures. We are dedicated to building a green and low-carbon development model.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

4.1 Comprehensive Environmental Management

Low Carbon and Energy Conservation

Based on our review of our own operations, the Group's greenhouse gas emissions primarily consist of indirect emissions resulting from electricity consumption. Therefore, to reduce energy consumption and carbon emissions, we continuously monitor energy usage and make timely improvements to our electricity consumption levels. In our daily operations, we strive to use natural light and energy-efficient lighting wherever possible, and we ensure that computers, printers, air conditioning units and lighting are turned off when not in use. Additionally, we permit employees to wear casual attire on hot days or on Fridays and when no client meetings are scheduled, in order to minimize air conditioning usage. We have installed a "one-button lights-off" system in our office building, allowing employees to easily turn off all power sources with one-button action, thereby reducing electricity loss.

We also proactively manage carbon emissions from transportation by, for example, utilizing electronic communication methods such as video conferencing to reduce business travel. We encourage employees to use public transportation to lower the carbon emissions of their commutes, organically integrating the concept of a low-carbon lifestyle into daily life.

During the Year, the Group's electricity consumption was 1,027,036.05 kWh, representing an electricity consumption of 97.12 kWh per square meter and 6,041.39 kWh per employee.

Water Conservation

We have placed prominent signs at all water usage points to remind employees to turn off taps tightly after use and eliminate dripping or leakage. By regularly recording water meter readings and conducting leak detection tests on water supply equipment, we are able to promptly identify and repair potential leakage issues. When selecting equipment, we prioritize products with water-saving certifications, including smart faucets and toilets equipped with water-saving technologies such as infrared sensors and dual-flush mechanisms, thereby improving water efficiency at the source.

During the Year, the Group's water consumption was 1,447.00 cubic meters, representing a water consumption of 0.14 cubic meter per square meter and 8.51 cubic meters per employee. The Group sources water only from the municipal water supply services, and there is no difficulty in sourcing water.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Waste Reduction for Environmental Protection

We actively promote waste reduction and resource recycling in the office, encouraging employees to choose reusable office supplies such as binders, filing cards, rechargeable batteries and recyclable envelopes to reduce the consumption of disposable items. At the same time, we strictly implement a waste sorting and recycling system, with a focus on the systematic classification and centralized disposal of recyclable materials such as paper and metals. The Group has formally issued the Proposal for Paper Conservation (《節約用紙倡議書》), advocating that employees follow the principle of “no printing unless necessary, no copying unless necessary”. By optimizing layout and promoting double-sided printing, we effectively reduce paper consumption. Uniform waste paper recycling bins have also been set up to encourage the reuse of single-sided printed paper.

During the Year, the Group’s paper consumption was 707.81 kg, representing a paper consumption of 4.16 kg per employee. The amount of non-hazardous waste produced was 3.9 tonnes, representing an amount of non-hazardous waste produced per employee of 0.023 tonne. The Group is not involved in the production of a large number of products or derivatives, and therefore does not consume a significant amount of packaging materials.

Strict Control of Emissions

The Group’s Scope 1 carbon emissions all come from the use of our owned vehicles. To reduce carbon emissions, we are actively promoting the transition of our fleet toward electrification and hybridization, while encouraging employees to prioritize public transportation for their travel needs. Additionally, we have established a regular vehicle maintenance system, including tire inspections, tire pressure maintenance and overall vehicle condition upkeep, to ensure that all vehicles remain in efficient operating condition. We also strictly control vehicle idling time to minimize unnecessary emissions resulting from engine idling.

During the Year, the Group emitted 63.08 kg of nitrogen oxides, 0.05 kg of sulphur oxide and 5.87 kg of particulate matters.

4.2 Responding to Climate Change

YH Entertainment deeply recognizes the urgency of global cooperation on climate governance and actively strengthens the management of climate-related issues, continuously enhancing its capabilities in risk identification and response. In accordance with the climate-related disclosure requirements in Part D of Appendix C2, the Group makes disclosures on a “comply or explain” basis. For items which reasonable information was not readily available or could not be reliably measured during the Reporting Period, the Group applies the reasonable information relief and provides specific reasons, the efforts undertaken, alternative disclosures and a timeline for remediation, ensuring traceability and progressive improvement year by year.

To gradually improve the climate governance framework, we continue to promote green transformation practices, injecting new momentum into the coordinated achievement of corporate climate adaptation and sustainable development goals.

Governance

We have integrated climate considerations into our decision-making and supervision processes through a three-tier governance structure consisting of the Board, the management level and the implementation level.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The Board is responsible for the overall leadership and oversight of ESG work, with climate change issues being one of the key areas under its supervision. This includes approving the formulation and implementation progress of the Group's overall ESG and climate strategy, as well as receiving regular reports to understand the progress made in identifying and responding to climate-related risks and opportunities. The ESG committee is responsible for promoting and supervising the implementation of ESG and climate-related work. The ESG working group assists in overall planning and cross-departmental coordination to ensure that climate actions are effectively implemented across various business units at the implementation level. We place great emphasis on ensuring that the Board and senior management stay abreast of the latest developments and information in the field of sustainable development, enhancing their decision-making capabilities through training. During the Reporting Period, we organized ESG and climate-related training for our directors, supporting to integrate climate considerations into strategic planning and risk management at the decision-making level.

Strategy

Case Studies of Climate Action Highlight for the Year

Wang Yibo, an artist under the Group, has been appointed as the Image Ambassador for the China Pavilion at COP30. Through a video message titled "The Future Is Now, Action Starts with Me", he issued a global call to young people worldwide to take climate action, urging to act now to protect the future of our planet.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The Group actively responds to the national “dual carbon” goals by integrating internal resources to achieve low-carbon operations. We also leverage our influence to empower the industry, raise public awareness of climate change, and effectively fulfill our corporate social responsibilities. We fully recognize the multiple impacts of climate change on business operations, compliance and brand reputation, and we assess potential risks to mitigate them. The Group continuously conducts physical risk and transition risk assessments, analyzes their potential financial and strategic impacts on our business, and strives to reduce the negative effects brought about by climate change.

We have conducted preliminary scenario analysis work, referencing to the Climate Disclosures Guidance of the Hong Kong Stock Exchange and following the scenario overviews published by the United Nations Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), as well as relevant content from the Fourth National Communication on Climate Change of China. We have adopted two pathways: the turquoise scenario and the brown scenario (SSP1–2.6 and SSP5–8.5), as well as the Sustainable Development Scenario (NZE) and the Stated Policies Scenario (STEPS), to assess climate-related risks over the short term (within 5 years), medium term (5 to 15 years) and long term (over 15 years), and to develop corresponding measures to mitigate these risks. The scenario analysis has taken into account multiple uncertainties, including the extent of changes in national policies and regulations, the speed of market and technological changes, the frequency of climate risk events, and other relevant factors. The assumptions for the different climate scenarios are set out in the table below.

The relevant climate scenarios are presented below:

Types of risks	Description of climate scenarios	Projected temperature increase
Physical risks	SSP1–2.6 Humanity strives to achieve sustainable development, effectively controlling greenhouse gas emissions and ultimately limiting global warming to a relatively low level. This scenario assumes that carbon dioxide (CO ₂) emissions begin to decline by 2020 and reach zero by 2100.	Below 2 °C
	SSP5–8.5 This is a “very high greenhouse gas emission” scenario in international climate change research. It represents a future pathway of high-speed economic growth, high population and high energy consumption based on fossil fuel development, leading to a significant rise in atmospheric CO ₂ concentration by 2100, and simulates the most severe impacts of global warming.	Exceeding 4 °C
Transition risks	Sustainable development scenario (NZE) This is an ambitious vision that requires achieving a balance between economic development, social equity and environmental protection. It focuses on the large-scale development of renewable energy, improving energy efficiency and the gradual phase-out of fossil fuels, ultimately aiming to achieve a balance between greenhouse gas emissions and absorptions in order to combat climate change and safeguard the needs of future generations.	Below 1.5 °C
	Stated policies scenario (STEPS) This is a high-emission scenario representing the development pathway of global energy and climate change based on existing policies remaining unchanged. It typically indicates a temperature increase by exceeding 2°C above pre-industrial level.	Exceeding 2 °C

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Types of risks	Time Horizon	Financial impacts	Response measures
Physical risks			
Typhoon	Short term	Extreme weather (such as typhoons and heavy rainfall) affects daily operations and performing activities, leading to a reduction in revenue	Monitor the weather changes during performing activities; Develop contingency plans for extreme weather; Promote water and energy conservation measures
Extreme high temperatures	Long term		
Transition risks			
Failure to comply with the development of global climate change policies and regulations	Medium to long term	Increased regulatory requirements leading to higher compliance costs;	Track the latest policy requirements; Integrate requirements into management policies
Stakeholders' concern about climate change issues	Medium to long term	Damage to reputation; Difficulty in gaining stakeholder support	Increase the ESG report's disclosure of climate change and low-carbon operating measures
Endorsed products or performing works with environmental impacts or environmental philosophy concerns	Medium to long term	Damage to reputation; Reduced cooperation; Loss of competitiveness	Review the relevant products and works and assess the risk; Strengthen green-related training

Types of opportunities	Time Horizon	Financial impacts	Response measures
Resource efficiency improvement	Medium to long term	<ul style="list-style-type: none"> Improving office energy efficiency and reducing operating costs 	<ul style="list-style-type: none"> Reducing daily consumption of water resource, electricity, and other energy to improve resource efficiency
Products and services	Medium to long term	<ul style="list-style-type: none"> Enhancing the social value of artist images by promoting sustainable development concepts, thereby developing into potential market growth 	<ul style="list-style-type: none"> Selectively incorporating environmental and low-carbon related promotional and endorsement content to actively advocate green concepts

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

After a comprehensive analysis of the risks listed in the above table, we believe that, following the implementation of corresponding mitigation measures, the actual impact on the Group's business will be relatively minor. We have already implemented several carbon reduction measures to mitigate the relevant risks, including optimizing energy use to reduce operational emissions, monitoring weather changes during entertainment events, and regularly tracking policies and regulations to maintain compliance.

After preliminary assessment conducted in the Reporting Period, we did not identify significant risk that would require material adjustments to the carrying amounts of assets or liabilities in the next reporting year. As key assumptions and parameters remain subject to verification, disclosures for the Year are primarily qualitative in nature. Going forward, we will gradually enhance the scope and quality of quantitative disclosures based on our accumulated expertise and resource allocation, in order to avoid causing material impact.

Risk Management

We place great emphasis on the potential impacts of climate-related risks and opportunities, and have established a systematic process for the identification, assessment, prioritization and monitoring. Each year, we review the applicability of key climate issues through a combination of industry analysis, internal discussions and expert consultations.

Metrics and Targets

YH Entertainment actively responds to the challenges of climate change and promotes the Group's sustainable development. We have established Group-wide energy conservation and emission reduction targets. We systematically plan and implement carbon reduction initiatives to minimize our operational impact on the environment and steadily advance our low-carbon transition. We continue to disclose our Scope 1 and Scope 2 greenhouse gas emissions in our annual ESG reports. At present, we have initiated preliminary data collection with relevant departments to identify material Scope 3 categories for the Group's business, in order to disclose them in the future. For 2025, the Group's greenhouse gas emissions amounted to 554.71 tonnes. The greenhouse gas emission was 0.05 tonne per square meter and 3.26 tonnes per employee. Detailed data are as follows:

Greenhouse gas emissions ^{1,2}	Unit	2025
Direct greenhouse gas emissions (Scope 1)	tonnes of CO ₂ e	9.76
Indirect greenhouse gas emissions (Scope 2)	tonnes of CO ₂ e	544.95
Total greenhouse gas emissions (Scope 1 and 2)	tonnes of CO ₂ e	554.71
Greenhouse gas emission intensity (per square meter) (Scope 1 and 2)	tonnes of CO ₂ e/m ²	0.05
Greenhouse gas emissions per employee (Scope 1 and 2)	tonnes of CO ₂ e/employee	3.26

We regularly calculate and publicly disclose the total greenhouse gas emissions and emission intensity, thus we can scientifically assess the Group's performance in climate governance. Under the premise of maintaining relatively stable business operating conditions, and based on the various energy-saving measures already implemented, we actively promote the execution of our emission reduction targets and conduct regular reviews. We are committed to achieving the continued stabilization and gradual reduction of our greenhouse gas emission intensity.

¹ The greenhouse gas emission calculation methodology references the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), as well as the Sixth Assessment Report published by the Intergovernmental Panel on Climate Change (IPCC). The grid emission factors used for Scope 2 calculations reference the national average grid factors from the Announcement on the Release of 2022 Carbon Dioxide Emission Factors for Electricity issued by the Ministry of Ecology and Environment of the People's Republic of China, the grid emission factors of each country where the Group operates, and the national grid greenhouse gas emission factors from the Carbon Footprint carbon database.

² We have adopted the operational control approach to define the accounting boundary for greenhouse gas emissions and apply the location-based method for calculation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Environmental aspect

Target

Greenhouse gas emission Actively implementing the Group's energy-saving measures, and maintaining or gradually reducing the intensity of greenhouse gas emission in the future under a similar level of operations.

At the current stage, the Group has not yet established specific quantitative targets for the relevant aspects, and the qualitative targets adopted have not been independently verified by a third party. The Group also has no current plan to offset its emissions through the use of carbon credits. Nevertheless, the Group has formulated and implemented a number of energy-saving measures and action plans to support the achievement of the relevant targets.

Meanwhile, in accordance with the "comply or explain" mechanism under the new climate requirements of the Hong Kong Stock Exchange, the Group will make every effort to disclose climate-related metrics and targets, including cross-industry metrics applicable to all sectors, internal carbon price, remuneration, industry-based metrics, other climate-related targets and their progress, on the basis of available data and applicable methodologies.

5. COMMUNITY CONTRIBUTION

In the process of its own development, the Group also considers the development of community public welfare. As an influential entertainment company, our artists actively participate in various public welfare affairs, engage in different types of public welfare activities, and disseminate information for people to care for the community and help those in need. During the Year, our artists participated in the following public welfare activities.

Wang Yibo: Image Ambassador for the China Pavilion at the 30th Conference of the Parties to the UNFCCC, Climate Ambassador for the Center for Environmental Education and Communications of Ministry of Ecology and Environment, Glacier Protection Action Pioneer (冰川保護行動先鋒), WildAid Ambassador (野生救援公益大使);

Cheng Xiao: Tencent Public Welfare – "Good Deeds Planet" Public Welfare Ambassador (騰訊公益「好事星球」公益大使), Long-lasting Public Welfare Festival – Good Deeds Planet Ambassador (久久公益節好事星球大使), Beijing International Film Festival – Bringing Movies to My Hometown (北京國際電影節我為家鄉送電影);

Li Wenhan: Public Welfare Supporter (公益助力官), Long-lasting Public Welfare Festival – "Good Deeds Planet Ambassador" (久久公益節「好事星球大使」), Film Education Instructor under the "Everlasting BJFF" Public Welfare Initiative of Bringing Excellent Films to Campus (優秀影片進校園「永不落幕的北影節」公益活動－影視教育輔導員);

Wang Xi: Kuwo Music – Love Decibel Public Welfare Transmitter (酷我音樂愛的分貝公益傳遞官);

Huang Minghao: Tencent Public Welfare – Little Safflower Love Transmitter (騰訊公益小紅花愛心傳遞官), Long-lasting Public Welfare Festival – "Good Deeds Planet Ambassador" (久久公益節「好事星球大使」);

Bi Wenjun: Bazaar Public Welfare – One Hour after School (芭莎公益課後一小時), Tencent Public Welfare – May Eighth Humanity Public Welfare Day (騰訊公益58人道公益日);

Huang Xinchun: Tencent Public Welfare – Little Safflower Concert (騰訊公益小紅花音樂會), Tencent Public Welfare – 99 Giving Day Love Supporter (騰訊公益99公益日愛心助力官), Tencent Public Welfare – Public Welfare Spreader (騰訊公益公益傳播官), Tencent Public Welfare – Zhejiang Charity Special Event to Help Achieve Common Prosperity (騰訊公益浙江慈善專場助力共同富裕);

Tang Jiuzhou: China Foundation for Rural Development – Cheer for the Future Project Spreader (中國鄉村發展基金會加油未來項目傳播官), China Foundation for Rural Development – May Twentieth Student Nutrition Day Activity Love Advocator (中國鄉村發展基金會520學生營養日活動愛心倡導者), Long-lasting Public Welfare Festival – "Good Deeds Planet Ambassador" (久久公益節「好事星球大使」);

NAME Group: Long-lasting Public Welfare Festival – "Good Deeds Planet Ambassador" (久久公益節「好事星球大使」);

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

APPENDIX I: SUSTAINABILITY DATA SUMMARY

Environmental Aspect	Unit	2025
Air pollutant emissions		
Nitrogen oxide	kg	63.08
Sulphur oxide	kg	0.05
Particulate matter	kg	5.87
Greenhouse gas emissions		
Direct greenhouse gas emissions (Scope 1)	tonnes of CO ₂ e	9.76
Indirect greenhouse gas emissions (Scope 2)	tonnes of CO ₂ e	544.95
Total greenhouse gas emissions (Scope 1 and 2)	tonnes of CO ₂ e	554.71
Greenhouse gas emission intensity (per square meter) (Scope 1 and 2)	tonnes of CO ₂ e/m ²	0.05
Greenhouse gas emissions per employee (Scope 1 and 2)	tonnes of CO ₂ e/employee	3.26
Energy consumption		
Purchased electricity consumption	kWh	1,027,036.05
Purchased electricity consumption intensity (per square meter)	kWh/m ²	97.12
Purchased electricity consumption per employee	kWh/employee	6,041.39
Petrol consumption	liter	3,659.43
Water consumption		
Total water consumption	m ³	1,447.00
Water consumption intensity (per square meter)	m ³ /m ²	0.14
Water consumption per employee	m ³ /employee	8.51
Paper consumption		
Total paper consumption	kg	707.81
Paper consumption intensity per employee	kg/employee	4.16
Waste generation		
Total non-hazardous waste produced	tonnes	3.90
Non-hazardous waste produced per employee	tonnes/employee	0.023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Social Aspect	Unit	2025
Number of employees		
Total number of employees	no. of people	231
Number of employees by gender		
Female employees	no. of people	179
Male employees	no. of people	52
Number of employees by category		
Short-term contract/part-time employees	no. of people	0
Full-time junior employees	no. of people	161
Full-time mid-level employees	no. of people	36
Full-time senior employees	no. of people	34
Number of employees by age		
Employees aged below 30	no. of people	84
Employees aged 31–50	no. of people	145
Employees aged above 50	no. of people	2
Number of employees by geographical region		
Employees in Northern China	no. of people	168
Employees in other region of China (including Hong Kong, Macau and Taiwan)	no. of people	2
Employees in Korea	no. of people	61
Employee Turnover³		
Total employee turnover rate	%	32.90
Turnover rate of female employees	%	30.73
Turnover rate of male employees	%	40.38
Turnover rate by age		
Turnover rate of employees aged below 30	%	50.00
Turnover rate of employees aged 31–50	%	23.45
Turnover rate of employees aged above 50	%	0

³ The turnover rate by employee category is calculated as: number of departed employees in the category ÷ total number of employees in the category at the end of the period × 100%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Social Aspect	Unit	2025
Turnover rate by geographical region		
Turnover rate of employees in Northern China	%	30.36
Turnover rate of employees in Korea	%	40.98
Occupational Health and Safety		
Number of work-related fatalities occurred in each of the past three years (including the reporting year)	no. of people	0
Rate of work-related fatalities occurred in each of the past three years (including the reporting year)	%	0
Lost days due to work injury	day	0
Employee training		
Percentage of employees trained by gender⁴		
Male employees	%	22.51
Female employees	%	77.49
Percentage of employees trained by employee category		
Full-time junior employees	%	69.70
Full-time mid-level employees	%	15.58
Full-time senior employees	%	14.72
Average training hours of employees by gender⁵		
Female employees	hour	1.10
Male employees	hour	2.13
Average training hours of employees by employee category		
Full-time junior employees	hour	1.10
Full-time mid-level employees	hour	2.69
Full-time senior employees	hour	1.97

⁴ The percentage of employees trained by employee category is calculated as: number of employees trained in the category ÷ total number of employees trained × 100%

⁵ The average training hours of employees by employee category is calculated as: training hours of employees in the category ÷ total number of employees in the category

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

APPENDIX II: HONG KONG STOCK EXCHANGE ESG REPORTING CODE INDEX

Indicators		Related Sections	
A. Environmental Aspect			
A1. Emissions	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4. SAFEGUARDING A GREEN HOMELAND
	A1.1	The types of emissions and respective emission data.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
	A1.3	Total hazardous waste produced and intensity.	The Group is not involved in the generation of a significant amount of hazardous waste
	A1.4	Total non-hazardous waste produced and intensity.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
	A1.5	Description of emission target(s) set and steps taken to achieve them.	4. SAFEGUARDING A GREEN HOMELAND
	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.	4. SAFEGUARDING A GREEN HOMELAND
A2. Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4.1. Comprehensive Environmental Management
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
	A2.2	Water consumption in total and intensity.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.1. Comprehensive Environmental 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.	4.1. Comprehensive Environmental Management
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	The Group is not involved in the production of a large number of products, and therefore does not consume a significant amount of packaging materials.
A3. Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	4. SAFEGUARDING A GREEN HOMELAND
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4. SAFEGUARDING A GREEN HOMELAND

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Indicators		Related Sections			
B. Social					
Employment and Labor Practices					
B1.	Employment	General Disclosure	Information on the policies and 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.	BUILDING AN EXCEPTIONAL TALENT TEAM
		B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.		APPENDIX I: SUSTAINABILITY DATA SUMMARY
		B1.2	Employee turnover rate by gender, age group and geographical region.		APPENDIX I: SUSTAINABILITY DATA SUMMARY
B2.	Health and Safety	General Disclosure	Information on the policies and 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.	3.3.	Maintaining Occupational Health and Safety
		B2.1	Number and rate of work-related fatalities occurred in each of the past three years (including the reporting year).	3.3.	Maintaining Occupational Health and Safety
		B2.2	Lost days due to work injury.	3.3.	Maintaining Occupational Health and Safety
		B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	3.3.	Maintaining Occupational Health and Safety
B3.	Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.4.	Supporting Employee Growth
		B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).		APPENDIX I: SUSTAINABILITY DATA SUMMARY
		B3.2	The average training hours completed per employee by gender and employee category.		APPENDIX I: SUSTAINABILITY DATA SUMMARY
B4.	Labor Standards	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labor.	3.	BUILDING AN EXCEPTIONAL TALENT TEAM
		B4.1	Description of measures to review employment practices to avoid child and forced labor.	3.	BUILDING AN EXCEPTIONAL TALENT TEAM
		B4.2	Description of steps taken to eliminate such practices when discovered.	3.	BUILDING AN EXCEPTIONAL TALENT TEAM

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Indicators		Related Sections	
Operating Practices			
B5. Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.2. Maintaining Excellent Entertainment Quality
	B5.1	Number of suppliers by geographical region.	2.2. Maintaining Excellent Entertainment Quality
	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.	2.2. Maintaining Excellent Entertainment Quality
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.2. Maintaining Excellent Entertainment Quality
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Not applicable to the Group's core operations
B6. Product Responsibility	General Disclosure	Information on the policies and 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.	2.3. Compliant Advertising Endorsements; 2.2. Maintaining Excellent Entertainment Quality
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group's core operations
	B6.2	Number of products and service related complaints received and how they are dealt with.	2.2. Maintaining Excellent Entertainment Quality
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.5. Intellectual Property Rights Compliance and Management
	B6.4	Description of quality assurance process and recall procedures.	Not applicable to the Group's core operations
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.4. Privacy Protection Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Indicators		Related Sections	
B7. Anti-corruption	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.	2.6. Commitment to Compliance and Integrity
	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.	2.6. Commitment to Compliance and Integrity
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	2.6. Commitment to Compliance and Integrity
	B7.3	Description of anti-corruption training provided to directors and staff.	2.6. Commitment to Compliance and Integrity
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.	5. COMMUNITY ENGAGEMENT
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	5. COMMUNITY CONTRIBUTION
	B8.2	Resources contributed (e.g. money or time) to the focus area.	5. COMMUNITY CONTRIBUTION

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Part D: Climate-related Disclosures

(I) Governance	<p>19. An issuer shall disclose information about:</p> <p>(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.</p> <p>(b) management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.</p>	4.2 Responding to Climate Change
(II) Strategy	<p>20. Climate-related risks and opportunities An issuer shall disclose information to enable an understanding of 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.</p> <p>21. Business model and value chain An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain.</p> <p>22. Strategy and decision-making An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation.</p> <p>23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).</p>	<p>Reasonable information relief adopted</p> <p>Reasonable information relief adopted – because we cannot use all reasonable and supportable information that is available to us at the reporting date without undue cost or effort to determine the scope of our value chain.</p> <p>4.2 Responding to Climate Change</p> <p>4.2 Responding to Climate Change</p>

Part D: Climate-related Disclosures

24. Financial position, financial performance and cash flows Current financial effect

An issuer shall disclose qualitative and quantitative information about:

- (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and
- (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.

25. Anticipated financial effect

The issuer shall provide qualitative and quantitative disclosures about:

- (a) how the issuer expects its financial performance to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration.
- (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.

26. Climate resilience

An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range.

4.2 Responding to Climate Change

Financial effect relief adopted – in the future, we will further assess the financial effect of climate-related risks and opportunities.

Reasonable information relief adopted – in the future, we will further assess the financial effect of climate-related risks and opportunities.

4.2 Responding to Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Part D: Climate-related Disclosures

(III) Risk Management

- 27.** An issuer shall disclose information about:
- (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks.
 - (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and
 - (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.

4.2 Responding to Climate Change

(IV) Metrics and Targets

- 28. Greenhouse gas emissions**
An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as: :

4.2 Responding to Climate Change
Scope 3 carbon emissions: reasonable information relief adopted

- (a) Scope 1 greenhouse gas emissions;
- (b) Scope 2 greenhouse gas emissions; and
- (c) Scope 3 greenhouse gas emissions.

- 29.** An issuer shall:
- (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;
 - (b) disclose the approach it uses to measure its greenhouse gas emissions.
 - (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and
 - (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

4.2 Responding to Climate Change
Scope 3 carbon emissions: reasonable information relief adopted

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Part D: Climate-related Disclosures

30. Climate-related transition risks

An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.

Reasonable information relief adopted – in future reports, we will enhance the methodologies and processes for assessing the financial effect of climate-related risks and opportunities.

31. Climate-related physical risks

An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.

Reasonable information relief adopted – in future reports, we will enhance the methodologies and processes for assessing the financial effect of climate-related risks and opportunities.

32. Climate-related opportunities

An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.

Reasonable information relief adopted – in future reports, we will enhance the methodologies and processes for assessing the financial effect of climate-related risks and opportunities.

33. Capital deployment

An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.

The Group has identified climate-related risks and will further identify relevant data to optimize its disclosures.

34. Internal carbon prices

An issuer shall disclose:

- (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and
- (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.

Negative statement – the Group currently does not apply an internal carbon price in decision-making, but will explore the feasibility of its implementation in the future.

35. Remuneration

An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).

Negative statement – we currently do not incorporate climate-related factors into the remuneration of senior management, and will explore the possibility of doing so in the future.

36. Industry-based metrics

An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.

Reasonable information relief adopted – we currently do not disclose any industry-based metrics, but will explore its feasibility in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Part D: Climate-related Disclosures

- | | | |
|---|-----|--|
| <p>37. Climate-related targets
An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.</p> | 4.2 | Responding to Climate Change |
| <p>38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target.</p> | 4.2 | Responding to Climate Change |
| <p>39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p> | 4.2 | Responding to Climate Change |
| <p>40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39.</p> | 4.2 | Responding to Climate Change |
| <p>41. Applicability of cross-industry metrics and industry-based metrics
In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).</p> | | Reasonable information relief adopted – we currently do not disclose any cross-industry metrics or industry-based metrics, but will explore its feasibility in the future. |

DIRECTORS' REPORT

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Reporting Period. All references in this section "Directors' Report" to other sections in this report form part of this section.

GLOBAL OFFERING

On June 10, 2021, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. The Company's Shares were listed on the Main Board of the Stock Exchange on January 19, 2023.

PRINCIPAL ACTIVITIES

The Group primarily engage in artist management in China and its business covers the whole lifecycle of artist management, including artist training, artist operation and artist promotion. The Group's business model consists of the following four business segments: (i) artist management; (ii) music IP production and operation, (iii) IP commercialization business and (iv) pop toy operation.

The Company is an investment holding company and the principal businesses of its principal subsidiaries are set out in Note 39 to the consolidated financial statements.

A list of the Company's principal subsidiaries as of December 31, 2025, together with, among others, their dates and places of incorporation and particulars of their issued share capital, are set out in Note 39 to the consolidated financial statements.

BUSINESS REVIEW

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a fair review of the Group's business, an analysis of the Group's financial performance, events affecting the Group that have occurred subsequent to the end of the financial year, and an indication of likely future development in the Group's business, are set out in the section headed "Management Discussion and Analysis" of this report. A description of the principal risks and uncertainties faced by the Group, key relationship between the Group and its employees, customers and suppliers, the environmental policies of the Group and compliance with the relevant laws and regulations which have significant impact are set out below.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's results of operations are subject to various factors with the key risks summarized below:

- The Group's business depends significantly on its managed artists' reputation and the public's perception of its brand. Any negative publicity on its managed artists, the Company and management, business partners or industry, may harm the brand image of the Group, which could materially and adversely affect the Group's business, financial condition or results of operations;
- The Group generates a substantial portion of its revenue from its artist management business. If the Group fails to maintain the relationship with artists and trainees or enlarge the number of artists and trainees managed by the Group, its business, financial condition and results of operations could be materially and adversely affected;
- The Group's business is highly sensitive to public tastes and is dependent on its ability to secure and develop popular artists, and the Group may not be able to anticipate or respond effectively to changes in audience's preferences and market trends, which could materially and adversely affect its business, financial condition and results of operations;
- The Group's business depends, in significant part, on the general prosperity and development of China's overall entertainment industry, corporate spending and discretionary consumer spending. Challenging economic conditions and other negative factors may impact corporate and consumer spending, which could have a material adverse effect on its business, financial condition and results of operations; and

DIRECTORS' REPORT (continued)

- If the Group fails to maintain the business relationship with its major customers or expand its customer base, its business, financial condition and results of operations could be materially and adversely affected.

Since 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 the Shares.

For more details of other risks and uncertainties by the Group, please refer to the section headed "Risk Factors" in the Prospectus.

ENVIRONMENT POLICIES AND PERFORMANCE

The Company steadfastly believes that corporate social responsibility and sustainable growth are instrumental to the continuing prosperity of its business. The Company is dedicated to integrating the principles for environmental, social and corporate governance ("ESG") with all aspects of its day-to-day business. The Company has adopted an ESG policy which sets forth the constitution and obligations of our ESG committee, ESG governance structure, ESG strategy formation procedures, and ESG risk management and monitoring. Pursuant to our ESG policy, our Board assumes the overall responsibility of overseeing the implementation of our ESG policy, identifying, assessing and managing the influence of important ESG matters, such as climate-related risks and opportunities, and setting goals in respect of ESG-related matters. The ESG committee, which is a sub-committee of the Board, is tasked with determining and reviewing our ESG target, strategy and internal policy, identifying ESG-related risks and opportunities, and reviewing and monitoring ESG practices.

For more details, please refer to the section headed "Environmental, Social and Governance Report" of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, 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.

RESULTS AND FINAL DIVIDENDS

The results of the Group for the year ended December 31, 2025 are set out in the consolidated financial statements of this report.

The Board has resolved not to recommend payment of a final dividend for the year ended December 31, 2025. The Company was not aware of any Shareholders that had waived or agreed to waive any dividend arrangement for the year ended December 31, 2025.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders including the substantial shareholders, employees, customers, and suppliers.

Shareholders

The Group recognizes the importance of protecting the interests of the Shareholders and of having effective communication with them. The Group believes regular communication with the Shareholders is a two-way process and has thrived to ensure the quality and effectiveness of information disclosure, maintain regular conversations with the Shareholders and listen carefully to the viewpoints and feedback from the Shareholders. This has been and will be done through general meetings, corporate communications, interim and annual reports, results announcements, and providing official e-mail address on company's website to collect inquiries or information from Shareholders.

DIRECTORS' REPORT (continued)

Employees

The Group understands that employees play valuable roles during business operations, and the realization and enhancement of employees' values will facilitate the achievement of the Group's overall goals. The Group values the contribution of each employee in different roles and strive to provide a fair and balanced compensation scheme as well as a clear career path. The Group also supports the health and well-being of its employees by providing various benefits, such as annual health checkups and meal allowances.

Customers

The customers of the Group consist primarily of (i) domestic and international brands; (ii) content producers; (iii) media platforms and music service providers that license music IPs from the Group; and (iv) end consumers who directly purchase our pop toys through online or offline distribution channels. The Group is committed to providing high-quality services and products to its customers and enhance the loyalty of the customers by increasing the interaction with customers in order to understand the customer demands, which provide good development to the Group's overall performance in the long run.

For the year ended December 31, 2025, the Group's revenue attributable to its largest customer was approximately RMB56.6 million, representing 6.2% of the Group's revenue.

For the year ended December 31, 2025, the Group's revenues attributable to the five largest customers were approximately RMB175.7 million, accounting for approximately 19.4% of the Group's total revenue.

Suppliers

The suppliers of the Group consisted primarily of (i) the Group's managed artists and entities controlled by them; (ii) media platforms; (iii) service providers who provide styling, personal security and photography services; (iv) service providers who provide demos, music compositions and lyrics in connection with the Group's music IP production and operation; and (v) suppliers related to our pop toy business. The Group has maintained solid and good relationships with its suppliers which ensures quality supply so as to provide high quality services and/or products to customers.

For the year ended December 31, 2025, the Group's purchases from its largest supplier were approximately RMB322.3 million, accounting for 47.1% of the Group's total purchases and the Group's purchases from its five largest suppliers were approximately RMB388.7 million, accounting for approximately 56.8% of the Group's total purchases.

To the best knowledge of the Directors as of the date of this report, except for Shenzhen Yiqi, our connected person at subsidiary level, all of the Group's five largest customers and suppliers during the Reporting Period were Independent Third Parties. For details of Shenzhen Yiqi, please refer to "- Connected Transactions" in this Directors' Report and the announcement published by the Company on April 17, 2026.

To the best knowledge of the Directors, none of the Directors, their close associates or any Shareholders who owned more than 5% of the issued share capital of the Company, had any interest in the five largest customers and suppliers of the Group during the Reporting Period.

FINANCIAL SUMMARY

A summary of the Group's financial results, assets and liabilities for the last five financial years are set out on page 195 of this report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in Note 28 to the consolidated financial statements.

DIRECTORS' REPORT (continued)

RESERVES

Details of movements in the reserves of the Group in 2025 are set out in Note 29 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As of December 31, 2025, the Company had no distributable reserve.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company repurchased a total of 32,037,000 Shares on the Stock Exchange for an aggregate consideration of HK\$68,985,510 before expenses. All the repurchased Shares were held as treasury shares. The Share repurchase was effected for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Month of purchase in 2025	No. of Shares purchased	No. of treasury shares	Purchase consideration per share		Aggregate consideration paid (HK\$)
			Highest price paid (HK\$)	Lowest price paid (HK\$)	
January	1,041,000	1,041,000	0.64	0.6	648,840
February	885,000	885,000	0.67	0.6	565,320
March	–	–	–	–	–
April	5,319,000	5,319,000	0.63	0.58	3,241,500
May	4,680,000	4,680,000	1.83	0.67	7,737,930
June	13,758,000	13,758,000	3.48	2.27	39,733,950
July	2,367,000	2,367,000	3.30	2.68	7,061,130
August	93,000	93,000	2.17	2.15	200,940
September	–	–	–	–	–
October	3,894,000	3,894,000	2.60	2.33	9,795,900
November	–	–	–	–	–
December	–	–	–	–	–
	<u>32,037,000</u>	<u>32,037,000</u>			<u>68,985,510</u>

The Share repurchase reflected the confidence of the Board in the Company's long-term strategy and growth prospects. The Directors considered that the Share repurchase in the best interests of the Company and the Shareholders as a whole. The Company intends to use the treasury shares to resell on the market prices to raise additional funds for the Company, or transfer or use for share grants under share schemes that comply with Chapter 17 of the Listing Rules and for other purposes permitted under the Listing Rules, the articles of association of the Company and the applicable laws of the Cayman Islands, subject to market conditions and the Group's capital management needs.

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares).

DIRECTORS' REPORT (continued)

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company did not provide any financial assistance nor guarantee to its affiliated companies for the year ended December 31, 2025 which gives rise to disclosure obligation under Rule 13.16 of the Listing Rules. The Company did not enter into any loan agreement with covenants relating to specific performance of its Controlling Shareholders nor breach the terms of any loan agreements for the year ended December 31, 2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reasons of their holding of securities in the Company.

BANK AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as of December 31, 2025 are set out in Note 31 to the consolidated financial statements.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors

Ms. DU Hua (*Chairlady and Chief Executive Officer*)

Mr. SUN Yiding

Mr. SUN Le

Non-executive Director

Mr. MENG Jun

Independent Non-executive Directors

Mr. FAN Hui

Mr. LU Tao

Mr. HUANG Jiuling

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" of this report.

DIRECTORS' REPORT (continued)

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing with effect from the date of the appointment, and will continue thereafter until terminated by not less than three months' notice in writing served by the executive Director or as otherwise set out in the service contract.

Each of the non-executive Director and independent non-executive Directors has signed a letter of appointment with the Company for a term of one year with effect from the Listing Date or June 20, 2025, and will automatically renew until terminated in certain circumstances as stipulated in the relevant letters of appointment. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee while the non-executive Directors are not entitled to any remuneration.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Save as aforesaid, none of the Directors proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

REMUNERATION POLICY

As of December 31, 2025, the Group had 231 employees. Total staff remuneration expenses including Directors' remuneration in 2025 amounted to RMB86 million. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. On top of salary payments, other employee benefits primarily include social insurance and housing provident contributions made by the Group and performance-based compensation.

The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

Remuneration of Senior Management

For details of the Directors and the five highest paid individuals for the year ended December 31, 2025, please refer to Note 11 to the consolidated financial statements of this report. The annual remuneration range (including share-based compensation) for senior management members for the year ended December 31, 2025 is as follows:

Remuneration Range	Number of individuals
nil – RMB1,000,000	0
RMB1,000,001 – RMB5,000,000	3
Above RMB5,000,001	2

DIRECTORS' REPORT (continued)

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As of December 31, 2025, Ms. Du Hua and Mr. Sun Yiding, our executive Directors, hold 51% and 49% equity interest in Horgos Yuehua Picture Limited (霍爾果斯樂華影業有限公司) ("**Horgos Yuehua**"), respectively. Horgos Yuehua is a limited liability company established in the PRC on January 6, 2016, which is principally engaged in production and investment of variety programs, movies and drama series. As distinguished from the business conducted by Horgos Yuehua, the Group's pan-entertainment business mainly includes commercial development of virtual artists, variety program format licensing and sales of artist-related merchandise. The variety program format licensing under the Group's pan-entertainment business refers to Yuehua Korea's sublicensing of the program format of a variety program to a leading online video platform in China, for which it receives licensing fees in return. As such, the variety program format licensing business under the pan-entertainment business is different from the variety program production business conducted by Horgos Yuehua. After the dismantlement of the contractual arrangements in respect of Horgos Yuehua on March 2022 as part of the Group's reorganization, the Group does not intend to engage in the businesses historically conducted by Horgos Yuehua due to its strategic focus on the Group's core business. Therefore, the Directors consider that Horgos Yuehua does not competes and is not likely to compete, directly or indirectly, with our business. For details of the dismantlement of the contractual arrangements with respect to Horgos Yuehua, see "History, Reorganization and Corporate Structure – Reorganization – VI. Dismantlement of Contractual Arrangements" in the Prospectus.

Save as disclosed above, and except for the interests in our Company and its subsidiaries, during the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries under Rule 8.10 of the Listing Rules.

DIRECTOR'S INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Termination of Connected Transactions with Nice Future

On April 19, 2024, Yuehua Limited and Nice Future entered into a business cooperation agreement in connection with the operation of the target business, pursuant to which Nice Future and one of its wholly owned subsidiaries shall be exclusively authorized by Yuehua Limited to operate and manage related interests in A-SOUL and other virtual artist owned by Yuehua Limited (the "**Business Cooperation Framework Agreement with Nice Future**"). Details of the Business Cooperation Framework Agreement with Nice Future are set out in the announcements published by the Company on April 19 and July 16, 2024, respectively.

On January 30, 2026, a termination agreement was entered into between Yuehua Limited and Nice Future, pursuant to which the Business Cooperation Framework Agreement with Nice Future was terminated (the "**Termination Agreement with Nice Future**"). Unless otherwise agreed by the parties to the Termination Agreement with Nice Future, all rights and obligations under the Business Cooperation Framework Agreement with Nice Future and its corresponding underlying agreements shall terminate. Details of the Termination Agreement with Nice Future are set out in the announcement published by the Company on January 30, 2026.

DIRECTORS' REPORT (continued)

As disclosed in the announcements relating to Nice Future, Nice Future is a company owned as to 9.5% by the Group and 57.0% by Mr. DU Jiang, the brother of Ms. DU Hua, the Chairlady and an executive Director. Therefore, Nice Future is an associate of Ms. DU Hua, Nice Future is a connected person of the Group. Save as the income generated from the aforementioned transactions that Nice Future is required to remit to the Group, neither party is required to make any payment to each other under the Termination Agreement with Nice Future, therefore the Termination Agreement with Nice Future is exempt from announcement, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the continuing connected transaction under the Business Cooperation Framework Agreement with Nice Future was terminated, the Company is subject to announcement requirement under Rule 14A.35 of the Listing Rules.

As good corporate governance practice, Ms. DU Hua and Mr. SUN Yiding, being our executive Directors, abstained from voting on the Board resolution for considering and approving the Termination Agreement with Nice Future so as to avoid the perception of a conflict of interest. Save as disclosed above, none of the other Directors was regarded as having a material interest in the Termination Agreement with Nice Future and abstained from voting on the relevant Board resolution.

Continuing Connected Transactions with Hunan Yueying

On March 28, 2025, Yuehua Limited (a wholly-owned subsidiary of the Company) entered into a business cooperation framework agreement with Hunan Yueying (the "**Business Cooperation Framework Agreement**"), pursuant to which Hunan Yueying will provide Yuehua Limited (for itself and on behalf of its subsidiaries) with production and management services of variety programs. Details of the Business Cooperation Framework Agreement with Hunan Yueying are set out in the announcement published by the Company on March 28, 2025.

As all the applicable percentage ratios (calculated with reference to Rule 14.07 of the Listing Rules) in respect of this transaction is expected to be, on an annual basis, more than 0.1% but less than 5%, such transaction will constitute continuing connected transaction of the Company subject to the reporting, announcement and annual review requirements, but will be exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. DU Hua and Mr. SUN Yiding are considered having a material interest and therefore abstained from voting on the Board resolution for considering and approving the Business Cooperation Framework Agreement and transactions thereunder so as to avoid the perception of a conflict of interest. Mr. MENG Jun, being our non-executive Director, voluntarily abstained from voting on such Board resolution. Save as disclosed above, none of the other Directors (other than Ms. DU Hua and Mr. SUN Yiding) was regarded as having a material interest in the Business Cooperation Framework Agreement and transactions thereunder and no Director (other than Ms. DU Hua, Mr. SUN Yiding and Mr. MENG Jun) abstained from voting on the relevant Board resolution.

Save as disclosed in this report, none of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

DIRECTORS' REPORT (continued)

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of December 31, 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in the Shares or underlying Shares of the Company

Name of Director	Nature of interest	Long/short position	Number of Shares	Approximate percentage of interest in the Company ⁽¹⁾
Ms. DU Hua	Interest in controlled corporation ⁽²⁾	Long position	376,350,000	43.17%
	Interest of spouse ⁽³⁾		24,825,000	2.85%
	Other ⁽⁴⁾		41,322,000	4.74%
Mr. SUN Yiding	Interest in controlled corporation ⁽⁵⁾	Long position	24,825,000	2.85%
	Interest of spouse ⁽³⁾		376,350,000	43.17%
	Other ⁽⁶⁾		41,322,000	4.74%
Mr. SUN Le	Beneficial Owner ⁽⁷⁾	Long position	3,225,000	0.37%

Notes:

- (1) The percentage figures disclosed under "Approximate percentage of interest in the Company" are calculated based on the 871,881,000 Shares, being the number of total issued shares of the Company as of December 31, 2025 (including treasury shares).
- (2) As of December 31, 2025, DING GUOHUA LIMITED directly holds 376,350,000 Shares. DING GUOHUA LIMITED is owned as to 80% by HuaDingGuo Limited (an entity wholly owned by Ms. Du), and 20% by Xihaha International Holding Limited (an entity controlled by Ms. Du through a trust), respectively. Therefore, Ms. Du is deemed to be interested in the Shares directly held by DING GUOHUA LIMITED by virtue of the SFO.
- (3) Ms. Du and Mr. Sun are cohabiting as spouse. Accordingly, for the purpose of the SFO, Ms. Du is deemed, or taken to be, interested in the Shares in which Mr. Sun is interested; and Mr. Sun is deemed, or taken to be, interested in the Shares in which Ms. Du is interested.
- (4) Ms. Du Hua controls one-third or more of the voting power at general meetings of the Company. Accordingly, Ms. Du is taken to have an interest in a total of 41,322,000 treasury shares of the Company.
- (5) As of December 31, 2025, QINGDINGDANG LIMITED directly holds 24,825,000 Shares. QINGDINGDANG LIMITED is owned as to 99% by Dawei International Holding Limited (an entity controlled by Mr. Sun through a trust) and 1% by DingDangQing Limited (an entity wholly owned by Mr. Sun). Therefore, Mr. Sun is deemed to be interested in the Shares directly held by QINGDINGDANG LIMITED by virtue of the SFO.
- (6) Mr. Sun Yiding controls one-third or more of the voting power at general meetings of the Company. Accordingly, Mr. Sun is taken to have an interest in a total of 41,322,000 treasury shares of the Company.
- (7) As of December 31, 2025, Mr. SUN Le is interested in the 3,225,000 underlying Shares relating to the RSUs granted to him pursuant to the Share Incentive Plan.

Save as disclosed above, as of December 31, 2025, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT (continued)

DIRECTOR'S RIGHTS TO ACQUIRE SHARES AND DEBENTURES

As of December 31, 2025 and at any time during the Reporting Period, none of the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party to any arrangement through which the Directors may benefit by purchasing shares or debentures of the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

To the best knowledge of the Directors, as of December 31, 2025, the persons (other than Director or chief executive of the Company) or corporations who had interest or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholder ⁽¹⁾	Nature of interest	Long/short position	Number of Shares	Approximate percentage of interest in the Company ⁽²⁾
Interform Construction Supplies Limited	Beneficial owner ⁽³⁾	Long position	104,547,000	11.99%
SAC Enterprises Limited	Interest in controlled corporation ⁽³⁾	Long position	104,547,000	11.99%
Damai Entertainment Holdings Limited	Interest in controlled corporation ⁽³⁾	Long position	104,547,000	11.99%
Ali CV Investment Holding Limited	Interest in controlled corporation ⁽³⁾	Long position	104,547,000	11.99%
Alibaba Investment Limited	Interest in controlled corporation ⁽³⁾	Long position	104,547,000	11.99%
Alibaba Group Holding Limited	Interest in controlled corporation ⁽³⁾	Long position	104,547,000	11.99%

Notes:

- (1) On January 7, 2026, CMC Sports Investment Limited completed a disposal of its Shares in the Company. As a result, CMC Sports Investment Limited, together with its affiliates that are deemed to be interested in the Shares directly held by CMC Sports Investment Limited under the SFO, held less than 5% interest in the Company and was no longer a substantial shareholder of the Company under the SFO. For the avoidance of doubt, this table does not include the shareholding information of CMC Sports Investment Limited and its affiliates that are deemed to be interested in the Shares directly held by CMC Sports Investment Limited under the SFO as of December 31, 2025.
- (2) The percentage figures disclosed under "Approximate percentage of interest in the Company" are calculated based on the 871,881,000 Shares, being the number of total issued shares of the Company as of December 31, 2025.
- (3) Interform Construction Supplies Limited is wholly owned by SAC Enterprises Limited, which is in turn non-wholly owned by Damai Entertainment Holdings Limited, a non wholly-owned subsidiary of Ali CV Investment Holding Limited, which is wholly-owned by Alibaba Investment Limited. Alibaba Investment Limited is wholly-owned subsidiary of Alibaba Group Holding Limited. Therefore, each of SAC Enterprises Limited, Damai Entertainment Holdings Limited, Ali CV Investment Holding Limited, Alibaba Investment Limited and Alibaba Group Holding Limited is deemed to be interested in the Shares directly held by Interform Construction Supplies Limited.

Save as disclosed above, as of December 31, 2025, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' REPORT (continued)

PRE-IPO SHARE INCENTIVE PLAN

The Company approved and adopted the Pre-IPO Share Incentive Plan on December 10, 2021 which enables the Group to grant awards to selected participants as incentives or rewards for their contribution to our Group. The Pre-IPO Share Incentive Plan does not constitute a share scheme involving the issuance of new shares pursuant to the new Chapter 17 (effective on January 1, 2023) of the Listing Rules. The Company will comply with the new Chapter 17 of the Listing Rules in accordance with the transitional arrangements for existing share schemes.

Purpose

The purpose of the Pre-IPO Share Incentive Plan is to enable the Group to grant awards to selected participants as incentives or rewards for their contribution to the Group, in particular, (i) to motivate them to optimize their performance and efficiency for the benefit of the Group; (ii) to attract and retain them whose contributions are or will be beneficial to the Group; and (iii) to encourage them to enhance cooperation and communication amongst team members for the growth of the Group.

Types of Awards

The Pre-IPO Share Incentive Plan provides for awards of RSUs, Shares issued subject to forfeiture or repurchase by our Company until vested (the "**Restricted Shares**"), and other share-based awards or rights (collectively, the "**Awards**").

Eligible Participants

The Board, in the context of the Pre-IPO Share Incentive Plan, including any committee or person(s) duly authorized by the Board, may at its discretion, invite any person belonging to any of the following classes of eligible participants (the "**Eligible Participants**"), to take up an Award to subscribe for Shares:

- (i) any full-time executives, officers, managers or employees of the Company or any of our subsidiaries or controlled affiliates, or any entities designated by them, who had attained the requisite seniority and performance grade and/or targets as may be determined by the chief executive officer of the Company from time to time;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of our subsidiaries or controlled affiliates, or any entities designated by them; or
- (iii) any advisor, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner, strategic partner, service provider or other third parties who the chief executive officer considers, in its sole discretion, has contributed or will contribute to the Group.

Maximum Number of Shares

Unless otherwise duly approved by the Board, the total number of Shares underlying the Pre-IPO Share Incentive Plan shall not exceed 5,790,000 (without taking into account the effect of Capitalization Issue), or 37,500,000 (taking into account the effect of Capitalization Issue), which represent approximately 4.4% of the total issued Shares (excluding treasury shares) as of date of this report.

Under the Pre-IPO Share Incentive Plan, there is no specific limit on the maximum number of shares which may be granted to a single eligible participant.

An aggregate of 5,790,000 outstanding RSUs in respect of all 37,500,000 Shares (taking into account the effect of Capitalization Issue) available under the Pre-IPO Share Incentive Plan had been granted to eligible participants prior to Listing, therefore, no further RSUs are available for grant under the Pre-IPO Share Incentive Plan after Listing.

DIRECTORS' REPORT (continued)

Performance Target

The participant may be required to achieve any performance targets as the Board may specify before the relevant Awards can be vested, exercised or settled upon the grant of an Award to an Eligible Participant.

Consideration for RSU

The price to be paid upon the vesting and settlement of RSUs granted to each grantee shall be HKD0.1 per RSU, as set out in the offer for the grant entered into between the Company and the respective grantee (the "**Grant Letter**").

Conditions of Issuance of Shares

The Eligible Participant who accepts the offer for the grant of an Award must not have committed any breach of the Pre-IPO Share Incentive Plan and any ancillary documents that he or she has entered into with our Company in respect of the Award. The grantee must not have violated any provision of the articles of association or constitutional documents of the relevant member of our Group, or otherwise impaired the interests of our Group. The Board may, at its absolute discretion, fix any other performance targets that must be achieved and any other conditions that must be fulfilled before any Award can be vested or settled. If the conditions set out above in this clause are not satisfied, the RSUs and/or Restricted Shares shall automatically lapse on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion.

Vesting Schedule and Vesting Period

Pursuant to the terms of the Pre-IPO Share Incentive Plan and the Grant Letter, and subject to the vesting conditions contained therein, the RSUs granted to each grantee shall be vested in four equal tranches as follows:

Vesting date	RSUs to be vested
6 months from the Listing Date	25% of the total RSUs granted to the grantee
18 months from the Listing Date	25% of the total RSUs granted to the grantee
30 months from the Listing Date	25% of the total RSUs granted to the grantee
42 months from the Listing Date	25% of the total RSUs granted to the grantee

Lock-up Period

In connection with any underwritten public offering by our Company of its equity securities, the grantee shall not, for a period of 180 days following the date of completion of the applicable offering, directly or indirectly, sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under the Pre-IPO Share Incentive Plan without the prior written consent of our Company or our underwriters.

Termination

The Company may by resolution in general meeting or the Board may at any time terminate the operation of the Pre-IPO Share Incentive Plan and in such event no further Award shall be offered but the provisions of the Pre-IPO Share Incentive Plan shall remain in force to the extent necessary to give effect to any outstanding Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Incentive Plan. Outstanding Awards granted prior to such termination but not yet exercised, settled or released at the time of termination shall continue to be valid and exercisable or releasable in accordance with the Pre-IPO Share Incentive Plan.

DIRECTORS' REPORT (continued)

Remaining Life

The Pre-IPO Share Incentive Plan will be valid and effective for a period of 10 years, commencing from December 10, 2021, unless terminated by resolution in general meeting or the Board pursuant to the Share Incentive Plan. As of December 31, 2025, the remaining life of the Pre-IPO Share Incentive Plan was approximately 6 years.

All the Shares underlying the Pre-IPO Share Incentive Plan have been allotted and issued and are held by ARK Trust (Hong Kong) Limited and LIGHTSTONE TRUST (HONG KONG) LIMITED, being special purpose vehicles established as nominees to hold in trust. The Shares underlying the Pre-IPO Share Incentive Plan do not count towards the public float. Pursuant to the Pre-IPO Share Incentive Plan and the trust deeds constituting the ARK Trust and Lightstone Trust (the "**Trust Deeds**"), the Pre-IPO Share Incentive Plan and the two trusts will be subject to the administration of the chief executive officer of the Company (the "**Administrator**") and the Administrator shall have the sole and absolute discretion to determine whether or not a grantee shall have rights to any dividends from any Shares prior to the vesting of the RSUs. In addition, pursuant to the Pre-IPO Share Incentive Plan and the Trust Deeds, the RSUs upon release will not carry any voting rights until completion of the registration of the grantee (or any other person) as the holder and the respective trustee shall not exercise any of the voting rights attached to Shares held upon trust unless directed by authorized representative appointed by the Administrator.

Movements of the RSUs under the Pre-IPO Share Incentive Plan during the Reporting Period are set out as follows:

Name/Category of the grantees	Date of grant	Number of RSUs ⁽⁶⁾					Outstanding as of December 31, 2025	Price to be paid upon the vesting and settlement of RSUs (HKD)	Fair value of the RSUs at the date of grant ⁽¹⁾⁽⁴⁾ (RMB)
		Outstanding as of January 1, 2025	Granted during the Reporting Period ⁽¹⁾	Vested during the Reporting Period ⁽²⁾	Cancelled during the Reporting Period ⁽³⁾	Lapsed during the Reporting Period ⁽³⁾			
Director(s) of the Company									
Mr. SUN Le	December 10, 2021	1,612,500	-	806,250	-	-	806,250	12,449	-
Four highest paid employees for during 2025⁽⁵⁾									
	December 10, 2021	562,500	-	487,500	-	-	75,000	1,158	-
	March 4, 2022	1,950,000	-	975,000	-	-	975,000	15,054	-
	December 20, 2022	412,500	-	-	-	-	412,500	6,369	-
Other grantees (excluding the director and the four highest paid employees during 2025)									
	December 10, 2021	2,362,500	-	886,875	588,750	-	886,875	13,693	-
	March 4, 2022	9,712,500	-	4,856,250	-	-	4,856,250	74,981	-
	December 20, 2022	2,137,500	-	825,000	487,500	-	825,000	12,738	-
		18,750,000	-	8,836,875	1,076,250	-	8,836,875	136,442	-

Notes:

- (1) As no RSUs were granted during the Reporting Period, the fair value of the RSUs granted during the Reporting Period is not applicable.
- (2) RSUs representing 8,836,875 Shares were vested to the grantees during the Reporting Period. The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested was HKD2.79 per Share.

DIRECTORS' REPORT (continued)

- (3) 1,076,250 RSUs were cancelled during the Reporting Period, Other than the aforesaid cancelled RSUs, no other RSUs were cancelled or lapsed during the Reporting Period.
- (4) For accounting standard and policy adopted for such fair value measurement, please refer to Note 2.17 to the consolidated financial statements.
- (5) One of the five highest paid employees for the year ended December 31, 2025 is Mr. SUN Le, our executive Director. The details regarding the RSUs granted to him are disclosed under "Director(s) of the Company" section of the above table.
- (6) The number of RSUs in the above table has been adjusted to reflect the Capitalization Issue.

For more details of the Pre-IPO Share Incentive Plan, please refer to "D. Share Incentive Plan" of Appendix V of the Prospectus and Note 38 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Company did not enter into any equity-linked agreements which would or might result in the issue of Shares by the Company, or require the Company to enter into any agreements which would or might result in the issue of Shares by the Company.

CONNECTED TRANSACTIONS

During the Reporting Period, the Company entered into a number of transactions with entities which are connected persons (as defined in Chapter 14A of the Listing Rules) of the Company, and such transactions constituted non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

During the Reporting Period, the following parties with whom we have entered into transactions are regarded as connected person under the Listing Rules:

Connected person(s)	Connected relationship
Youku Information Technology (Beijing) Co., Ltd. (優酷信息技術(北京)有限公司) ("Youku Information Technology" or "Youku")	Youku Information Technology is a consolidated affiliated entity of Beijing Youku Technology Co., Ltd. (北京優酷科技有限), a company wholly owned by Alibaba Investment Limited, which is in turn wholly owned by Alibaba Group Holding Limited. Interform Construction Supplies Limited is an indirect wholly-owned subsidiary of Alibaba Pictures Group Limited (currently known as Damai Entertainment Holdings Limited). Accordingly, Youku Information Technology and Interform Construction Supplies Limited are fellow subsidiaries of Alibaba Group Holding Limited. Therefore, Youku Information Technology is an associate of Interform Construction Supplies Limited, one of the substantial shareholders of the Company. Accordingly, transactions under the Youku Information Technology Agreement constitute continuing connected transactions of the Company and are subject to Chapter 14A of the Listing Rules.
Nice Future (Beijing) Culture Communication Co., Ltd. (尼斯未來(北京)文化傳播有限公司) ("Nice Future")	Nice Future is a company established in the PRC with limited liability and is principally engaged in virtual artists operation and management. As of the date of the Nice Future Agreement, Nice Future is owned as to 9.5% by the Group and 57.0% by Mr. Du Jiang, the brother of Ms. Du Hua, the Chairlady, an executive Director and the chief executive officer, and is therefore an associate of Ms. Du Hua and a connected person of the Group. Accordingly, transactions under the Nice Future Agreement constitute continuing connected transactions of the Company and are subject to Chapter 14A of the Listing Rules.

DIRECTORS' REPORT (continued)

Connected person(s)	Connected relationship
Hunan Yueying Huayi Entertainment Co., Ltd. (湖南樂影華億文化傳播有限公司) ("Hunan Yueying")	Hunan Yueying is a company established in the PRC with limited liability. It is principally engaged in the production and management of variety programs, events and market planning and performance management. Hunan Yueying is a wholly owned subsidiary of Horgos Yuehua, which is owned as to 51% and 49% by our executive Directors, Ms. DU Hua (杜華) and Mr. SUN Yiding (孫一丁), respectively. Therefore, Hunan Yueying is connected person of the Company. Accordingly, transactions under the Business Cooperation Framework Agreement with Hunan Yueying constituted connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.
Shenzhen Yiqi Culture Co., Ltd. (深圳市熠起文化有限公司) ("Shenzhen Yiqi")	Shenzhen Yiqi is a company established in the PRC with limited liability on November 23, 2020. It is primarily engaged in IP incubation and discovery, IP operation, copyright commercialization, and the promotion and sales of pop toys and other cultural products for global artists. Shenzhen Yiqi is an indirectly wholly owned subsidiary of Here Group Ltd (a company listed on the Nasdaq Global Market (stock symbol: HERE)). Shenzhen Yiqi holds 46.55% of Yuhua Tongxing, and is therefore a substantial shareholder of Yuhua Tongxing. Accordingly, Shenzhen Yiqi is a connected person of the Company at subsidiary level.

Below set out the details of the non-exempt continuing connected transactions entered by the Company.

Continuing Connected Transaction with Hunan Yueying

Business Cooperation Framework Agreement dated March 28, 2025

On March 28, 2025, Yuehua Limited (a wholly-owned subsidiary of the Company) entered into a business cooperation framework agreement with Hunan Yueying (the "**Business Cooperation Framework Agreement**"), pursuant to which Hunan Yueying will provide Yuehua Limited (for itself and on behalf of its subsidiaries) with production and management services of variety programs.

A summary of the principal terms of the Business Cooperation Framework Agreement is set out below:

Date:	March 28, 2025
Parties:	(i) Yuehua Limited (for itself and on behalf of its subsidiaries); and (ii) Hunan Yueying
Term:	March 28, 2025 to December 31, 2025

Separate underlying agreements will be entered into between the parties to set out the detailed terms, including details of engagements, milestone payment schedules and other rights and obligations of the parties, based on the principles and within the parameters provided under the Business Cooperation Framework Agreement. The definitive terms of each of such underlying agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm's length negotiation between the parties.

The Business Cooperation Framework Agreement will commence from March 28, 2025 to December 31, 2025, and such term would be renewed for a term of no more than three years subject to the parties' negotiation and applicable laws and regulations.

DIRECTORS' REPORT (continued)

Pricing Policy

The fees paid by Yuehua Limited to Hunan Yueying shall be determined after arm's length negotiation between parties with reference to various related commercial factors, including (i) the forms of promotion activities and promotion period; (ii) the cost and expenses of the production of variety programs; (iii) the popularity of the managed artist who participated in the variety programs to be produced; (iv) the prevailing market rates of engagement fees for providing production and management services of variety programs; (v) the quality and impacts of the relevant engagement; and (vi) the workload and duration of the relevant engagement. The aforesaid factors setting the engagement fees shall not be higher than those offered by the Independent Third Parties to the Group.

Annual caps and actual transactions amounts for the Reporting Period

Actual transaction amounts and annual caps of the abovementioned non-exempt continuing connected transaction for the Reporting Period are as follows:

	Proposed annual caps (RMB in thousands)	Actual transaction amounts (RMB in thousands)
Business Cooperation Framework Agreement with Hunan Yueying	15,000	482.9

Reasons for and Benefits of the Business Cooperation Framework Agreement

Given that Hunan Yueying has accumulated experience in the production and management of variety programs in the PRC, the Group can leverage on the cooperation with Hunan Yueying to further expand our footprint in the pan-entertainment industry and enhance our managed artists and artist groups' public exposure through their participation across various variety programs. Furthermore, the cooperation is expected to empower us with more opportunity to establish business relationships with our business partners such as business promotional activities.

Based on the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the transactions under the Business Cooperation Framework Agreement are conducted by the Group on normal commercial terms and in its ordinary and usual course of business, are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and the annual cap in respect of the continuing connected transactions under the Business Cooperation Framework Agreement is also fair and reasonable.

Listing Rules Implications

As all the applicable percentage ratios (calculated with reference to Rule 14.07 of the Listing Rules) in respect of this transaction is expected to be, on an annual basis, more than 0.1% but less than 5%, such transaction will constitute continuing connected transaction of the Company subject to the reporting, announcement and annual review requirements, but will be exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. DU Hua and Mr. SUN Yiding are considered having a material interest and therefore abstained from voting on the Board resolution for considering and approving the Business Cooperation Framework Agreement and transactions thereunder so as to avoid the perception of a conflict of interest. Mr. MENG Jun, being our non-executive Director, voluntarily abstained from voting on such Board resolution. Save as disclosed above, none of the other Directors (other than Ms. DU Hua and Mr. SUN Yiding) was regarded as having a material interest in the Business Cooperation Framework Agreement and transactions thereunder and no Director (other than Ms. DU Hua, Mr. SUN Yiding and Mr. MENG Jun) abstained from voting on the relevant Board resolution.

DIRECTORS' REPORT (continued)

Continuing Connected Transaction with Youku Information Technology

A. Business Cooperation Framework Agreement dated December 5, 2024

On December 5, 2024, Yuehua Limited and Youku Information Technology entered into the 2025 Business Cooperation Framework Agreement with Youku, pursuant to which, the Continuing Connected Transaction with Youku is renewed commencing from January 1, 2025 and will expire on December 31, 2025. Pursuant to the 2025 Business Cooperation Framework Agreement with Youku, Yuehua Limited (for itself and on behalf of its subsidiaries) shall procure suitable managed artists to perform relevant engagements with Youku Information Technology, including but not limited to entering into endorsement deals for the promotion of Youku membership, performing in variety programs, movies and drama series and other commercial activities (the "**First Business Cooperation Framework Agreement**").

A summary of the principal terms of the 2025 Business Cooperation Framework Agreement with Youku is set out below:

Date: December 5, 2024

Parties: (i) Yuehua Limited (for itself and on behalf of its subsidiaries); and
(ii) Youku Information Technology.

Term: January 1, 2025 to December 31, 2025

Pursuant to the 2025 Business Cooperation Framework Agreement with Youku, Yuehua Limited (for itself and on behalf of its subsidiaries) shall procure suitable managed artists to perform relevant engagements with Youku Information Technology, including but not limited to entering into endorsement deals for the promotion of Youku membership, performing in variety programs, movies and drama series and other commercial activities.

Separate underlying agreements will be entered into between the parties to set out the detailed terms, including details of engagements, promotion fee, milestone payment schedules and other rights and obligations of the parties, based on the principles and within the parameters provided under the 2025 Business Cooperation Framework Agreement with Youku. The definitive terms of each of such underlying agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm's length negotiation between the parties.

The 2025 Business Cooperation Framework Agreement with Youku will commence from January 1, 2025 to December 31, 2025, and such term would be renewed for a term of no more than three years subject to the parties' negotiation and applicable laws and regulations.

DIRECTORS' REPORT (continued)

B. Second Business Cooperation Framework Agreement dated June 20, 2025

On June 20, 2025, Yuehua Limited (a wholly-owned subsidiary of the Company) and Youku Information Technology (for itself and on behalf of its affiliates) entered into the Second Business Cooperation Framework Agreement with Youku, pursuant to which, (i) Yuehua Limited (for itself and on behalf of its subsidiaries) shall procure suitable managed artists to perform relevant engagements with Youku Information Technology (or its affiliates), including but not limited to entering into endorsement deals for the promotion of Youku membership, performing in variety programs, movies and drama series and other commercial activities, and (ii) Youku Information Technology (or its affiliates) shall provide ticket agency services to Yuehua Limited (for itself and on behalf of its subsidiaries), including online and offline ticketing systems and ticket agency services (the "**Second Business Cooperation Framework Agreement**").

A summary of the principal terms of the Second Business Cooperation Agreement with Youku is set out below:

Date: June 20, 2025

Parties: (i) Yuehua Limited (for itself and on behalf of its subsidiaries); and
(ii) Youku Information Technology (for itself and on behalf of its affiliates).

Term: June 20, 2025 to December 31, 2025

Pursuant to the Second Business Cooperation Agreement with Youku, Yuehua Limited (for itself and on behalf of its subsidiaries) shall (a) procure suitable managed artists to perform relevant engagements with and purchase ticket agency service from Youku, including but not limited to entering into endorsement deals for the promotion of Youku membership, performing in variety programs, movies and drama series and other commercial activities and charge Youku according to agreed pricing policy; and (b) purchase online and offline ticketing systems and ticket agency services and pay such service fee to Youku based on corresponding pricing policy.

Separate underlying agreements will be entered into between the parties to set out the detailed terms, including details of engagements, fee arrangement, milestone payment schedules and other rights and obligations of the parties, based on the principles and within the parameters provided under the Second Business Cooperation Framework Agreement with Youku. The definitive terms of each of such underlying agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm's length negotiation between the parties.

The Second Business Cooperation Framework Agreement with Youku will commence from June 20, 2025 to December 31, 2025, and such term would be renewed for a term of no more than three years subject to the parties' negotiation and applicable laws and regulations.

DIRECTORS' REPORT (continued)

Annual Caps and Actual Transactions Amounts for the Reporting Period

Actual transaction amounts and annual caps of the abovementioned non-exempt continuing connected transaction for the Reporting Period are as follows:

	Proposed annual caps (RMB in thousands)	Actual transaction amounts (RMB in thousands)
Revenue from the Procurement of Suitable Managed Artists to Perform Relevant Engagements with Youku*	38,000	21,018
Payment of Ticket Agency Service from Youku	20,000	4,688

Note:

* On an aggregated basis, including transactions in this nature contemplated under the First Business Cooperation Framework Agreement and the Second Business Cooperation Agreement

Pricing Policy

The fees we charge Youku Information Technology shall be determined after arm's length negotiation between the parties with reference to various related commercial factors, including (i) the forms of promotion activities and promotion period; (ii) the popularity of artists; (iii) the prevailing market rates of engagement fees for attending the same and similar functions by artists of the same ranking; (iv) the quality and impacts of the relevant engagements; (v) the workload and duration of the relevant engagements; and (vi) the types and scale of events to be held by the Group and comparable market price of the ticket agency services for similar events. The aforesaid pricing policies are no more favorable than those available to our other customers which are Independent Third Parties.

Reasons for and Benefits of the Second Business Cooperation Framework Agreement

Youku Information Technology is one of the leading online video platforms in China and has great demand for engaging our artists. Our managed artists could in turn benefit from platform-based resources of Youku and gain more public exposure. In addition, leveraging the established ticket agency system provided by Youku, it would be more efficient for the Company to hold major events without undue technological impact and manage the events coordination and execution, including but not limited to concerts for our managed artists. Through market-oriented cooperation with various business units of Youku, we can further enhance the reputation and social influence of our artists, which would bring greater value to our Group and expand our brand influence. In addition, the terms offered by our Group to Youku Information Technology under the existing underlying agreements are no more favorable than those offered to our other customers which are Independent Third Parties, and the fees charged by either party under the transactions between Youku and our Group under the Second Business Cooperation Framework Agreement will be determined with reference to the prevailing market price that is no less than those offered to our other independent customers/suppliers, hence such business cooperation with Youku are profitable and are in the interests of our Group and the Shareholders as a whole. As such, transactions contemplated under the Second Business Cooperation Framework Agreement with Youku are in the ordinary and usual course of our business and on normal commercial terms.

DIRECTORS' REPORT (continued)

Listing Rules Implications

Given parties to the First Business Cooperation Framework Agreement and the Second Business Cooperation Framework Agreement are Youku and its affiliates and the transactions contemplated thereunder were completed within a 12-month period, pursuant to Rule 14A.81 of the Listing Rules, continuing connected transactions for same business nature under the First Business Cooperation Framework Agreement and the Second Business Cooperation Framework Agreement shall be aggregated.

As the highest applicable percentage ratio (calculated with reference to Rule 14.07 of the Listing Rules), on an aggregation basis, exceeds 0.1%, but all of the applicable percentage ratios of all the transactions under the Agreements with Youku are less than 5%, each type of the transactions contemplated under the Agreements with Youku is subject to reporting, announcement and annual review requirements, but is exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, respectively.

Continuing Connected Transaction with Nice Future

On April 19, 2024, Yuehua Limited and Nice Future entered into a business cooperation agreement in connection with the operation of the target business, pursuant to which Nice Future and one of its wholly owned subsidiaries shall be exclusively authorized by Yuehua Limited to operate and manage related interests in A-SOUL and other virtual artist owned by Yuehua Limited (the **"Business Cooperation Framework Agreement with Nice Future"**). Details of the Business Cooperation Framework Agreement with Nice Future are set out in the announcements published by the Company on April 19 and July 16, 2024, respectively.

As a result of changes in market conditions and the intensifying competition in the virtual artist sector, despite the efforts made by Nice Future during the cooperative period, the overall operational performance of virtual artists has not met expectations and continues to fall short of contractual commercial objectives, resulting in challenges for the existing cooperation model. Accordingly, the Board revisited the cooperation between Nice Future and the Group and is of the view that adjustments to the operation of virtual artists are necessary. On January 30, 2026, a termination agreement was entered into between Yuehua Limited and Nice Future, pursuant to which the Business Cooperation Framework Agreement with Nice Future was terminated (the **"Termination Agreement with Nice Future"**). Unless otherwise agreed by the parties to the Termination Agreement with Nice Future, all rights and obligations under the Business Cooperation Framework Agreement with Nice Future and its corresponding underlying agreements shall terminate. In addition, Nice Future shall continue to be responsible for the performance of any existing cooperation agreements (if any) relating to the virtual artists entered into with third parties prior to the signing of the Termination Agreement with Nice Future but remain unfulfilled, so as to ensure a smooth transition and the normal continuation of the relevant cooperation projects. Any income generated from the aforementioned transactions by Nice Future would be paid in full to us. The Board believes that the Termination Agreement with Nice Future will not have a material adverse impact on the ordinary operations of A-SOUL. The Company will continue to explore additional market opportunities for A-SOUL and other virtual artists, incorporate market feedback, keep pace with industry developments, and adapt in a timely manner to foster a more stable and expansive environment for the operation of its virtual artists.

Annual caps and actual transactions amounts for the Reporting Period

Actual transaction amounts and annual caps of the abovementioned non-exempt continuing connected transaction for the Reporting Period are as follows:

	Proposed annual caps (RMB in thousands)	Actual transaction amounts (RMB in thousands)
Business Cooperation Framework Agreement with Nice Future	21,300	5,914

DIRECTORS' REPORT (continued)

Listing Rules implications

As disclosed in the Announcements Relating to Nice Future, Nice Future is a company owned as to 9.5% by the Group and 57.0% by Mr. DU Jiang, the brother of Ms. DU Hua, the Chairlady and an executive Director. Therefore, Nice Future is an associate of Ms. DU Hua, Nice Future is a connected person of the Group. Save as the income generated from the aforementioned transactions that Nice Future is required to remit to the Group, neither party is required to make any payment to each other under the Termination Agreement with Nice Future, therefore the Termination Agreement with Nice Future is exempt from announcement, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the continuing connected transaction under the Business Cooperation Framework Agreement with Nice Future was terminated, the Company is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

As good corporate governance practice, Ms. DU Hua and Mr. SUN Yiding, being our executive Directors, abstained from voting on the Board resolution for considering and approving the Termination Agreement with Nice Future so as to avoid the perception of a conflict of interest. Save as disclosed above, none of the other Directors was regarded as having a material interest in the Termination Agreement with Nice Future and abstained from voting on the relevant Board resolution.

Continuing Connected Transaction with Shenzhen Yiqi

On January 6, 2025, a strategic cooperation framework agreement was entered into among Tianjin Yihua (a wholly owned subsidiary of the Company), Shenzhen Yiqi (for itself and on behalf of its affiliates) and Yuhua Tongxing (a non-wholly owned subsidiary of the Company) (the "**Strategic Cooperation Framework Agreement**"), pursuant to which Yuhua Tongxing will cooperate with Tianjin Yihua to provide services to Shenzhen Yiqi (and/or its affiliates) and procure certain services and goods in relation to pop toys business. The Strategic Cooperation Framework Agreement was further supplemented and amended by a supplemental agreement dated September 29, 2025 (the "**Supplemental Agreement**," together with the Strategic Cooperation Framework Agreement, the "**Agreements with Shenzhen Yiqi**"), pursuant to which details related to the business cooperation mechanism were further specified and amended.

Reference is made to the annual results announcement for the year ended December 31, 2025 published by the Company dated March 26, 2026, based on which Yuhua Tongxing is no longer classified as an insignificant subsidiary under Rule 14A.09 of the Listing Rules. As such, the transactions contemplated under the Agreements with Shenzhen Yiqi, which is a connected person of the Company at the subsidiary level, constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The principal terms of the Agreements with Shenzhen Yiqi are as follows:

Dates: January 6, 2025, as supplemented and amended by the Supplemental Agreement dated September 29, 2025

Parties: Tianjin Yihua
Shenzhen Yiqi (for itself and on behalf of its affiliates)
Yuhua Tongxing

Terms: January 6, 2025 to January 5, 2030

Pursuant to the Agreements with Shenzhen Yiqi, (A) Yuhua Tongxing will (i) receive service fees from Shenzhen Yiqi (and/or its affiliates) for the provision of promotion services participated by the managed artists of our Group, (ii) share economic benefit with Shenzhen Yiqi (and/or its affiliates) derived from the sales of WAKUKU pop toy(s) whose the IPs are owned by Shenzhen Yiqi, and (iii) receive payment from Shenzhen Yiqi (and/or its affiliates) for the sales of pop toys of which the IPs are owned by Yuhua Tongxing; and (B) Yuhua Tongxing shall pay the procurement fee or services fee to Shenzhen Yiqi (and/or its affiliates) for the services provided by Shenzhen Yiqi, including (i) pop toys consignment and marketing services, (ii) online marketing services, and (iii) IP design and production services, and procurement of pop toys in connection with such IPs owned by/licensed to Shenzhen Yiqi (and/or its affiliates).

For more details of the Agreements with Shenzhen Yiqi, please refer to the announcement of the Company in relation to the continuing connected transactions pursuant to Rule 14A.60 of the Listing Rules published on April 17, 2026.

DIRECTORS' REPORT (continued)

Save as disclosed above, for the year ended December 31, 2025, the Company had no connected transactions or continuing connected transactions which were required to be disclosed under the Listing Rules. In respect of the connected transactions and the continuing connected transactions, the Company has complied with the disclosure requirements of the Listing Rules (as amended from time to time).

Confirmation from Independent Non-executive Directors

For the year ended December 31, 2025, the independent non-executive Directors have reviewed the aforesaid continuing connected transactions with Youku Information Technology, Hunan Yueying and Nice Future and confirmed that the transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interest of the Company and Shareholders as a whole.

Confirmation from the Company's Auditor

The Company's auditor was engaged to report on the Group's continuing connected transactions with Youku Information Technology, Hunan Yueying, Nice Future and Shenzhen Yiqi in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The Company's auditor has confirmed the matters set out in Rule 14A.56 of the Listing Rules to the Board that nothing has come to their attention that causes them to believe the disclosed continuing connected transactions:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) have exceeded the annual caps as set by the Company.

RELATED PARTY TRANSACTIONS

Details of related party transactions in the normal course of business are set out in Note 36 to the consolidated financial statements. Save as disclosed above, none of these related party transactions constitutes connected transactions or continuing connected transactions as defined under the Listing Rules, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed the transactions in this report.

DIRECTORS' REPORT (continued)

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Neither contract of significance made between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries, nor contract of significance made for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries was entered into during Reporting Period.

PLEDGE OF SHARES BY THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders of the Company did not pledge any of their Shares in the Company to secure the Company's debts or to secure guarantees or other support of the Company's obligations for the year ended December 31, 2025.

MANAGEMENT CONTRACTS

Other than services contracts of the Directors, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

CHARITABLE DONATIONS

During the Reporting Period, the Group did not make any charitable and other donations.

SIGNIFICANT LEGAL PROCEEDINGS

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

PERMITTED INDEMNITY PROVISION

In accordance with Article 44 of the Articles of Association, the Directors and other officers shall be indemnified and secured harmless out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default.

The Company has maintained directors' liability insurance to protect the Directors against any potential losses arising from his/her actual or alleged misconduct.

ADVANCE TO ENTITY PROVIDED BY THE COMPANY

During the year ended December 31, 2025, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

DIRECTORS' REPORT (continued)

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 89 to 103 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25.0% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public during the Reporting Period and up to the date of this report.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee has, together with the management and auditor of the Company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2025.

AUDITOR

The Company has appointed SHINEWING (HK) CPA Limited as the auditor of the Company for the year ended December 31, 2025. The financial statements of the Company for the year ended December 31, 2025 have been audited by SHINEWING (HK) CPA Limited.

On December 5, 2024, the Board appointed SHINEWING (HK) CPA Limited as the new auditor of the Company to fill the vacancy following the resignation of PricewaterhouseCoopers. The Board has re-appointed SHINEWING (HK) CPA Limited as auditor of the Company with effect from June 20, 2025. Save as disclosed above, there was no other change of auditors of the Company in the preceding three years.

By order of the Board

Ms. DU Hua

Chairlady and Chief Executive Officer

Hong Kong, March 26, 2026

CORPORATE GOVERNANCE REPORT

The Company is committed to good corporate governance practices in order to safeguard the interests of the Shareholders. The Board is pleased to present the corporate governance report of the Company for the Reporting Period.

CORPORATE STRATEGY AND CULTURE

We are an established artist management company in China. Since our establishment in 2009, we have grown into a culture and entertainment platform comprising four complementary businesses of (i) artist management, (ii) music IP production and operation, (iii) IP commercialization business, and (iv) pop toy operation.

Consumers' ever-expanding demand for high-quality entertainment has put increased spotlights on established artists, around whom the entertainment industry has been evolving for many years. Today's established artists no longer limit themselves to one particular genre in which they originally specialize. They perform in various types of entertainment content, including music, variety programs, drama series and movies. Further, through endorsement deals and business promotion activities, established artists help corporate customers raise the market awareness of their products or services. As a professional artist management company, we arrange our managed artists to provide high quality services to our customers, and assist our managed artists to pursue commercial opportunities and develop their career. Our business covers the entire artist management industry value chain, from artist training, artist operation to artist promotion. Our extensive industry expertise has laid the foundation for us to lead China's artist management market and embrace the opportunities.

Since our establishment, fulfilling corporate social responsibility has been our core value and a cornerstone of our long-term growth. Creating positive social impact has become part of our corporate culture and has helped us created a positive brand image. Inspired by our corporate culture, our managed artists also have a strong sense of social responsibility and endeavor to make contributions to society through their performing art careers.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders of the Company. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the Reporting Period, the Company has complied with all applicable code provisions set out in the CG Code, except for a deviation from the code provision C.2.1 of part 2 of the CG Code, the roles of chairperson and chief executive officer of the Company are not separate and are both performed by Ms. DU Hua. The Board believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company if and when it is appropriate 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 CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the transactions of securities of the Company by its Directors and the relevant employees who would likely possess inside information of the Company. Specific enquiries have been made to all Directors and each of the Directors has confirmed that he/she has strictly complied with the required standards set out in the Model Code during the Reporting Period.

CORPORATE GOVERNANCE REPORT (continued)

THE BOARD

Board Composition

As of the date of this report, the Board comprises 3 executive Directors, 1 non-executive Director and 3 independent non-executive Directors:

Executive Directors

Ms. DU Hua⁽¹⁾ (*Chairlady and chief executive officer*)

Mr. SUN Yiding⁽¹⁾

Mr. SUN Le

Non-executive Director

Mr. MENG Jun

Independent Non-executive Directors

Mr. FAN Hui

Mr. LU Tao

Mr. HUANG Jiuling

Note:

(1) Ms. Du and Mr. Sun are cohabiting as spouses.

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this report.

Save as disclosed above and in the Directors' biographies set out in the section headed "Directors and Senior Management" in this report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of part 2 of the CG Code stipulates that the roles of Chairperson and Chief Executive Officer should be separate and not to be performed by the same individual.

Ms. DU Hua is currently serving as the Chairperson of the Board as well as the chief executive officer of the Company. As Ms. Du is the founder of our Group and the overall strategic planning and business direction and day-to-day management of our Group. The Board believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

CORPORATE GOVERNANCE REPORT (continued)

BOARD INDEPENDENCE

Pursuant to code provision B.1.4 under part 2 of the CG Code, the Board established mechanism(s) to ensure independent views and input are available to the Board, in particular, (i) independent non-executive Directors are encouraged to actively participate in the Board meetings; (ii) the number of independent non-executive Directors must comply with the requirement under the Listing Rules; and (iii) the independent non-executive Directors shall devote sufficient time to discharge their duties as a Director. Furthermore, the Directors may access external independent professional advice to assist their performance of duties at the expense of the Company. Going forward, the Board will review the implementation and effectiveness of such mechanism(s) on an annual basis.

Independent non-executive Directors play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. They are experienced professionals in areas such as financial accounting and financial management. Their extensive experiences significantly contribute to enhancing the decision-making of the Board and achieving a sustainable and balanced development of the Group. In particular, they bring impartial views and opinions on issues of the Company's strategy, performance and control, and take the lead in solution where potential conflicts of interests arise. The Board believes that its culture of openness and debate facilitates the effective contribution of executive Directors, non-executive Directors and independent non-executive Directors, in particular, to the Board and ensures constructive relationship among executive Directors, non-executive Directors and independent non-executive Directors.

During the Reporting Period, the Board has met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board, with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Director has confirmed his independence pursuant to the factors set out in Rule 3.13 of the Listing Rules. The Company is of the view that the diversity of experience, skills, expertise and background of each of the independent non-executive Directors and all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. The Board considers that they are independent.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of the Group, determining the annual financial budgets and final accounts of the Group, determining the fundamental management systems of the Group, formulating profit distribution plans and loss recovery plans of the Group, and exercising other powers and functions as conferred by the Articles of Association.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Board take decisions objectively in the best interest of the Company and the Shareholders as a whole.

The 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 and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation of the Group and management of the Company are delegated to the management of the Company. The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the Board committee(s), executive Directors or the management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

The Company has arranged appropriate insurance cover to protect Directors from possible legal action against them.

CORPORATE GOVERNANCE REPORT (continued)

Continuous Professional Development of Directors

The Company is responsible for arranging and funding suitable training for the Directors.

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

The Directors confirmed that they have complied with the CG Code on directors' training and all Directors have participated in appropriate continuous professional development to develop and refresh their knowledge and skills. During the Reporting Period, all the Directors attended training session conducted by the Company's legal adviser on directors' duties, responsibilities and obligations under the Listing Rules, SFO and other relevant laws and regulations. During the Reporting Period, the Directors have also participated in the following professional development activities:

Name of Directors	Continuing Professional Development Involved (Note)
Executive Directors	
Ms. DU Hua	(a) & (b)
Mr. SUN Yiding	(a) & (b)
Mr. SUN Le	(a) & (b)
Non-executive Director	
Mr. MENG Jun	(a) & (b)
Independent Non-executive Directors	
Mr. FAN Hui	(a) & (b)
Mr. LU Tao	(a) & (b)
Mr. HUANG Jiuling	(a) & (b)

Notes:

- (a) Participating in the training offered by Cooley HK and/or SWCS Corporate Services Group (Hong Kong) Limited and related to the Company's business and anti-corruption training.
- (b) Reading materials on a variety of topics, including corporate governance issues, Directors' duties, Listing Rules and other relevant laws.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing with effect from the date of the appointment, and will continue thereafter until terminated by not less than three months' notice in writing served by the executive Director or as otherwise set out in the service contract.

Each of the non-executive Director and independent non-executive Directors has signed a letter of appointment with the Company for a term of one year with effect from the Listing Date or June 20, 2025 respectively, and will continue thereafter until terminated in certain circumstances as stipulated in the relevant letters of appointment. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee while the non-executive Directors are not entitled to any remuneration.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

CORPORATE GOVERNANCE REPORT (continued)

In accordance with Article 26.4 of the Articles of Association, 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 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.

Accordingly, Ms. DU Hua, Mr. SUN Yiding and Mr. SUN Le shall retire by rotation at the AGM and, being eligible, will offer themselves for re-election.

Details of the Directors to be re-elected at the AGM will be set out in the circular to be published on the websites of the Stock Exchange and the Company and will be despatched to the Shareholders who request the printed copy in due course.

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

BOARD, COMMITTEE MEETINGS AND GENERAL MEETINGS

The Board shall meet regularly to discuss the overall strategy as well as the operation and financial performance of the Group, in addition to the meetings for reviewing and approving the Group's annual and interim results. Four regular Board meetings should be held in each year at approximately quarterly intervals. Directors may participate in meetings either in person or through electronic means of communication. All Directors are given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

During the Reporting Period, the attendance record of the Directors at the Board meetings and general meeting is set out in the following table below:

Name of Director	Number of meetings attended/ held during the Director's term of office	
	Board meetings	General Meeting
Executive Directors		
Ms. DU Hua	4/4	1/1
Mr. SUN Yiding	4/4	1/1
Mr. SUN Le	4/4	1/1
Non-executive Director		
Mr. MENG Jun	4/4	1/1
Independent Non-executive Directors		
Mr. FAN Hui	4/4	1/1
Mr. LU Tao	4/4	1/1
Mr. HUANG Jiuling	4/4	1/1

CORPORATE GOVERNANCE REPORT (continued)

BOARD COMMITTEES

The Company has established three Board committees, namely the Audit Committee, the Remuneration Committee, and the Nomination Committee. Each of the Board committees is established with specific written terms of reference which deal clearly with their powers and duties. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to assist the Board in reviewing compliance, accounting policies, financial reporting procedures and risk management and internal control systems; supervising the implementation of the internal audit system; advising on the appointment or replacement of external auditors; and liaising between the internal audit department and external auditors.

The Audit Committee comprises three independent non-executive Directors, namely Mr. FAN Hui, Mr. LU Tao and Mr. HUANG Jiuling. Mr. FAN Hui, being the chairperson of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

During the Reporting Period, the Audit Committee held four meetings, during which the Audit Committee reviewed, among other things, the annual results of the Group for the year ended December 31, 2024, the interim results of the Group for the six months ended June 30, 2025, and assessing the appointment of the auditor of the Company and believes that the Company has complied with all applicable accounting standards and regulations and made sufficient disclosures. The Audit Committee has reviewed all material internal control rules, including the financial and operational and compliance controls, as well as risk management of the Group in 2025. The Audit Committee was satisfied with the effectiveness and sufficiency of the internal control mechanism in its operations.

According to code provision D.3.3(e)(i) under part 2 of the CG Code and the terms of reference of the Audit Committee of the Company, the Audit Committee must meet, at least twice a year, with the Company's auditors. The members of Audit Committee met two times with the external auditor during the year ended December 31, 2025. The following is the attendance of each member during such time:

Name of Directors	Attendance/Number of Meetings Held
Mr. FAN Hui (<i>Chairperson</i>)	2/2
Mr. LU Tao	2/2
Mr. HUANG Jiuling	2/2

CORPORATE GOVERNANCE REPORT (continued)

Remuneration Committee

The Company has established the Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee include, without limitation, the following: (i) making recommendations to the Board on our Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) determining the delegated responsibility, the remuneration packages of individual executive Directors and senior management, or alternatively, making recommendations to the Board on such remuneration packages; (iii) ensuring that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and are designed to align their interests with those of Shareholders and to give our Directors incentives to perform at the highest levels; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee comprises one executive Director, namely Mr. SUN Yiding, and two independent non-executive Directors, namely Mr. LU Tao and Mr. HUANG Jiuling. Mr. LU Tao is the chairperson of the committee.

During the Reporting Period, the Remuneration Committee held one meeting. The following is the attendance of each member during such time:

Name of Directors	Attendance/Number of Meetings Held
Mr. LU Tao (<i>Chairperson</i>)	1/1
Mr. SUN Yiding	1/1
Mr. HUANG Jiuling	1/1

Nomination Committee

The Company has established the Nomination Committee in compliance with the CG Code. The primary duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

The Nomination Committee comprises one executive Director, namely Ms. Du, and two independent non-executive Directors, namely Mr. FAN Hui and Mr. LU Tao. Ms. Du is the chairperson of the Nomination Committee.

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board in accordance with the diversity policy adopted by the Company. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence (for appointment of independent non-executive Directors), and Board diversity aspects, where appropriate, before making recommendation to the Board.

CORPORATE GOVERNANCE REPORT (continued)

During the Reporting Period, the Nomination Committee held one meeting, during which the Nomination Committee reviewed, among other things, the structure, number, composition and diversity of the Board, assessed the independence of the independent non-executive Directors to determine their eligibility and discussed the re-appointment of directors and succession planning for directors. Please refer to relevant disclosures under the subsection of this Corporate Governance Report headed "Confirmation of Independence by Independent Non-executive Directors". The following is the attendance of each member during such time:

Name of Directors	Attendance/Number of Meetings Held
Ms. DU Hua (<i>Chairperson</i>)	1/1
Mr. LU Tao	1/1
Mr. FAN Hui	1/1

Corporate Governance Functions

The Board recognizes that corporate governance should be the collective responsibility of the Directors and has delegated the corporate governance duties to the Audit Committee which includes:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and
- to review the Company's compliance with the code and disclosure in the corporate governance report of the Company.

BOARD AND WORKPLACE DIVERSITY POLICY

The Board has adopted a board and workplace diversity policy (the "**Diversity Policy**") in order to maintain a robust corporate governance structure and to achieve sustainable and balanced corporate development. The Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, publicity and marketing, content development, investment and financing, accounting and financial management. They obtained degrees in various majors including business administration, international journalism, marketing, accounting, business economics and statistics. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Our Diversity Policy is well implemented as evidenced by the fact that there are both male and female Directors ranging from 44 years old to 60 years old with different backgrounds and experiences. The Company currently has a female chairlady and chief executive officer. The Company will endeavor to at least maintain one female representation on the Board and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. The Company also plans to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board. At present, the Nomination Committee considered that the Board is sufficiently diverse. The Nomination Committee will review the Diversity Policy on an annual basis, to ensure its effectiveness.

CORPORATE GOVERNANCE REPORT (continued)

Apart from diversity within our Board, the Company recognizes the importance of gender diversity, which the Company has taken, and will continue to take, steps to promote at all levels of the Company, including at the Board, senior management and workforce (excluding senior management) level. As of December 31, 2025, as set out in Appendix I “Sustainability Data Summary” to the ESG Report as contained in this report, among the 231 employees (including senior management) of the Group, the percentages of male employees and female employees are 22.5% and 77.5%, respectively. The Board considers that the Group’s workforce (including senior management) is sufficiently diverse in terms of gender. The Company is committed to creating a fair, unbiased, equal and diversified recruitment and working environment. Information about the diversity, including the gender diversity, in the workforce during the Reporting Period are set out in Appendix I “Sustainability Data Summary” to the ESG Report contained in this report.

AUDITOR’S REMUNERATION

The remuneration paid or payable to the external auditor of the Company, SHINEWING (HK) CPA Limited, in respect of audit services for the year ended December 31, 2025 amounted to RMB1,831 thousand, the non-audit services provided by the auditor for the year ended December 31, 2025 was nil.

JOINT COMPANY SECRETARIES

The joint company secretaries of the Company are Mr. ZHANG Wensheng and Mr. AU Kai Yin.

Mr. ZHANG Wensheng is also the chief financial officer of the Company. Mr. AU Kai Yin is an assistant manager of listed corporate secretarial department of SWCS Corporate Services Group (Hong Kong) Limited (a company secretarial service provider).

Mr. AU Kai Yin’s primary corporate contact person at the Company is Mr. ZHANG Wensheng. The biographical details of Mr. ZHANG Wensheng and Mr. AU Kai Yin are set out under the section headed “Directors and Senior Management” in this report.

Reference is made to the announcement published by the Company dated March 26, 2026, Mr. CHUNG Ming Fai resigned as the joint company secretary of the Company. Mr. ZHANG Wensheng and Mr. CHUNG Ming Fai have undertaken not less than 15 hours of relevant professional training during the Reporting Period in accordance with Rule 3.29 of the Listing Rules.

DIRECTORS’ RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Company for the year ended December 31, 2025. A statement from the auditor about its reporting responsibilities on the consolidated financial statements is set out under the section headed “Independent Auditor’s Report” in this report. In preparing the consolidated financial statements for the year ended December 31, 2025, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis.

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has established a risk management and internal control system in accordance with the requirements of paragraph D.2 under part 2 of the CG Code. The system aims to manage rather than eliminate the risk of failure to achieve business objectives, promote effective and efficient operations, reasonably ensure the reliability of financial reports and comply with applicable laws and regulations and protect the assets of the Group. The Board can only give reasonable but not absolute assurance that there will be no material misrepresentation or loss.

CORPORATE GOVERNANCE REPORT (continued)

Operational Risk Management

Our business operation is exposed to various risks, such as administration of daily operation, financial reporting and recording, compliance with applicable laws and regulations, and changes in the regulatory environment in the PRC. For more details, see “Risk Factors” in the Prospectus for disclosures on various risks we face.

As risk management is essential to our growth and success, we have implemented detailed policies and procedures that we believe are appropriate for our business operation. To monitor the ongoing implementation of our risk management policies, we have adopted and will adopt robust measures in various aspects of our business operation, such as financial reporting, human resources, intellectual property and information system. We are committed to building and maintaining an effective risk management approach that strictly abides by legal and compliance requirements to facilitate our business growth.

Regulatory Compliance Risk Management

We are subject to evolving regulatory requirements across multiple jurisdictions, including requirements to obtain and renew certain licenses, permits, approvals and certificates for our business operation in various jurisdictions. In order to manage our ongoing compliance with the laws and regulations applicable to our business effectively, we have implemented several internal control measures.

Our legal team is responsible for regularly monitoring changes in laws, regulations and policies issued by the relevant government authorities in the jurisdictions we operate, to ensure we obtain requisite licenses to operate our business and we have the up-to-date understanding with the applicable requirements. They also review the status of our licenses and permits on a regular basis and renew those licenses and permits that are about to expire.

In response to recent regulatory development, we have further improved our internal control system by adopting the following measures:

- We have adopted the compliance management policies, under which a compliance team is responsible for identifying, assessing and controlling the compliance risks and also monitoring our daily operation and our employees’ behaviors.
- Our internal teams also work together to help our managed artists and their related entities stay informed of the latest regulations.
- We have adopted internal control policies to manage the amounts of artists’ remuneration and monitor the remuneration cost ratios. We require our artist operation team to evaluate and review the amounts of artists’ remuneration and the corresponding remuneration cost ratios in the movies, drama series and variety shows we produce, invest in or our managed artists participate in, and to timely report anomalies to the management.
- We provide trainings to our senior management on the listing rules, disclosure management, corporate governance, changes in laws, regulations and policies. We also provide trainings to our employees on the evolving regulatory requirements and inform all employees of changes in laws and regulations, including the recent regulatory development in the entertainment industry in China.
- We also provide relevant materials and trainings to our managed artists on regulatory changes and monitor their behaviors when necessary.
- We are committed to continually improving our internal policies according to changes in laws, regulations and industry standards to better manage any regulatory compliance risks.

CORPORATE GOVERNANCE REPORT (continued)

Financial Reporting Risk Management

We have put in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, financial statements preparation policies, treasury management policies, and finance seal management policies. We have designed and maintained consistent procedures for implementation of accounting policies and our finance department reviews our management accounts based on such procedures.

Intellectual Property Rights Risk Management

We are committed to establishing and maintaining intellectual property rights risk management and internal control procedures to protect our intellectual property rights and prevent liabilities resulting from infringement of third-party intellectual property rights. Our legal team is responsible for reviewing and approving contracts and protecting our legal rights, including intellectual property rights. Our legal team also takes the lead in ensuring that all necessary applications or filings for trademark, copyright and patent registrations have been timely made to the competent authorities, and that our intellectual properties are under the protection of relevant laws and regulations.

Human Resources Risk Management, Anti-Corruption and Whistleblowing Policy

We arrange training courses for our employees to improve their understanding of our internal policies. We have in place an employee handbook which has been distributed to all of our employees. These documents contain internal rules and guidelines regarding issues such as anti-corruption, work ethics, confidentiality, performance evaluation and workplace safety.

We also have in place an anti-corruption and anti-bribery policy to safeguard against any corruption activities. The policy explains potential corruption conducts and our anti-corruption measures. In particular, the policy explicitly prohibits employees from making or accepting illegal or improper payments. We also have in place whistleblowing policy and measures. Our internal reporting channel is open and available for our employees to raise concerns and to report, on an anonymous basis, any non-compliance incidents and acts, including bribery and corruption. Our Audit Committee is responsible for overseeing the implementation of the policy and we give trainings to new hires to help them familiarize with the policy. In addition, we have an anti-money laundering policy that sets out the measures to safeguard against money laundering activities. The Board is responsible for reviewing and adopting the company's anti-money laundering measures, and designating the personnel to implement the measures. The Board will also designate an anti-money laundering task force that will identify money-laundering risks that may arise during our business operations and report them promptly to the management. The taskforce is also responsible for the investigation of any money-laundering activities identified. In addition, it will coordinate with other internal teams to monitor our transactions and report any suspicious cases to the relevant authorities.

Artists' Conduct Risk Management

During our business operations, we have established and adopted comprehensive internal measures and policies in selection and supervision of the conduct of our managed artists, in reaction to the changes in the regulatory environment from time to time. Such measures include:

- We will conduct background search on artists before we enter into artist management contract with them.
- Our contracts with customers include that the customer shall not arrange any works for our managed artists which are in breach of any laws, regulations, public orders and/or customs nor any works that will infringe the artists' reputation, privacy, or involve in controversial political stance.
- Our artist promotion team is tasked with monitoring public opinion of our managed artists and giving proper advice on the information and public image the artists conveyed to the public, including the contents published by artists in their Weibo accounts and other social media accounts.
- We carefully select business projects for our managed artists, and review the contracts we enter into with our customers to ensure that they do not contain anything that is prohibited under the Notices, such as content designed to incite fans to spend money irrationally.

CORPORATE GOVERNANCE REPORT (continued)

- We also have a morals clause in our artist management contracts and trainee contracts, which prohibits them to commit any illegal or immoral acts, and would allow us to terminate the contract if a managed artist or trainee commits misconduct that might negatively affect our reputation.
- We have set up the official social media accounts for followers of our managed artists on Weibo, which enable us to communicate the regulatory changes to followers and help them act responsibly on the internet.
- We pay close attention and regularly check with the announcements or other publications circulated by relevant administrative authorities and the “Warning List (警示名單)” circulated by China Association of Performing Arts (CAPA).
- We circulate the updated laws, regulations and policies in relation to the entertainment industry, including the personal speech and behavior, maximum wage order and taxation management, to each of managed artists or their related entities from time to time. For example, in relation to taxation management, we provide them with advice when they have tax-related questions, and inquire about the tax compliance status of our artists and their related entities from time to time and remind them to fulfill their tax obligations.

Inside Information

We have put in place appropriate internal control procedures and guidelines to avoid improper handling of inside information which may constitute insider trading or breach of any other statutory duty. At any time, access to inside information is limited to the relevant personnel (i.e. the Directors, senior management and relevant employees of the Company) and as the situation requires until it is disclosed or released in accordance with applicable laws and regulations. Directors, senior management and relevant employees of the Company who are in possession of potential inside information and/or inside information are required to take reasonable steps to ensure that adequate safeguards are in place to ensure the strict confidentiality of inside information and that recipients understand their responsibility to keep the information confidential.

To ensure adequate attention to whistleblowing, the Company has established a reporting mechanism to handle and discuss internal whistleblowing of financial reporting, risk management, internal control or other matters. Major internal control deficiencies or whistleblowing issues will be submitted to the Audit Committee for fair and independent investigation and follow-up action.

Effectiveness of Risk Management and Internal Control

The Board is responsible for the risk management and internal control measures and reviewing their effectiveness, and is also responsible for reviewing the effectiveness of the Group’s internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, to promote effective and efficient operations, to ensure reliable financial reporting and compliance with applicable laws and regulations, as well as to safeguard the Group’s assets and Shareholders’ interests.

The Group’s risk management and internal control measures focus primarily on (i) financial reporting risk management; (ii) information system risk management; (iii) human resources risk management; and (iv) other general risk management.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has established a connected transaction task force, consisting of key members from finance department, internal control department, investor relations department and legal department, which is responsible for monitoring relevant connected transactions, including their compliance with relevant Listing Rules and reviewing the ongoing compliance such as the annual caps and fairness of pricing policies and to update the list of connected persons on a regular basis.

The Group also has an internal audit function, which conducts objective evaluation on the effectiveness of the Company’s risk management and internal control systems and reports the results to the Audit Committee on, at least, an annual basis.

CORPORATE GOVERNANCE REPORT (continued)

We evaluate and check the effectiveness of our risk management and internal control systems through channels such as the management, business units in the risk management system, audit and inspection teams of the Group, external auditors, external compliance advisor and legal advisor to improve risk response measures.

The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group during the Reporting Period and will continuously monitor and review the effectiveness of its operation on an annual basis. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial functions to be adequate. The Board is of the view that there has been no deficiency in material risk control nor any weakness in material risk control based on the outcome of the risk management and internal control work implemented by the Group as of December 31, 2025 and the current risk management and internal control measures effectively and adequately cover the existing businesses of the Group, and will continue to be optimized in line with the business development of the Group.

DIVIDEND POLICY

The decision on whether to pay dividends will be made at the discretion of our Directors and will depend primarily upon the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We do not have a pre-determined dividend payout ratio. We will evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

Our Company in general meeting may from time to time by ordinary resolution declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board, provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. We are a holding company incorporated under the laws of the Cayman Islands, pursuant to which, dividends may be declared and paid out of our share premium account, provided that our Company satisfies the solvency test set out in the Cayman Companies Act. Our Board may also from time to time pay interim dividends as our Board believes to be justified by the profits of our Company, as well as special dividends on shares of any class of such amounts and on such dates as it deems fit. We cannot guarantee in what form dividends will be paid in the future.

As we are a holding company, our ability to declare and pay dividends will also depend on the availability of dividends received from our subsidiaries, including our PRC companies. PRC laws require that dividends be paid only out of the net profit calculated according to the PRC accounting principles, which differs in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

CORPORATE GOVERNANCE REPORT (continued)

CHANGE IN CONSTITUTIONAL DOCUMENTS

No changes were made to the Articles of Association during the Reporting Period.

COMMUNICATION WITH SHAREHOLDERS

The Group recognizes the importance of protecting the interests of the Shareholders and of having effective communication with them. The Group believes regular communication with the Shareholders is a two-way process and has thrived to ensure the quality and effectiveness of information disclosure, maintain regular conversations with the Shareholders and listen carefully to the viewpoints and feedback from the Shareholders.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at <https://www.yuehuamusic.com/> where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. The Company has established several channels to communicate with the Shareholders as follows:

- (i) corporate communications such as annual reports, interim reports and circulars are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at <https://www.yuehuamusic.com/>;
- (ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (iii) corporate information is made available on the Company's website at <https://www.yuehuamusic.com/>;
- (iv) AGMs and extraordinary general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and
- (v) the Hong Kong branch share registrar of the Company serves the Shareholders in respect of Share registration, dividend payment and related matters.

During the Reporting Period, we communicated with around 100 fund managers and analysts through physical or virtual investor meetings, roadshows and reverse roadshows. Company representatives including the chairlady of the Board, the Executive Director and president, the chief financial officer and the head of investor relations explained the development and trend of the industry and updated investors on our operational conditions, strategic planning and future outlook. Our management has taken actions to address any comments raised by investors.

The Company has reviewed the implementation and effectiveness of the Shareholders' communication policy during the Reporting Period. The Board is of the view that the Shareholders' communication policy of the Company has facilitated sufficient shareholders' communication and considered the policy is effective and adequate.

CORPORATE GOVERNANCE REPORT (continued)

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

Pursuant to the Articles of Association, the Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued Shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionist(s) and 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, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures are set out above. As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company at Room 6006, 6/F, Building One, Yard 28, Chuangyuan Road, Chaoyang District, Beijing, PRC (Attention: Department of Investor Relations).

The Company will not normally deal with verbal or anonymous enquiries. The Company will arrange designated persons to respond to the relevant written enquiries in a timely manner.

INDEPENDENT AUDITOR'S REPORT



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE SHAREHOLDERS OF YH ENTERTAINMENT GROUP

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of YH Entertainment Group (“**the Company**”) and its subsidiaries (hereinafter collectively referred to as “**the Group**”) set out on pages 109 to 194, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirement of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“**the Code**”), as applicable to audits of consolidated financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of artist management services.

INDEPENDENT AUDITOR'S REPORT (continued)

KEY AUDIT MATTERS (continued)

The key audit matter

Revenue recognition of artist management services

Refer to Notes 2.19(a) and 7 to the consolidated financial statements.

The Group's revenue is primarily from the provision of artist management services which amounted to approximately RMB748.5 million for the year ended 31 December 2025, representing approximately 82.5% of the Group's total revenues for the year.

The Group provides artist management services to customers by arranging its artists to participate in various commercial activities, including endorsement deals, business promotion events, and commercial performances, as well as entertainment content services, such as performing in movies, drama series and variety programs.

Revenue is recognised when the relevant services are provided either over the fixed contract period of the endorsement deals or the scheduled production period of the movies, drama series and variety programs, or at the point in time when the artists attend the respective events and performances.

We focused on this area due to the magnitude of the revenue from artist management services and significant audit resources were spent on auditing this area.

How the matter was addressed in our audit

Our procedures in relation to the revenue recognition of artist management services included:

- We obtained an understanding of management's internal control and process over the revenue recognition of artist management services and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity and subjectivity;
- We understood, evaluated and tested the internal controls, on a sample basis, in respect of the revenue recognition of artist management services provided by the Group;
- We obtained, on a sample basis, the Group's artist management service contracts with customers and assessed the appropriateness of the Group's revenue recognition policies based on the key terms and conditions of the service contracts, including the identification of performance obligations and the timing for which control of the services is transferred, with reference to the requirements of the prevailing accounting standards; and
- We tested, on a sample basis, revenue transactions by (i) evaluating the key terms and conditions of the underlying contracts; (ii) checking media and news coverage to support the occurrence of commercial activities and entertainment content services; (iii) examining settlements from customers; and (iv) recalculating the revenue amount to assess the accuracy of the revenue recognised and whether the recognition was made in the appropriate financial period.

INDEPENDENT AUDITOR'S REPORT (continued)

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, but does not include 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 OF THE COMPANY 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 issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, 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 HKSA's 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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

(continued)

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism 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 of the Company.
- Conclude on the appropriateness of the Company's 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 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 Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose 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.

INDEPENDENT AUDITOR'S REPORT *(continued)*

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

(continued)

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 Kwan Chi Fung.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Kwan Chi Fung

Practising Certificate Number: P06614

Hong Kong

26 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	7	906,972	764,538
Cost of revenue		(683,782)	(608,487)
Gross profit		223,190	156,051
Selling and marketing expenses		(61,495)	(59,039)
General and administrative expenses		(82,504)	(94,147)
Net impairment losses (provision)/reversal on financial assets		(6,958)	2,814
Other income	9	3,098	19,920
Other gains, net	10	9,139	29,042
Operating profit		84,470	54,641
Finance income	12	20,552	29,406
Finance costs	12	(2,991)	(11,760)
Finance income, net		17,561	17,646
Share of losses of investments accounted for using the equity method	20	(5,978)	(2,044)
Profit before income tax		96,053	70,243
Income tax expenses	13	(24,212)	(25,926)
Profit for the year	8	71,841	44,317

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Other comprehensive income/(expense)			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences		2,569	(6,882)
<i>Item that will not be reclassified to profit or loss:</i>			
Currency translation differences		(8,880)	(11,939)
Other comprehensive expense for the year, net		(6,311)	(18,821)
Total comprehensive income for the year		65,530	25,496
Profit/(loss) attributable to:			
Owners of the Company		64,168	46,942
Non-controlling interests		7,673	(2,625)
		71,841	44,317
Total comprehensive income/(expense) attributable to:			
– Owners of the Company		57,978	28,414
– Non-controlling interests		7,552	(2,918)
		65,530	25,496
Earnings per share (expressed in RMB per share)	15		
Basic		0.08	0.06
Diluted		0.08	0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	547,104	561,024
Right-of-use assets	18	2,981	1,960
Investment properties	17	49,742	64,312
Intangible assets	19	2,834	21,913
Investments accounted for using the equity method	20	574	8,947
Financial assets at fair value through profit or loss	23	148,414	129,413
Other receivables	26	20,666	17,212
Deferred income tax assets	30	8,013	4,339
		780,328	809,120
Current assets			
Inventories	24	25,357	6,958
Trade receivables	25	107,825	71,912
Prepayments and other receivables	26	38,053	58,838
Other assets	21	30,709	23,151
Financial assets as fair value through profit or loss	23	247,457	244,653
Restricted cash	27	–	12,300
Term deposits	27	443,592	436,131
Cash and cash equivalents	27	323,228	386,063
		1,216,221	1,240,006
Total assets		1,996,549	2,049,126
EQUITY			
Share capital	28	587	587
Reserves	29	1,403,886	1,393,535
Equity attributable to owners of the Company		1,404,473	1,394,122
Non-controlling interests		17,251	446
Total equity		1,421,724	1,394,568

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	31	–	91,492
Contract liabilities		–	6,667
Lease liabilities	18	1,241	576
Deferred tax liabilities	30	2,243	553
		3,484	99,288
Current liabilities			
Borrowings	31	58,426	70,831
Trade payables	32	243,409	202,652
Other payables and accruals	33	63,486	50,224
Contract liabilities		161,663	184,019
Current income tax liabilities		42,073	46,457
Lease liabilities	18	2,284	1,087
		571,341	555,270
Total liabilities		574,825	654,558
Total equity and liabilities		1,996,549	2,049,126

The consolidated financial statements on pages 109 to 194 were approved and authorised for issue by the board of directors on 26 March 2026 and are signed on its behalf by:

Du Hua
Executive Director

Zhang Wensheng
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Note	Attribute to the owners of the Company						Non-controlling interests	Total
		Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Sub-total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2025		587	1,418,525	(5,789)	(2,312,123)	2,292,922	1,394,122	446	1,394,568
Profit for the year		-	-	-	-	64,168	64,168	7,673	71,841
Currency translation differences		-	-	-	(6,190)	-	(6,190)	(121)	(6,311)
Total comprehensive (expense)/income for the year		-	-	-	(6,190)	64,168	57,978	7,552	65,530
Transactions with owners:									
Equity settled share-based payments	38	-	-	-	20,149	-	20,149	-	20,149
Purchase of treasury shares		-	-	(69,239)	-	-	(69,239)	-	(69,239)
Issuance of shares in connection with vesting of restricted share units		-	93	1	-	-	94	-	94
Contribution from shareholder for a new subsidiary		-	-	-	1,369	-	1,369	9,253	10,622
Total transactions with owners of the Company		-	93	(69,238)	21,518	-	(47,627)	9,253	(38,374)
At 31 December 2025		587	1,418,618	(75,027)	(2,296,795)	2,357,090	1,404,473	17,251	1,421,724

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2025

	Notes	Attributable to the owners of the Company					Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
		Share Capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Reserves RMB'000	Retained earnings RMB'000			
At 1 January 2024		587	1,418,444	(3)	(2,344,927)	2,245,980	1,320,081	3,064	1,323,145
Loss for the year		-	-	-	-	46,942	46,942	(2,625)	44,317
Currency translation differences		-	-	-	(18,528)	-	(18,528)	(293)	(18,821)
Total comprehensive income/(expense) for the year		-	-	-	(18,528)	46,942	28,414	(2,918)	25,496
Transactions with owners:									
Equity settled share-based payments	38	-	-	-	51,332	-	51,332	-	51,332
Purchase of treasury shares		-	-	(5,787)	-	-	(5,787)	-	(5,787)
Issuance of shares in connection with vesting of restricted share units		-	81	1	-	-	82	-	82
Contribution from shareholder for a new subsidiary		-	-	-	-	-	-	300	300
Total transactions with owners of the Company		-	81	(5,786)	51,332	-	45,627	300	45,927
As at 31 December 2024		587	1,418,525	(5,789)	(2,312,123)	2,292,922	1,394,122	446	1,394,568

The notes on pages 116 to 194 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	34(a)	143,178	191,266
Income taxes paid		(30,580)	(21,220)
Net cash from operating activities		112,598	170,046
Cash flows from investing activities			
Payments for term deposit with original maturity of more than three months		(866,151)	(431,930)
Payments for financial assets at fair value through profit or loss		(144,452)	(248,078)
Purchases of other assets		(8,284)	(23,151)
Advances of loans to third parties		(1,661)	(1,016)
Purchase of intangible assets		(114)	(27,426)
Proceeds from term deposit with original maturity of more than three months		844,208	–
Proceeds from disposals of financial assets at fair value through profit or loss		114,104	107,413
Interest received from bank deposits		12,968	22,317
Repayments from loans to third parties		1,383	455
Payments for investments accounted for using the equity method		(400)	–
Proceeds from deregistration of an investment accounted for using the equity method		2,792	–
Proceeds from disposal of property, plant and equipment		211	872
Purchase of property, plant and equipment		(3,981)	(60,255)
Proceeds from disposal of investments measured at amortised cost		–	309,293
Withdrawal of short-term bank deposits		–	95,453
Others		–	24
Net cash used in investing activities		(49,377)	(256,029)
Cash flows from financing activities			
Contribution from shareholder for a new subsidiary		10,622	300
Release of restricted cash		12,300	–
Issuance of shares in connection of restricted share units		94	82
Repayment of bank borrowings		(103,070)	(103,844)
Payments for share repurchase		(69,239)	(5,787)
Interest paid for borrowings		(2,925)	(10,883)
Payments for lease liabilities – principal and interest		(834)	(6,194)
Net cash used in financing activities		(153,052)	(126,326)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		386,063	613,371
Effect of exchange rate changes on cash and cash equivalents		26,996	(14,999)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		323,228	386,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

YH Entertainment Group (“**the Company**”) was incorporated in the Cayman Islands on 10 June 2021 as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 19 January 2023, the Company completed the initial listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in artist management, music IP production and operation and IP commercialization business in the People’s Republic of China (the “**PRC**”) and Republic of Korea (“**Korea**”). The ultimate holding company of the Company is DING GUOHUA LIMITED, a company incorporated in the British Virgin Islands (“**BVI**”). The ultimate controlling shareholder is Ms. DU Hua (“**Ms. Du**” or the “**Controlling Shareholder**”).

These consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board (“**IASB**”) and the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 Basis of preparation (continued)

(a) Amended standards adopted by the Group

For the current year, the Group has applied the amended standard effective for the financial year beginning on 1 January 2025. The adoption of the revised standard does not have any significant impact on the consolidated financial statements of the Group.

Amendments to IAS 21

Lack of Exchangeability

(b) New and amended standards and interpretations not yet adopted by the Group

The following new standards and amendments to standards have not come into effect for the financial year beginning 1 January 2025 and have not been early adopted by the Group in preparing the consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

IFRS 18	Presentation and Disclosure in Financial Statements ²
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ²

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of these new and amendments to standards will have no material impact on the results and the financial position of the Group.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made. IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the IFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of IFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Principles of consolidation and equity accounting

2.2.1 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.

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

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

2.2.2 Associates

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

2.2.3 Equity method

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Principles of consolidation and equity accounting (continued)

2.2.4 Separate financial statements

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

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

2.3 Segment reporting

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

2.4 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 Hong Kong Dollars ("HKD"). The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group has determined RMB as its presentation currency and presented its consolidated financial statements in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing 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 (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 Foreign currency translation (continued)

(b) Transactions and balances (continued)

All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statements of comprehensive income on a net basis within "Other gains, net".

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting currency translation differences are recognised in OCI.

2.5 Property, plant and equipment

Property, plant and equipment other than freehold land are stated at historical costs less depreciation. Historical costs include expenditure that are directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their cost of items of property, plant, and equipment, other than freehold land, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Buildings	40 years
Furniture and office equipment	3–5 years
Computer equipment	3–5 years
Motor vehicles	5 years
Leasehold improvements	Shorter of estimated useful lives and remaining lease terms

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting 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 (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in "other gains, net" in the consolidated statements of comprehensive income.

2.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property is carried at cost, including the related transaction costs, less accumulated depreciation and accumulated impairment losses, if any.

Investment properties of the Group include building and freehold land. Depreciation for building is provided using the straight-line method to write off the cost of the investment properties over their estimated useful lives of 40 years. Freehold land is not depreciated. Where the carrying amount of an investment property is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Subsequent expenditure is charged to the asset's carrying amount 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. All other repair and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes.

2.7 Intangible assets

(a) Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line method over their estimated useful lives of 5 years.

(b) Music copyrights

The Group acquired music copyrights for music contents licensed from third parties and these acquired copyrights are stated at costs less accumulated amortisation and impairment. Their costs are expensed to the Group's consolidated statement of comprehensive income, within "cost of revenue", based on the pattern of which their future economic benefit useful life are expected be consumed by the Group, being straight line over their license periods, being generally 5 to 10 years. The Group considers the license periods of music copyrights as the best estimation for their useful lives as they primarily generate revenue from sub-licensing which is derived evenly throughout the period which their future economic benefit are expected to be consumed by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Intangible assets (continued)

(c) Virtual artist copyrights

The Group acquired licensed intellectual properties for virtual artists from third parties and these acquired licensed intellectual properties are stated at costs less accumulated amortisation and impairment. Their costs are expensed to the Group's consolidated statement of comprehensive income, within "cost of revenue", based on the pattern of which their future economic benefit useful life are expected be consumed by the Group, being straight line over their estimated useful lives, being generally 3 years.

2.8 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).

2.9 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 OCI 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.9 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 ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as amortised cost:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. 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 presented as separate line item in the consolidated statements of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.9 Financial assets (continued)

(c) Measurement (continued)

Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognised in "Other gains/(losses), net" in the consolidated statements of comprehensive income as applicable.

(d) Impairment

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

- Cash and cash equivalents
- Term deposit with original maturity of more than three months
- Restricted cash
- Trade receivables
- Other receivables

While the Group's cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as they were deposited in high quality financial and other institutions with sound credit ratings.

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

Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.9 Financial assets (continued)

(e) Derecognition

Financial assets

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows ("pass through" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred; and
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

Other financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, canceled, or expires.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Inventories

Inventories consist primarily of Pop toys, artist-related merchandise and other materials for sale, and are stated at the lower of cost, using the weighted average method, or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for service performed or inventories sold in the ordinary course of business.

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

2.12 Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents include cash at bank, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.14 Borrowings

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

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

Borrowing costs are expensed in the period in which they are incurred.

2.15 Current and deferred income tax

The income tax expense for the period represents the sum of the tax currently payable and deferred tax.

(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 each reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided 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 income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if the temporary difference 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 and at the time of the transaction does not give rise to equal taxable and deductible temporary difference. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax liabilities are recognised for temporary differences associated with investments in subsidiaries and associates except 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 income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred income 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 income tax is recognised in profit or loss, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.16 Employee benefits

(a) Pension obligations

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant governmental authorities. The Group's liability in respect of these plans is limited to the contributions payable in each year. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.17 Share-based benefits

The fair value of the employee service received in exchange for the grant of equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted.

The grant by the Company of its equity instruments to the employees of its subsidiaries is treated as a capital contribution in the separate financial statements of the Company. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts. On group level, the fair value of the equity instruments is expensed over the vesting period.

At the end of each period, the Company revises its estimates of the number of options that are expected to vest. 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 (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount 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.

2.19 Revenue recognition

Revenue is measured when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

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

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

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.19 Revenue recognition (continued)

The Group principally derives revenue from artist management, music IP production and operation, and pan-entertainment business:

(a) Artist management

The Group provides artist management service to corporate customers by arranging its artists to participate in commercial activities, such as endorsement deals, business promotion events and commercial performances, and entertainment content services, such as performing in movies, drama series and variety programs. Revenue is recognised when the relevant services are provided either over the fixed endorsement deals contract period or scheduled production period of movies, drama series and variety programs, or at the point in time when the artists attend those events and performances.

In evaluating the Group's role as a principal or agent in the provision of artist management services, the Group considers individually or in combination, that (a) the Group is the primary obligator for fulfilling its promise to its customers with the artist management services as it negotiates the service scope, has full discretion to determine which business activities to undertake, which artists will be assigned the plan and the manner in which the artists will fulfill the demand of customers for these activities; (b) the Group bears certain inventory risk as it needs to pay for the training of artists and costs of training and styling services provided by third-party vendors or in-house staff to the artists, as well as the staff costs (including those staff who work together with the artist on these business activities) and does not have unconditional right to all the revenue until it has provided the services to the customers; and (c) the Group has discretion in establishing the contract price for these business activities with the corporate customers and has ability to negotiate the service terms and pricing separately with the artists and third party vendors who provide training and styling services. Thus, the Group is regarded as the principal and recognises revenue from artist management on a gross basis and recognises fulfillment costs, primarily being revenue-sharing with artists and online platforms, the costs of artist training and styling services provided by third-party vendors as cost of revenue.

(b) Music IP production and operation

The Group generates revenue from sub-licensing music copyrights to third parties' online platforms. Under these arrangements, the Group's performance obligations are either (i) to deliver specific licensed songs from its existing music content for fixed periods of time; or (ii) to maintain dynamic licensed content libraries for these online platforms to access for fixed periods of time during which the Group is required to maintain a minimum number of songs' licenses and obliged to replicate the licensed content libraries for any subsequent change in the content, including addition of new content or removal of existing content, as the Group primarily relies on self-produced copyrights of the Group's own artists to fill these libraries and will continuously manage the rosters of content to promote its artists via these platforms' traffic while undertaking activities including but not limited to arranging various commercial events for the artists as well as external marketing efforts that will significantly impact these artists' popularity and the number of potential listeners of these artists' music, throughout the license period.

For (i), the Group charged its customers under fixed-payment basis and considered satisfying its performance obligation at a point in time when the licensed content is made available for the customers' use and benefit, typically upon the transfer of the licensed content to the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.19 Revenue recognition (continued)

(b) Music IP production and operation (continued)

For (ii), the Group charged its customers on a minimum guarantee plus revenue-sharing basis. The Group is paid minimum fixed considerations annually throughout the license period and entitled to additional revenue each year based on certain key performance indicators (e.g. listening rates of the content in the libraries by paid-user of the online platform) which give rise to variable considerations. As the Group's performance obligations are satisfied over time over the license period, the Group would recognise the revenue of minimum fixed considerations over the license period and the revenue of usage-based variable considerations to the extent that it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved, which is typically when the Group received the quarterly or semi-annual usage reports from the online platforms operators.

Since the Group has the ability to determine the pricing of the music licensing and negotiate the service terms, bears the relevant costs including the self-production costs of music content and costs of acquired music copyrights, and take responsibility for managing the licensed libraries, the Group is regarded as the principal and recognises revenue from music licensing on a gross basis and recognises production costs of music content and other applicable fulfillment costs as cost of revenue.

(c) IP commercialization business

The Group provides entertainment business including sub-licensing of variety programs, sales of artist-related merchandise and provision of other services. The revenue from these services is recognised when the relevant services were provided.

(d) Pop toys operation

The Group outsources production to third-party manufacturers and sells its pop toy products (such as Wakuku) through its proprietary online and offline channels. Revenue is recognized upon the transfer of product ownership to the consumer.

2.20 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. 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.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.20 Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate is used.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

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

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful lives and the lease terms 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.

2.21 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 expenses are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the expenses that they are intended to compensate.

2.22 Interest income

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 Share capital

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

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 the owners of the Company as treasury shares until the shares are cancelled or reissued.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is HKD whereas functional currency of the subsidiaries operate in the PRC is RMB. The Group has not entered into any derivative instruments to hedge its foreign exchange exposures.

The Group's PRC subsidiaries are exposed to foreign exchange risk arising from recognised assets and liabilities denominated in United States Dollars ("**USD**") whereas their functional currency is RMB. If USD had strengthened/weakened by 5% against RMB with all other variables held constant, the profit before income tax for year ended 31 December 2025 would have been approximately RMB33,000 lower/higher (profit before income tax for the year ended 31 December 2024: approximately RMB59,000 lower/higher).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The functional currency of the Company is HKD, which is exposed to foreign currency risk with respect to the Company's monetary assets and liabilities denominated in RMB and USD. If RMB had strengthened/weakened by 5% against HKD with all other variables held constant, the profit before income tax for the year ended 31 December 2025 would have been approximately RMB18,000 lower/higher (loss before income tax for the year ended 31 December 2024: approximately RMB22,000 higher/lower). For balances denominated in USD are reasonably stable with the Hong Kong dollars under the Linked Exchange Rate System, the directors are of the opinion that the Company does not have significant foreign exchange risk, the exposure to fluctuation in exchange rates will only arise from the translation to the presentation currency of the Group.

(ii) Fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group has no significant interest-bearing assets. Hence, the directors of the Company do not anticipate there is any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

As at 31 December 2025 and 2024, the Group's interest-bearing borrowings at floating rates were as follows:

	2025 RMB'000	2024 RMB'000
Borrowings at floating rates	58,426	162,323

As at 31 December 2025, if the interest rates on borrowings at floating rates has been 50 basis points higher with all other variables held constant, profit before income tax for the year then ended would have been approximately RMB292,000 lower/higher (2024: RMB812,000), mainly as a result of higher/lower interest expenses from borrowings.

(iii) Price risk

The Group is exposed to price risk mainly arising from investments held by the Group that are classified as financial assets at FVPL (Note 23). The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. Each investment is managed by senior management on a case by case basis.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to price risk of FVPL at the end of the reporting period. If prices of the instrument held by the Group had been 5% higher/lower as at 31 December 2025, profit before income tax for the year would have been approximately RMB19,794,000 higher/lower as a result of gains/losses on financial instruments classified as at FVPL (2024: RMB18,703,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, term deposits, restricted cash, trade and other receivables.

(i) Risk management

For cash and cash equivalents, term deposits and restricted cash, management manages the credit risk by placing deposits in high quality financial institutions and other institutions with sound credit ratings.

For trade and other receivables, the Group has policies in place to ensure that sales of product and service are made to customers with an appropriate credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

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

(ii) Impairment of financial assets

Cash and cash equivalents, term deposit with original maturity of more than three months and restricted cash

While the Group's cash and cash equivalents, term deposit with original maturity of more than three months and restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as the relevant banks were with sound credit ratings.

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on share credit risk characteristics and the days past due. The Group measures the expected credit losses on a combination of both individual and collective basis.

Measurement of expected credit loss on individual basis

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Measurement of expected credit loss on collective basis

The expected loss rates are based on the aging profiles of trade receivables and the corresponding historical credit losses expected. These historical loss rates are then adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables.

On such basis, the loss allowance as at 31 December 2025 and 2024 was determined as follows for trade receivables:

	Up to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2025							
On collective basis							
Expected loss rate	1.96%	9.85%	28.40%	94.54%	100.00%	100.00%	13.04%
Gross carrying amount (RMB'000)	99,947	7,127	4,186	7,565	2,627	2,543	123,995
Loss allowance provision (RMB'000)	1,957	702	1,189	7,152	2,627	2,543	16,170
On individual basis							
Expected loss rate	100.00%	100.00%	100.00%	100.00%	–	100.00%	100.00%
Gross carrying amount (RMB'000)	317	4	8	149	–	2,031	2,509
Loss allowance provision (RMB'000)	317	4	8	149	–	2,031	2,509
Total							
Expected loss rate	2.27%	9.90%	28.54%	94.65%	100.00%	100.00%	14.77%
Gross carrying amount (RMB'000)	100,264	7,131	4,194	7,714	2,627	4,574	126,504
Loss allowance provision (RMB'000)	2,274	706	1,197	7,301	2,627	4,574	18,679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

	Up to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2024							
On collective basis							
Expected loss rate	3.54%	9.10%	17.67%	62.58%	66.67%	100.00%	11.27%
Gross carrying amount (RMB'000)	53,117	12,254	10,291	2,838	3	2,543	81,046
Loss allowance provision (RMB'000)	1,880	1,115	1,818	1,776	2	2,543	9,134
On individual basis							
Expected loss rate	-	-	-	-	100.00%	100.00%	100.00%
Gross carrying amount (RMB'000)	-	-	-	-	1,682	1,857	3,539
Loss allowance provision (RMB'000)	-	-	-	-	1,682	1,857	3,539
Total							
Expected loss rate	3.54%	9.10%	17.67%	62.58%	99.94%	100.00%	14.98%
Gross carrying amount (RMB'000)	53,117	12,254	10,291	2,838	1,685	4,400	84,585
Loss allowance provision (RMB'000)	1,880	1,115	1,818	1,776	1,684	4,400	12,673

The movement of loss allowances for trade receivables for the years ended 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	12,673	30,365
Write-off	(1,061)	(17,631)
Impairment losses	7,065	38
Currency translation difference	2	(99)
At the end of the year	18,679	12,673

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Other receivables

Other receivables primarily comprise balances resulted from the Group's principal activities with various business partners primarily in the PRC entertainment industry. The impairment loss of these financial assets carried at amortised cost is measured based on the twelve months expected credit loss. The directors consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

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

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

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

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write off when a debtor fails to make contractual payments more than three years past due. Where other receivables have been written off, the Company continues to engage in follow-up actions such as enforcement activities to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Other receivables (continued)

Management uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit rating companies including Moody's.

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

Category	The Group's definition of category	Basis for recognition of expected credit loss provision
Stage 1	Other receivables whose credit risk is in line with original expectations and/or past due for less than 30 days.	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage 2	Other receivables for which a significant increase has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are past due for more than 30 days but less than 90 days.	Lifetime expected losses
Stage 3	Interest and/or principal repayments are more than 90 days past due or it becomes probable a customer will enter bankruptcy.	Lifetime expected losses
Write-off	Interest and/or principal repayments are more than three years past due and there is no reasonable expectation of recovery.	Asset is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward-looking macroeconomic data. The Group provides for credit losses against other receivables as follows:

As at 31 December 2025

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Gross carrying amount				
Loans to third parties	5,125	–	–	5,125
Rental and other deposits	21,296	–	–	21,296
Others	294	–	–	294
	26,715	–	–	26,715
Loss allowance				
Loans to third parties	197	–	–	197
Rental and other deposits	68	–	–	68
Others	6	–	–	6
	271	–	–	271
Expected credit loss rate	1.01%	–	–	1.01%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

As at 31 December 2024

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Gross carrying amount				
Loans to third parties	4,847	–	–	4,847
Rental and other deposits	3,565	–	–	3,565
Others	982	–	–	982
	<u>9,394</u>	<u>–</u>	<u>–</u>	<u>9,394</u>
Loss allowance				
Loans to third parties	193	–	–	193
Rental and other deposits	97	–	–	97
Others	880	–	–	880
	<u>1,170</u>	<u>–</u>	<u>–</u>	<u>1,170</u>
Expected credit loss rate	12.45%	–	–	12.45%

The movement of loss allowances for other receivables is as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	1,170	3,948
Write-off	(791)	–
Impairment losses reversal	(107)	(2,852)
Currency translation difference	(1)	74
At the end of the year	<u>271</u>	<u>1,170</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the senior management to finance the Group's operations and mitigate the effects of fluctuations in cash.

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
At 31 December 2025						
Borrowings	59,713	–	–	–	59,713	58,426
Trade payables	243,409	–	–	–	243,409	243,409
Other payables and accruals	53,893	–	–	–	53,893	53,893
Lease liabilities	2,429	874	452	–	3,755	3,525
	359,444	874	452	–	360,770	359,253

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
At 31 December 2024						
Borrowings	76,000	14,712	44,145	57,148	192,005	162,323
Trade payables	202,652	–	–	–	202,652	202,652
Other payables and accruals	43,863	–	–	–	43,863	43,863
Lease liabilities	1,125	383	246	–	1,754	1,663
	323,640	15,095	44,391	57,148	440,274	410,501

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.2 Capital 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 equity holders' value in the long term.

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

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and cash equivalents, term deposits and restricted cash. Total capital is calculated as total equity, as shown in the statement of financial position, plus net debt. As at 31 December 2025 and 2024, the Group has a net cash position.

4.3 Fair value estimation

4.3.1 Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The tables below analyse the Group's financial instruments carried at fair value as at 31 December 2025 and 2024 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 (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

4.3.1 Fair value hierarchy (continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2025				
Financial assets at FVPL				
Investments in unlisted entities – current portion (Note 23(a))	–	–	142,359	142,359
Investments in unlisted entities – non-current portion (Note 23(a))	–	–	55,412	55,412
Investments in a listed entity (Note 23(c))	–	13,919	–	13,919
Investment in unlisted funds –current portion (Note 23(b))	–	–	105,098	105,098
Investment in unlisted funds –non-current portion (Note 23(b))	–	–	79,083	79,083
	–	13,919	381,952	395,871

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024				
Financial assets at FVPL				
Investments in unlisted entities –current portion (Note 23(a))	–	–	244,653	244,653
Investments in unlisted entities –non-current portion (Note 23(a))	–	–	39,256	39,256
Investments in a listed entity (Note 23(c))	–	14,930	–	14,930
Investment in unlisted funds (Note 23(b))	–	–	75,227	75,227
	–	14,930	359,136	374,066

There was no transfer of fair value hierarchy levels during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

4.3.2 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There were no changes to valuation techniques during the years ended 31 December 2025 and 2024.

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

The following table presents the changes in level 3 items including investments in wealth management products, investments in unlisted entities, and investments in unlisted funds for the years ended 31 December 2025 and 2024.

	Financial assets at FVPL					Total RMB'000
	Investments in wealth management products RMB'000	Investments in unlisted entities – current portion RMB'000	Investments in unlisted entities – non-current portion RMB'000	Investments in unlisted funds – current portion RMB'000	Investments in unlisted funds – non-current portion RMB'000	
As at 1 January 2024	107,000	–	40,157	–	68,418	215,575
Additions	–	243,557	4,521	–	–	248,078
Disposals	(107,303)	–	(110)	–	–	(107,413)
Fair value changes	303	(2,600)	(5,490)	–	5,454	(2,333)
Currency translation differences	–	3,696	178	–	1,355	5,229
As at 31 December 2024	–	244,653	39,256	–	75,227	359,136
As at 1 January 2025	–	244,653	39,256	–	75,227	359,136
Additions	–	–	32,300	103,220	–	135,420
Disposals	–	(107,004)	(7,100)	–	–	(114,104)
Fair value changes	–	12,534	(8,932)	2,769	5,415	11,786
Currency translation differences	–	(7,824)	(12)	(891)	(1,559)	(10,286)
As at 31 December 2025	–	142,359	55,412	105,098	79,083	381,952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

4.3.4 Valuation process, inputs and relationships to fair value

The Group has a team of personnel who performs valuation on these level 3 instruments for financial reporting purposes. On an annual basis, the team adopts various valuation techniques to determine the fair value of the Group's level 3 instruments.

The valuation of the level 3 instruments mainly included financial assets, being investments in unlisted entities (Note 23(a)) and investment in unlisted funds (Note 23(b)). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including option pricing and equity allocation model, discounted cash flow model and market approach etc.

The investments in wealth management products mainly represent the acquisition of principal-guaranteed and interest-bearing transferrable certificate of deposit issued by a large and reputable PRC commercial bank. The Group used discounted cash flows approach to determine the fair value of the financial product as at year end.

The unlisted investments represent the investments in certain privately owned companies and funds. The Group used market approach to evaluate the fair value of the unlisted investments as at each year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

4.3.4 Valuation process, inputs and relationships to fair value (continued)

The following table summarises the information about the significant unobservable inputs used in the level 3 fair value measurement of investments in unlisted entities, and investments in unlisted funds:

Description	Fair value at 31 December		Key inputs and relationships of unobservable inputs to fair value
	2025 RMB'000	2024 RMB'000	
Investments in unlisted entities – non-current portion	55,412	39,256	Market approach Reference to a combination of unobservable inputs, including market multiples, discount rate for lack of marketability etc. The higher the market multiples, the higher the fair value. The lower the discount rate, the higher the fair value.
Investment in unlisted funds	184,181	75,227	Reference to the financial information of the invested funds, including the net assets value. The higher the net assets value, the higher the fair value.
Investments in unlisted entities – current portion	142,359	244,653	Reference to a combination of unobservable inputs, including the net assets of investments attributable to the Company, discount rate for lack of marketability etc. The higher the net assets value, the higher the fair value. The lower the discount rate, the higher the fair value.
Total	381,952	359,136	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

4.3.4 Valuation process, inputs and relationships to fair value (continued)

The carrying amount of the Group's other financial assets, including cash and cash equivalents, term deposits, restricted cash, trade receivables, other receivables, investments measured at amortised cost and the Group's financial liabilities, including trade payables, other payables and accruals and lease liabilities, approximate their fair values.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(a) Estimation of the fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 4.3.

(b) Measurement of the expected credit losses

The measurement of the expected credit losses for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit loss is further detailed in Note 4.1(b).

A number of judgments are also required in applying the accounting requirements for measuring expected credit loss, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit loss; and
- Establishing the number and relative weightings for forward-looking scenarios and the associated expected credit loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(c) Current and deferred income taxes

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

The Group considers whether it is probable that the relevant authority will accept each tax treatment, that it used or plans to use in its income tax filing, by assuming taxation authority will examine those amounts and will have full knowledge of all relevant information. When the Group concludes that it is probable that a particular tax treatment is accepted, the Group determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Group concludes that it is not probable that a particular tax treatment is accepted, the Group uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Group assesses its judgments and estimates if facts and circumstances change.

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, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

6. SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-makers, being the executive directors of the Group.

Information reported to the chief operating decision markers for the purpose of resource allocation and performance assessment focuses on the operating results of the Group as a whole.

As a result, the executive directors of the Group consider that the Group's operations are operated and managed as a single segment. Accordingly, no segment information is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

6. SEGMENT INFORMATION (continued)

The Group mainly operates its business in the PRC. During the years ended 31 December 2025 and 2024, breakdown of the total revenue by geographical location of the external customers is as follows:

	2025 RMB'000	2024 RMB'000
Chinese Mainland	800,440	675,813
Korea	106,532	88,725
	906,972	764,538

As at 31 December 2025 and 2024, the Group's non-current assets other than investments accounted for using the equity method, financial instruments and deferred income tax assets were located in Chinese Mainland and Korea as follows:

	2025 RMB'000	2024 RMB'000
Chinese Mainland	506,209	553,577
Korea	96,452	95,632
	602,661	649,209

During the years ended 31 December 2025 and 2024, there is no customers contribute more than 10% of the total revenue of the Group.

7. REVENUE

	2025 RMB'000	2024 RMB'000
Artist management	748,514	665,647
Music IP production and operation	55,191	42,212
IP Commercialisation business	66,133	56,679
Pop toys operation	37,134	–
	906,972	764,538

The timing of revenue recognition of the Group's revenue was as follows:

	2025 RMB'000	2024 RMB'000
Revenue at a point in time	219,934	167,362
Revenue over time	687,038	597,176
	906,972	764,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

7. REVENUE (continued)

Contract liabilities of the Group represent non-refundable advanced payments received from the customers for services that have not yet been transferred to the customers. Changes in the balances of such liabilities during the years ended 31 December 2025 and 2024 was mainly due to fluctuations in sales with advanced payments.

The following table shows how much of the revenue is recognised in the current reporting period relates to carried-forward contract liabilities.

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year	157,261	159,595

The amount of transaction prices allocated to the remaining unsatisfied or partially unsatisfied performance obligations at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Amount expected to be recognised as revenue:		
Within one year	362,873	348,080
More than one year	55,188	102,452
	418,061	450,532

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

8. PROFITS FOR THE YEAR

Profits for the year has been arrived at after charging:

	2025 RMB'000	2024 RMB'000
Directors' emoluments (excluding equity settled shared-based payments) (Note 11(c)):		
Director's fee	360	360
Wages, salaries and bonuses	3,386	3,404
Welfare, medical and other expenses	288	279
Contribution to pension plans	204	198
	4,238	4,241
Staff costs (excluding equity settled share-based payments)		
Wages, salaries and bonuses	65,604	53,829
Welfare, medical and other expenses	8,788	11,439
Contribution to pension plans	7,424	4,820
	81,816	70,088
Total staff costs (including director's emoluments and excluding equity settled share-based payments)	86,054	74,329
Share-based compensation expenses for eligible individuals	20,149	51,332
Revenue sharing for artist management business	469,430	423,319
Impairment loss of intangible assets (Note 19)	9,670	2,785
(Reversal)/Write-off of inventories	(150)	1,520
Impairment loss of investments accounted for using the equity method	–	2,332
Amortisation of intangible assets (Note 19)	9,523	7,094
Depreciation of property, plant and equipment (Note 16)	29,854	20,724
Depreciation of right-of-use assets (Note 18)	1,632	5,980
Depreciation of investment properties (Note 17)	985	442
Auditor's remuneration	1,831	1,651

9. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Government subsidies (Note)	2,684	19,699
Rental income from investment properties	414	221
	3,098	19,920

Note: During the years ended 31 December 2025 and 2024, the Group received unconditional subsidies which was granted by the local government in recognition of the Group's contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

10. OTHER GAINS, NET

	2025 RMB'000	2024 RMB'000
Fair value gains from wealth management products	–	303
Net exchange (losses)/gains	(4,496)	30,472
Fair value gains from investment in a listed entity (Note 23(c))	(1,011)	–
Fair value gains/(loss) from unlisted entities (Note 23(a))	3,602	(8,090)
Fair value gains from unlisted funds (Note 23(b))	8,184	5,454
Net gains on disposal of property, plant and equipment	69	431
Net gains on early termination of leases	–	1,033
Net loss on disposal of an associate	(295)	–
Net loss on disposal/redemption of unlisted entities	(411)	–
Others	3,497	(561)
	9,139	29,042

11. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS AND EXCLUDING EQUITY SETTLED SHARE-BASED PAYMENTS)

	2025 RMB'000	2024 RMB'000
Wages, salaries, and bonuses	69,350	57,593
Welfare, medical and other expenses	9,076	11,718
Contributions to pension plans	7,628	5,018
	86,054	74,329

(a) Pension costs – defined contribution plans

Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes partnerships which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees.

As at 31 December 2025 and 2024, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

11. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS AND EXCLUDING EQUITY SETTLED SHARE-BASED PAYMENTS) (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include one director for the year ended 31 December 2025 (2024: one), and their emoluments are reflected in the analysis shown in Note 11(c). The emoluments of the remaining four individuals during the year ended 31 December 2025 (2024: four) are as follows:

	2025 RMB'000	2024 RMB'000
Wages, salaries, and bonuses	10,880	7,625
Pension costs – defined contribution plans	205	201
Other social security costs, housing benefits and other employee benefits	393	385
Equity settled share-based payment	4,678	10,088
	16,156	18,299

	2025 Number of individuals	2024 Number of individuals
Emoluments bands (in Hong Kong dollars ("HK\$")):		
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$6,500,001 to HK\$7,000,000	2	2
	4	4

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

11. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS AND EXCLUDING EQUITY SETTLED SHARE-BASED PAYMENTS) (continued)

(c) Directors' and chief executive's emoluments

Remuneration of every director and the chief executive's is set out below:

	Director's fee RMB'000	Wages and Salaries RMB'000	Bonuses RMB'000	Pension cost- defined contribution plan RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Equity settled share-based payments RMB'000	Total RMB'000
For the year ended 31 December 2025							
Chair lady and executive director: Ms. Du	-	729	600	68	96	-	1,493
Executive directors:							
Mr. Sun Le	-	548	360	68	96	2,294	3,366
Mr. Sun Yiding	-	729	420	68	96	-	1,313
Non-executive director: Mr. Meng Jun	-	-	-	-	-	-	-
Independent non-executive directors:							
Mr. Fan Hui	120	-	-	-	-	-	120
Mr. Huang Jiuling	120	-	-	-	-	-	120
Mr. Lu Tao	120	-	-	-	-	-	120
	360	2,006	1,380	204	288	2,294	6,532

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

11. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS AND EXCLUDING EQUITY SETTLED SHARE-BASED PAYMENTS) (continued)

(c) Directors' and chief executive's emoluments (continued)

	Director's fee RMB'000	Wages, Salaries, and bonuses RMB'000	Bonuses RMB'000	Pension cost- defined contribution plan RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Equity settled share-based payments RMB'000	Total RMB'000
For the year ended							
31 December 2024							
Chair lady and executive director:							
Ms. Du	–	729	660	66	93	–	1,548
Executive directors:							
Mr. Sun Le	–	566	360	66	93	4,393	5,478
Mr. Sun Yiding	–	729	360	66	93	–	1,248
Non-executive director:							
Mr. Meng Jun	–	–	–	–	–	–	–
Ms. Yao Lu (Note)	–	–	–	–	–	–	–
Independent non-executive directors:							
Mr. Fan Hui	120	–	–	–	–	–	120
Mr. Huang Jiuling	120	–	–	–	–	–	120
Mr. Lu Tao	120	–	–	–	–	–	120
	360	2,024	1,380	198	279	4,393	8,634

Ms. Du, Mr. SUN Le and Mr. SUN Yiding were also directors of certain subsidiaries of the Company and/or employees of the Group during the years ended 31 December 2025 and 2024, and the Group paid emoluments to them in their capacity as the directors of these subsidiaries and/or employees of the Group.

Note:

Ms. YAO Lu has resigned as a non-executive director with effect from 5 February 2024. During the years ended 31 December 2025 and 2024, they did not receive directors' remuneration in the capacity of directors.

During the year ended 31 December 2025 and 2024, no director received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office; and no director waived or has agreed to waive any remuneration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

11. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS AND EXCLUDING EQUITY SETTLED SHARE-BASED PAYMENTS) (continued)

(d) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors during the years ended 31 December 2025 and 2024.

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

No consideration provided to third parties for making available directors' services subsisted at the end of each reporting period or at any time during the years ended 31 December 2025 and 2024.

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

Save as disclosed in Note 36, no loans, quasi-loans or other dealings are entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2025 and 2024.

(g) Directors' material interests in transactions, arrangements or contract

Save as disclosed in Note 36, 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 during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

12. FINANCE INCOME AND FINANCE COST

	2025 RMB'000	2024 RMB'000
Finance income		
– Interest income from bank deposits	20,552	26,518
– Interest income from investments measured at amortised cost	–	2,888
	20,552	29,406
Finance costs		
– Interest expenses on bank borrowing	(2,925)	(10,883)
– Interest expense on lease liabilities (Note 18(c))	(66)	(877)
	(2,991)	(11,760)

13. INCOME TAX EXPENSES

	2025 RMB'000	2024 RMB'000
Current income tax:		
– PRC corporate income tax	25,598	26,556
– Hong Kong Profits Tax	58	52
– Korean corporate income tax	–	148
	25,656	26,756
Underprovision in prior years		
– PRC corporate income tax	540	–
Deferred tax (Note 30)	(1,984)	(830)
Income tax expenses	24,212	25,926

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

13. INCOME TAX EXPENSES (continued)

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

	2025 RMB'000	2024 RMB'000
Profit/(loss) before tax expense	96,053	70,243
Tax calculated at the applicable tax rates of respective subsidiaries	21,043	10,371
Tax effect of share of loss of associates	1,494	511
Tax effect of non-deductible expenses	4,690	13,550
Tax effect of tax losses and temporary differences not recognised for deferred tax assets	(3,555)	1,494
Underprovision in respect of prior years	540	–
Income tax expenses	24,212	25,926

(a) Cayman Islands

Under the current laws of the Cayman Islands, entities incorporated in the Cayman Islands are not subject to tax on income or capital gain. In addition, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

(b) Hong Kong Profits Tax

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

(c) PRC corporate income tax ("CIT")

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the years ended 31 December 2025 and 2024.

As stipulated in Zang Zheng Fa 2022 No. 11, enterprises established in Tibet that fulfilled certain criteria could enjoy overall preferential CIT rate of 9% during the years from 1 January 2022 to 31 December 2025. Tibet Yuehua Culture Communication Co., Ltd., a subsidiary established in Tibet, was entitled to such CIT benefit during the years from 1 January 2022 to 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

13. INCOME TAX EXPENSES (continued)

(d) Korea corporate income Tax

Korea corporate income tax has been provided at the rates of 9.9% on the first Korean Won (“**KRW**”) 200,000,000 (equivalent to approximately RMB1,009,000 and RMB1,046,000 during the years ended 31 December 2025 and 2024) of the tax base, 20.9% up to KRW20,000,000,000 (equivalent to approximately RMB100,882,000 and RMB104,623,000 during the years ended 31 December 2025 and 2024), 23.1% for amounts up to KRW300,000,000,000 (equivalent to approximately RMB1,513,228,000 and RMB1,569,345,000 during the years ended 31 December 2025 and 2024) and 26.4% over KRW300,000,000,000 (equivalent to approximately RMB1,513,228,000 and RMB1,569,345,000 during the years ended 31 December 2025 and 2024) on the estimated assessable profits of the Group’s operations in Korea during the years ended 31 December 2025 and 2024.

14. DIVIDENDS

The Board of Directors do not recommend the payment of final dividends for the year ended 31 December 2025 and 2024.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following:

	2025	2024
Profit attributable to owners of the Company (RMB'000)	64,168	46,942
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	829,735,567	846,020,836
Basic and diluted earnings per share (RMB)	0.08	0.06

For the purpose of computation of diluted earnings per share of the Company for the year ended 31 December 2025 and 2024, the Company did not adjust for the restricted share unit as the assumed exercise prices of those share awards were higher than the average market price for shares of the Company during the year.

Accordingly, diluted earnings per share for the years ended 31 December 2025 and 2024 is the same as basic earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Building RMB'000	Furniture and office equipment RMB'000	Computer equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024								
Cost	75,957	14,857	1,957	5,858	4,165	22,926	–	125,720
Accumulated depreciation	–	(1,610)	(1,311)	(3,147)	(2,867)	(13,265)	–	(22,200)
Net book amount	75,957	13,247	646	2,711	1,298	9,661	–	103,520
Year ended 31 December 2024								
Opening net book amount	75,957	13,247	646	2,711	1,298	9,661	–	103,520
Addition	–	–	1,561	1,897	845	15,225	520,738	540,266
Transfer from construction in progress	–	453,578	–	–	–	62,544	(516,122)	–
Transfer from investment property	2,953	2,655	–	–	–	–	–	5,608
Transfer to investment property	–	(57,699)	–	–	–	–	–	(57,699)
Depreciation charge	–	(2,751)	(142)	(1,370)	(698)	(15,763)	–	(20,724)
Disposals	–	–	(394)	(47)	–	–	–	(441)
Currency translation differences	(7,936)	(1,387)	(2)	(88)	(33)	(60)	–	(9,506)
Closing net book amount	70,974	407,643	1,669	3,103	1,412	71,607	4,616	561,024
Year ended 31 December 2024								
Cost	70,974	412,169	1,876	6,973	4,924	77,583	4,616	579,115
Accumulated depreciation	–	(4,526)	(207)	(3,870)	(3,512)	(5,976)	–	(18,091)
Net book amount	70,974	407,643	1,669	3,103	1,412	71,607	4,616	561,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land RMB'000	Building RMB'000	Furniture and office equipment RMB'000	Computer equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2025								
Cost	70,974	412,169	1,876	6,973	4,924	77,583	4,616	579,115
Accumulated depreciation	-	(4,526)	(207)	(3,870)	(3,512)	(5,976)	-	(18,091)
Net book amount	70,974	407,643	1,669	3,103	1,412	71,607	4,616	561,024
Year ended 31 December 2025								
Opening net book amount	70,974	407,643	1,669	3,103	1,412	71,607	4,616	561,024
Addition	-	-	74	1,007	947	434	1,519	3,981
Transfer from construction in progress	-	-	-	-	-	5,909	(5,909)	-
Transfer from investment property	-	13,476	-	-	-	-	-	13,476
Depreciation charge	-	(10,280)	(345)	(1,236)	(589)	(17,404)	-	(29,854)
Disposals	-	-	-	(142)	-	-	-	(142)
Currency translation differences	(1,114)	(222)	-	(20)	(7)	(18)	-	(1,381)
Closing net book amount	69,860	410,617	1,398	2,712	1,763	60,528	226	547,104
Year ended 31 December 2025								
Cost	69,860	425,578	1,768	7,499	5,599	83,906	226	594,436
Accumulated depreciation	-	(14,961)	(370)	(4,787)	(3,836)	(23,378)	-	(47,332)
Net book amount	69,860	410,617	1,398	2,712	1,763	60,528	226	547,104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

17. INVESTMENT PROPERTIES

	Building RMB'000	Freehold land RMB'000	Total RMB'000
Year ended 31 December 2024			
Opening net book amount	6,703	7,438	14,141
Transfer from property, plant and equipment	57,699	–	57,699
Transfer to property, plant and equipment	(2,655)	(2,953)	(5,608)
Depreciation charge	(442)	–	(442)
Currency translation differences	(701)	(777)	(1,478)
Closing net book amount	60,604	3,708	64,312
At 31 December 2024			
Cost	61,446	3,708	65,154
Accumulated amortisation	(842)	–	(842)
Net book amount	60,604	3,708	64,312
Year ended 31 December 2025			
Opening net book amount	60,604	3,708	64,312
Transfer to property, plant and equipment	(13,476)	–	(13,476)
Depreciation charge	(985)	–	(985)
Currency translation differences	(51)	(58)	(109)
Closing net book amount	46,092	3,650	49,742
At 31 December 2025			
Cost	47,722	3,650	51,372
Accumulated amortisation	(1,630)	–	(1,630)
Net book amount	46,092	3,650	49,742

The fair value of the Group's investment properties as at 31 December 2025 was approximately RMB56,935,000 (31 December 2024: RMB64,700,000). The valuation was determined by reference to recent market prices for similar properties in the similar locations and conditions.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The details of fair value of the investment properties are as below:

	2025 RMB'000	2024 RMB'000
Investment property located in PRC	50,082	57,738
Investment property located in Korea	6,853	6,962
	56,935	64,700

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

18. LEASES

(a) Amounts recognised in the statements of financial position

The statements of financial position show the following amounts relating to leases:

	2025 RMB'000	2024 RMB'000
Right-of-use assets		
– Buildings	1,800	849
– Motor vehicles	1,181	1,111
	2,981	1,960
Lease liabilities		
– Current	(2,284)	(1,087)
– Non-current	(1,241)	(576)
	(3,525)	(1,663)
	2025 RMB'000	2024 RMB'000
Lease liabilities – amounts payable		
Within one year	2,284	1,087
After one year but within two years	819	350
After two years but within five years	422	226
	3,525	1,663
Less: Amount due for settlement within 12 months (shown under current liabilities)	(2,284)	(1,087)
Amount due for settlement after 12 months	1,241	576

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

18. LEASES (continued)

(b) Right-of-use-assets

	Buildings RMB'000	Motor vehicles RMB'000	Total RMB'000
As at 1 January 2024	11,871	1,693	13,564
Additions	859	290	1,149
Depreciation charge	(5,243)	(737)	(5,980)
Early termination of leases	(6,591)	–	(6,591)
Currency translation differences	(47)	(135)	(182)
As at 31 December 2024	849	1,111	1,960
As at 1 January 2025	849	1,111	1,960
Additions	1,950	680	2,630
Depreciation charge	(1,017)	(615)	(1,632)
Currency translation differences	18	5	23
As at 31 December 2025	1,800	1,181	2,981

(c) Amounts recognised in profit or loss

The consolidated statements of comprehensive income show the following amounts relating to leases:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets		
– Buildings	1,017	5,243
– Motor vehicles	615	737
Interest expense on lease liabilities (included in finance costs) (Note 12)	66	877
Expense relating to short-term low-value leases	2,557	2,339

The Group leases certain offices and motor vehicles. Rental contracts for offices are typically made for fixed periods of 24 months to 60 months. Rental contracts for motor vehicles are typically made for fixed periods of 48 months to 60 months.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

18. LEASES (continued)

(d) Amounts recognised in profit or loss

	2025 RMB'000	2024 RMB'000
Cash outflows from operating activities		
– Payments for short-term leases	2,557	2,339
Cash outflows from financing activities		
– Payment of principal and interest element of lease liabilities	834	6,194

(e) Variable lease payments

No variable payment terms are contained in the leases.

(f) Extension and termination options

Lease payments to be made under reasonably certain extension options are included in the measurement. No termination options are included in building leases across the Group.

(g) Residual value guarantees

No residual value guarantees are provided in relation to leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

19. INTANGIBLE ASSETS

	Software RMB'000	Music copyrights RMB'000	Virtual artist copyrights RMB'000	Total RMB'000
At 1 January 2024				
Cost	1,371	7,831	–	9,202
Accumulated amortisation	(403)	(4,433)	–	(4,836)
Net book amount	968	3,398	–	4,366
Year ended 31 December 2024				
Opening net book amount	968	3,398	–	4,366
Additions	28	–	27,398	27,426
Amortisation charge (Note 8)	(393)	(613)	(6,088)	(7,094)
Impairment loss (Note 8)	–	(2,785)	–	(2,785)
Closing net book amount	603	–	21,310	21,913
At 31 December 2024				
Cost	1,399	7,831	27,398	36,628
Accumulated amortisation	(796)	(5,046)	(6,088)	(11,930)
Provision for impairment loss	–	(2,785)	–	(2,785)
Net book amount	603	–	21,310	21,913
Year ended 31 December 2025				
Opening net book amount	603	–	21,310	21,913
Additions	114	–	–	114
Amortisation charge (Note 8)	(390)	–	(9,133)	(9,523)
Impairment loss (Note 8)	–	–	(9,670)	(9,670)
Closing net book amount	327	–	2,507	2,834
At 31 December 2025				
Cost	1,513	7,831	27,398	36,742
Accumulated amortisation	(1,186)	(5,046)	(15,221)	(21,453)
Provision for impairment loss	–	(2,785)	(9,670)	(12,455)
Net book amount	327	–	2,507	2,834

As at 31 December 2025, the Group provided impairment for virtual artist copyrights. The management considered that the recoverable amount of copyright is lower than the carrying amounts as the economic benefits to the Group are less than expected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2025 RMB'000	2024 RMB'000
At the beginning of the year	8,947	16,608
Additions	400	–
Disposal/deregistration	(2,795)	(3,285)
Share of losses	(5,978)	(2,044)
Impairment loss	–	(2,332)
At the end of the year	574	8,947

Beijing Runxihe Biotechnology Co., Ltd and Hangzhou Xiaoguoyuan Network Information Technology Co., Ltd, with carrying value approximate of RMB2,795,000 and RMBnil respectively, was disposed/deregistered during the year ended 31 December 2025.

Beijing Wuyin Digital Technology Co., Ltd and Beijing Leyu Intelligent Technology Co., Ltd, with carrying value approximate of RMB1,785,000 and RMB1,500,000 respectively, were deregistered during the year ended 31 December 2024.

During the year ended 31 December 2024, the Company provided impairment loss approximate of RMB2,332,000 to investment in Hangzhou Xiaoguoyuan Network Information Technology Co., Ltd due to poor financial performance and change in market demand.

Company name	Date of incorporation	Principal activities and place of operation	Registered capital	Percentage of ownership interest attributable to the Group	
				As at 31 December	
				2025	2024
Zhejiang Shengtenghui Brand Management Co., Ltd. (浙江盛騰輝品牌管理有限公司, "Zhejiang Shengtenghui")	19 November 2018	The PRC; Business management and marketing	RMB11,660,000	20.00%	20.00%
Hangzhou Agile Groups Network Technology Co., Ltd. (杭州小群網絡科技有限公司, "Hangzhou Agile")	6 November 2019	The PRC; Food sales and technical service	RMB5,749,000	7.72%*	7.72%*
Candy (Shanghai) Cosmetics Co., Ltd. (糖果(上海)化妝品有限公司, "Starsugar")	21 May 2020	The PRC; Cosmetic sales and biotechnical service	RMB11,696,000	10.00%*	10.00%*
Hangzhou Xiaoguoyuan Network Information Technology Co., Ltd. (杭州小果元網絡信息技術有限公司, "Xiaoguoyuan")	26 April 2022	The PRC; Software and information technology services	RMB12,500,000	–	37.61%
Guangxi Huihua Food Technology Co., Ltd. (廣西惠華食品科技股份有限公司, "Huihua")	21 May 2020	The PRC; Food sales and technical service	RMB10,000,000	5.10%*	5.10%*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Company name	Date of incorporation	Principal activities and place of operation	Registered capital	Percentage of ownership interest attributable to the Group	
				As at 31 December	
				2025	2024
Beijing Runxihe Biotechnology Co., Ltd. (北京潤熙禾生物科技有限公司, "Runxihe")	19 January 2023	The PRC; Biotechnology product technology research and development, cosmetics retail, medical equipment sales	RMB20,000,000	-	50.00%
Beijing Yueyi Huazhang Culture and Art Co., Ltd. (北京樂藝華章文化藝術有限公司)	9 December 2025	The PRC; literary and artistic creation	RMB1,000,000	40.00%	-

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

The English names of the associates represent the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

The Group determined that it does not have controlling interest in above investees, but rather possesses significant influence. The associates as listed above are private companies and there are no quoted market prices available for their shares. There is no contingent liabilities relating to the Group's interest in the associates.

Each individual associate does not have a significant impact on the Group's results of operations and financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

21. OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Film and drama scripts	30,709	23,151

During the year ended 31 December 2025 and 2024, the Group purchases several number of film and drama scripts.

22. FINANCIAL INSTRUMENTS BY CATEGORY

	2025 RMB'000	2024 RMB'000
Financial assets		
At amortised cost		
Trade receivable (Note 25)	107,825	71,912
Term deposits (Note 27)	443,592	436,131
Other receivables (excluding prepayments and other tax recoverable) (Note 26)	26,444	8,224
Restricted cash (Note 27)	–	12,300
Cash and cash equivalents (Note 27)	323,228	386,063
	901,089	914,630
Financial assets at fair value through profit or loss (Note 23)	395,871	374,066
	1,296,960	1,288,696
Financial liabilities		
At amortised cost		
Trade payables (Note 32)	243,409	202,652
Other payables and accruals (excluding VAT and surcharges payable) (Note 33)	53,893	43,863
Borrowings (Note 31)	58,426	162,323
	355,728	408,838

The Group's exposure to various risks associated with the financial instruments is discussed in Note 4. The maximum exposure to credit risk at the end of each reporting year is the carrying amount of each class of financial assets mentioned above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Current portion		
Investments in unlisted entities (a)	142,359	244,653
Investments in unlisted funds (b)	105,098	–
	247,457	244,653
Non-current portion		
Investments in unlisted funds (b)	79,083	75,227
Investments in unlisted entities (a)	55,412	39,256
Investment in listed entity (c)	13,919	14,930
	148,414	129,413
	395,871	374,066

(a) Investments in unlisted entities

Movement of investments in unlisted entities is analysed as follows:

	2025 RMB'000	2024 RMB'000
Current portion		
At the beginning of the year	244,653	–
Additions *	–	243,557
Disposal	(107,004)	–
Fair value changes (Note 10)	12,534	(2,600)
Currency translation differences	(7,824)	3,696
	142,359	244,653
Non-current portion		
At the beginning of the year	39,256	40,157
Additions	32,200	4,521
Disposal	(7,100)	(110)
Fair value changes (Note 10)	(8,932)	(5,490)
Currency translation differences	(12)	178
	55,412	39,256

* During the year ended 31 December 2024, the Group purchased certain non-voting redeemable participant shares of overseas companies at a cash consideration of approximately RMB243,557,000. The principal activities of these overseas companies are assets investment for assets appraisal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Investments in unlisted funds

Movement of investments in unlisted funds is analysed as follows:

	2025 RMB'000	2024 RMB'000
Current portion		
At the beginning of the year	–	–
Additions	103,220	–
Fair value changes (Note 10)	2,769	–
Currency translation differences	(891)	–
At the end of the year	105,098	–
Non-current portion		
At the beginning of the year	75,227	68,418
Fair value changes (Note 10)	5,415	5,454
Currency translation differences	(1,559)	1,355
At the end of the year	79,083	75,227

During the year ended 31 December 2025, the Group have subscribed certain registered funds of approximately RMB103,220,000.

(c) Investment in a listed entity

Movement of investment in a listed equity security is analysed as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	14,930	14,930
Fair value changes (Note 10)	(1,011)	–
At the end of the year	13,919	14,930

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

24. INVENTORIES

	2025 RMB'000	2024 RMB'000
Pop toys, artist-related merchandises and other materials	25,357	6,958

During the year ended 31 December 2025, amount of reversal of impairment of inventories to net realisable value were charged to the consolidated statements of comprehensive income was approximately RMB150,000 (2024: Written-down of inventories of approximately RMB1,520,000).

25. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	126,504	84,585
Less: allowance for impairment (Note 4.1)	(18,679)	(12,673)
Trade receivables, net	107,825	71,912

The Group normally allows nil to 30 days credit period to its customers. Aging analysis of trade receivables as at 31 December 2025 and 2024, based on the invoice dates, is as follows:

	2025 RMB'000	2024 RMB'000
Up to 3 months	100,264	53,117
3 to 6 months	7,131	12,254
6 months to 1 year	4,194	10,291
1 to 2 years	7,714	2,838
2 to 3 years	2,627	1,685
Over 3 years	4,574	4,400
Trade receivables	126,504	84,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

26. PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments (a)	11,653	40,231
Loans to third parties (b)	5,125	4,847
Rental and other deposits	21,296	3,565
Other tax recoverables	20,622	27,595
Others	294	982
	47,337	36,989
Less: allowance for impairment (Note 4.1)	(271)	(1,170)
Other receivables, net	47,066	35,819
Total prepayments and other receivables	58,719	76,050
Less: Non-current deposits and prepayments	(20,666)	(17,212)
	38,053	58,838

(a) As at 31 December 2025 and 2024, other prepayments primarily represented prepayments for consultant services, promotion services, and various providers services relevant to commercial activities.

(b) As at 31 December 2025 and 2024, loans to third parties are interest-free, unsecured and repayable on demand.

27. CASH AND CASH EQUIVALENTS, TERM DEPOSITS AND RESTRICTED CASH

	2025 RMB'000	2024 RMB'000
Cash at bank and on hand (a)	766,820	834,494
Less: Term deposit with original maturity of more than three months	(443,592)	(436,131)
Restricted cash (b)	–	(12,300)
	323,228	386,063

(a) Cash at bank and on hand was denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
USD	348,191	429,930
RMB	394,785	361,952
HKD	19,609	21,439
KRW	4,235	21,173
	766,820	834,494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

27. CASH AND CASH EQUIVALENTS, TERM DEPOSITS AND RESTRICTED CASH (continued)

(b) Restricted cash:

As at 31 December 2024, the balance represented the certificate of deposits used as collateral for RMB bank borrowings (Note 31).

28. SHARE CAPITAL AND TREASURY SHARES

	Number of shares		Share capital	
	2025	2024	2025 USD	2024 USD
Ordinary share of USD0.0001 each				
<i>Authorised:</i>				
At end of the year	2,000,000,000	2,000,000,000	200,000	200,000

	Number of shares		Share capital	
	2025	2024	2025 USD	2024 USD
<i>Issued and fully paid:</i>				
At end of the year	871,881,000	871,881,000	87,188	87,188

	Share capital	
	2025 RMB'000	2024 RMB'000
Presented as	587	587

As at 1 January 2024, 28,125,000 treasury shares were held by two trusts controlled by the Company for the Company's restricted share units scheme (Note 38). During the year ended 31 December 2025, approximately 8,837,000 (2024: approximately 9,375,000) shares has been vested and transferred (Note 38). During the year ended 31 December 2025, approximately 32,037,000 (2024: approximately 9,285,000) shares were repurchased as treasury shares at aggregate consideration of approximately RMB69,239,000 (2024: approximately RMB5,786,000). At 31 December 2025, the Company had outstanding treasury shares of approximately 51,235,000 (2024: approximately 28,035,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

29. RESERVES

	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Surplus reserve RMB'000	Exchange reserve RMB'000	Share-based compensation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2024	1,418,444	(3)	(2,515,000)	40,964	(56,259)	185,368	2,245,980	1,319,494
Profit for the year	-	-	-	-	-	-	46,942	46,942
Purchase of treasury shares	-	(5,787)	-	-	-	-	-	(5,787)
Issuance of shares in connection with vesting of restricted share units	81	1	-	-	-	-	-	82
Equity settled share-based payments (Note 38)	-	-	-	-	-	51,332	-	51,332
Currency translation differences	-	-	-	-	(18,528)	-	-	(18,528)
As at 31 December 2024	1,418,525	(5,789)	(2,515,000)	40,964	(74,787)	236,700	2,292,922	1,393,535
As at 1 January 2025								
Profit for the year	-	-	-	-	-	-	64,168	64,168
Purchase of treasury share	-	(69,239)	-	-	-	-	-	(69,239)
Issuance of shares in connection with vesting of restricted share units	93	1	-	-	-	-	-	94
Equity settled share-based payments (Note 38)	-	-	-	-	-	20,149	-	20,149
Capital injection by non-controlling interests	-	-	1,369	-	-	-	-	1,369
Currency translation differences	-	-	-	-	(6,190)	-	-	(6,190)
At 31 December 2025	1,418,618	(75,027)	(2,513,631)	40,964	(80,977)	256,849	2,357,090	1,403,886

(a) Appropriation for statutory surplus reserve

In accordance with the PRC Company Law and the articles of association, the PRC subsidiaries of the Group are required to appropriate 10% of its profits after tax, as determined in accordance with Accounting Standards for Business Enterprises and other applicable regulations, to the statutory surplus reserve until such reserve reaches 50% of its registered capital. The appropriation to the reserve must be made before any distribution of dividends to shareholders. Apart from the statutory surplus reserve, discretionary surplus reserve can be appropriated according to the resolution of shareholders' meeting. The surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the PRC subsidiary's capital provided that the amount of surplus reserve remaining after the capitalisation shall not be less than 25% of its capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

30. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities, after set-off certain deferred tax assets against deferred tax liabilities of the same entity, for financial reporting purpose is as follows:

	2025 RMB'000	2024 RMB'000
Deferred income tax assets	8,013	4,755
Deferred income tax liabilities	(2,243)	(969)
	5,770	3,786

The movement in deferred income tax assets and liabilities during the years ended 31 December 2025 and 2024, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	As at 1 January 2024 RMB'000	Credited/ (charged) to profit or loss RMB'000	Currency translation differences RMB'000	As at 31 December 2024 RMB'000
The balance comprises temporary differences attributable to:				
Deferred income tax assets				
– Impairment provisions	4,867	(416)	3	4,454
– Lease liabilities	3,105	(2,811)	7	301
	7,972	(3,227)	10	4,755
Deferred income tax liabilities				
– Fair value changes	(1,737)	1,184	–	553
– Right-of-use assets	(3,279)	2,873	(10)	416
	(5,016)	4,057	(10)	969

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

30. DEFERRED INCOME TAX (continued)

	As at 1 January 2025 RMB'000	Credited/ (charged) to profit or loss RMB'000	Currency translation differences RMB'000	As at 31 December 2025 RMB'000
The balance comprises temporary differences attributable to:				
Deferred income tax assets				
– Impairment provisions	4,454	3,134	(1)	7,587
– Lease liabilities	301	132	(7)	426
	4,755	3,266	(8)	8,013
Deferred income tax liabilities				
– Fair value changes	553	1,111	–	1,664
– Right-of-use assets	416	155	8	579
	969	1,266	8	2,243

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefits through the future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of tax losses amounting to approximately RMB40,522,000 and RMB46,913,000 as at 31 December 2025 and 2024 in certain Group's subsidiaries, which can be carried forward to offset against future taxable income, all of which will expire within 10 years.

The PRC subsidiaries of the Group have undistributed earnings of approximately RMB968,384,000 and RMB906,017,000 as at 31 December 2025 and 2024 respectively, which if paid out as dividends, would be subject to tax in the hands of the recipient. Assessable temporary differences exist, but no deferred tax liabilities have been recognised as the parent entity is able to control the timing of distributions of dividends from the PRC subsidiaries and is not expected to distribute these profits in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

31. BORROWINGS

	2025 RMB'000	2024 RMB'000
Long-term RMB bank borrowings, secured (a)	–	103,070
Long-term KRW bank borrowings, secured (b)	58,426	59,253
	58,426	162,323

(a) As at 31 December 2024, the Group's RMB bank borrowings were secured by the property with carrying amount RMB450,885,000, and restricted cash of RMB12,300,000. These bank borrowings have been fully repaid ahead of schedule following amicable negotiations with the banks during the year ended 31 December 2025.

(b) As at 31 December 2025, the Group's KRW bank borrowing was secured by certain assets, including property, plant and equipment with carrying amount of RMB83,354,000 (2024: RMB85,087,000) and investment properties with carrying amount of RMB6,755,000 (2024: RMB6,956,000). The bank borrowing carried a floating interest rate ranging from 2.76% to 5.23% per annum, which was originally repayable on 29 August 2025. On 19 August 2025, the Group has received written notification from the relevant bank for agreeing to extend the maturity date from 29 August 2025 to 31 August 2026.

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	2025 RMB'000	2024 RMB'000
Within one year	58,426	70,831
After one year but within two years	–	11,577
After two years but within five years	–	34,731
After five years	–	45,184
	58,426	162,323
Carrying amount repayable within one year and shown under current liabilities	58,426	70,831
Amounts shown under non-current liabilities	–	91,492
	58,426	162,323

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

32. TRADE PAYABLES

Aging analysis of trade payables as at 31 December 2025 and 2024, based on date of recognition, is as follows:

	2025 RMB'000	2024 RMB'000
Up to 3 months	187,397	143,029
3 to 6 months	30,594	40,500
6 months to 1 years	2,830	6,150
Over 1 years	22,588	12,973
	243,409	202,652

33. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Accrual for payroll, employee benefit and other expenses	30,884	25,550
Payables in respect of sharing in the receipts from movies and variety programs	10,803	8,005
VAT and surcharges payable	9,593	6,361
Others	12,206	10,308
	63,486	50,224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

34. CASH FLOW INFORMATION

(a) Cash generated from operations

	2025 RMB'000	2024 RMB'000
Profit before income tax	96,053	70,243
Adjustments for:		
– Share of losses of investments accounted for using the equity method	5,978	2,044
– Loss on deregistration of investments accounted for using the equity method	–	1,761
– Depreciation of property, plant and equipment	29,854	20,724
– Depreciation of investment properties	985	442
– Amortisation of intangible assets	9,523	7,094
– Depreciation of right-of-use assets	1,632	5,980
– Net gains on disposal of right-of-use assets	–	(1,033)
– Net gains on disposal of property, plant and equipment	(69)	(431)
– Net loss on disposal/deregistration of associates	3	–
– Net loss on disposal/redemption of unlisted entities	411	–
– Fair value (gains)/losses on financial assets at fair value through profit or loss	(10,775)	2,333
– Interest income on bank deposits	(20,552)	(26,518)
– Interest income on financial assets at amortised cost	–	(2,888)
– Interest expenses on lease liabilities	66	877
– Interest expenses on bank borrowings	2,925	10,883
– Net impairment losses reversal on financial assets	6,958	(2,814)
– Equity settled share-based payments	20,149	51,332
– Impairment losses of investments accounted for using the equity method	–	2,332
– Impairment losses of intangible assets	9,670	2,785
– (Reversal)/Write-off of inventories	(150)	1,520
Operating cash flows before changes in working capital	152,661	146,666
Changes in working capital:		
– Inventories	(18,249)	(3,452)
– Trade receivables	(43,770)	23,836
– Prepayments and other receivables	27,540	(21,345)
– Contract liabilities	(29,023)	(6,944)
– Trade payables	40,757	53,049
– Other payables and accruals	13,262	(544)
Cash generated from operation	143,178	191,266

(b) Non-cash investing and financing activities

There were no material non-cash investing and financing transactions save as those disclosed in Note 34(c) during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

34. CASH FLOW INFORMATION (continued)

(c) Reconciliation of liabilities generated from financing activities

	Lease liabilities RMB'000	Bank borrowings RMB'000	Total RMB'000
As at 1 January 2024	13,455	266,167	279,622
Interest expenses on lease liabilities	877	–	877
Interest expenses on bank borrowings	–	10,883	10,883
<i>Cash flows</i>			
– Payment for lease liabilities-principal and interest	(6,194)	–	(6,194)
– Repayment of bank borrowings	–	(103,884)	(103,884)
– Interest paid for bank borrowing	–	(10,883)	(10,883)
<i>Other non-cash movements</i>			
– Additions of lease liabilities	1,149	–	1,149
– Early termination of lease	(7,624)	–	(7,624)
– Currency translation difference	–	40	40
As at 31 December 2024	1,663	162,323	163,986
As at 1 January 2025	1,663	162,323	163,986
Interest expenses on lease liabilities	66	–	66
Interest expenses on bank borrowings	–	2,925	2,925
<i>Cash flows</i>			
– Payment for lease liabilities-principal and interest	(834)	–	(834)
– Repayment of bank borrowings	–	(103,070)	(103,070)
– Interest paid for bank borrowings	–	(2,925)	(2,925)
<i>Other non-cash movements</i>			
– Additions of lease liabilities	2,630	–	2,630
– Currency translation difference	–	(827)	(893)
As at 31 December 2025	3,525	58,426	61,885

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

35. COMMITMENTS

Capital commitments

The Group mainly has capital commitments with respect to capital injection commitment to an associate and fund subscription. Significant capital expenditure contracted for as at 31 December 2025 and 2024, but not recognised as liabilities were as follows:

	2025 RMB'000	2024 RMB'000
Capital injection commitment to an associate	2,800	5,000
Fund subscription	83,096	–
	85,896	5,000

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The Controlling Shareholder is disclosed in Note 1.

Save as disclosed elsewhere in these consolidated financial statements, major related parties that had transactions with the Group during the years ended 31 December 2025 and 2024 were as follows:

The following companies are related parties of the Group that had balances and/or transactions with the Group.

Name of the related parties	Relationship with the Group
Ms. Du	Controlling Shareholder
Mr. SUN Yiding	Director of the Company
Mr. LEE Sang Kyu	Director of a subsidiary of the Group
Ms. YAO Lu (resigned on 5 February 2024)	Director of the Company to represent CMC Holdings Ltd (“CMC”)
Mr. MENG Jun	Director of the Company to represent Dongyang Alibaba Pictures
CMC and its subsidiaries (collectively “CMC Group”)	CMC as a shareholder of the Company with the right to nominate an individual to represent CMC as a director of the Company, ceased to be related party since 18 June 2025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

Name of the related parties	Relationship with the Group
Alibaba Pictures Group Limited and its subsidiaries, and its fellow subsidiaries under the common control of the same ultimate shareholder (collectively " APG ")	Dongyang Alibaba Pictures as a shareholder of the Company with the right to nominate an individual to represent Dongyang Alibaba Pictures as a director of the Company, and Alibaba Pictures Group Limited and its subsidiaries (including Dongyang Alibaba Pictures) and its fellow subsidiaries under the common control of the same ultimate shareholder
Nice Future (Beijing) Culture Communication Co., Ltd. (尼斯未來(北京)文化傳播有限公司, " Nice Future ")	A company owned as to 9.5% by Tianjin Yihua, 28.5% by Mr. LIU Jiachao, an independent third party, 5.0% by Shenzhen Huiwen Holdings Co., Ltd. (深圳市滙文控股有限公司), an independent third party and 57.0% by Mr. DU Jiang, a family member of Ms. Du
Beijing Leying Huajin Culture Technology Co., Ltd. (北京樂影華錦文化科技有限公司, " Leying Huajin ")	A company owned as to 51.0% by Ms. Du and 49.0% by Mr. Sun Yiding
Hunan Yueying Huayi Culture Communication Co., Ltd. (湖南樂影華億文化傳播有限公司, " Yueying Huayi ")	A company owned as to 51.0% by Ms. Du and 49.0% by Mr. Sun Yiding
Shenyang Qiaoqiao Interactive Network Technology Co., Ltd. (瀋陽敲敲互動網絡科技有限公司, " Shenyang Qiaoqiao ")	A company owned as to 30.6% by Ms. Du and 29.4% by Mr. Sun Yiding
Shenzhen Yiqi Culture Co., Ltd. (深圳市熠起文化有限公司, " Yiqi ")	A strategic partner of the Group and holds a 46.55% equity interest in Beijing Yuhua Tongxing Culture Development Co., Ltd. (與華同行(北京)文化發展有限公司), a subsidiary of the Group in which the Group holds the remaining 53.45% equity interest
Nanjing Jenifer Biotechnology Co., Ltd. (南京婕妮芙生物科技有限公司, " Nanjing Jenifer ")	A company owned as to 80.1% by Mr. DU Jiang, a family member of Ms. Du
Hangzhou Agile Groups Network Technology Co., Ltd. (杭州小群網絡科技有限公司, " Hangzhou Agile ")	An associate of the Group owned as to 7.72%
Candy (Shanghai) Cosmetics Co. Ltd. (糖果(上海)化妝品有限公司, " Starsugar ")	An associate of the Group owned as to 10.00%

In the opinion of the Company's directors, the following related party transactions were carried out at terms negotiated and mutually agreed between the Group and the respective related parties:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties

	2025 RMB'000	2024 RMB'000
(i) Revenue:		
APG	21,018	11,125
CMC Group	6	6,779
Yiqi	15,092	–
Yueying Huayi	500	–
Shenyang Qiaoqiao	663	–
Nice Future	5,914	6,643
	43,193	24,547
(ii) Cost of revenue:		
APG	4,688	916
Yiqi	19,043	–
Shenyang Qiaoqiao	63	–
Nanjing Jenifer	–	6
Starsugar	–	13
Hangzhou Agile	–	13
Nice Future	439	–
	24,233	948
(iii) Purchase of pop toys and other services:		
Yiqi	40,669	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

	2025 RMB'000	2024 RMB'000
<i>Trade nature</i>		
(i) Trade receivables:		
APG	248	142
CMC Group	6	719
Yiqi	15,055	–
Shenyang Qiaoqiao	612	–
Nice Future	11,321	6,643
	27,242	7,504
(ii) Trade and other payables:		
APG	28	895
Hangzhou Agile	9	9
Nanjing Jenifer	20	20
Yueying Huayi	483	–
Shenyang Qiaoqiao	63	–
Yiqi	33,951	–
Nice Future	680	–
	35,234	924
(iii) Contract liabilities:		
APG	–	236
Yiqi	1,488	–
Nanjing Jenifer	35	35
	1,523	271

(c) Key management personnel compensation

	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	8,746	7,698
Pension costs – defined contribution plans	307	300
Other social security costs, housing benefits and other employee benefits	401	391
Equity settled share-based payments	4,388	7,684
	13,842	16,073

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

37. NOTES TO THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary	37(a)	766,251	752,773
Deposits, prepayments and other receivables		9,032	–
Financial assets at fair value through profit or loss		91,604	91,661
		866,887	844,434
Current assets			
Amounts due from subsidiaries		206,973	292,029
Financial assets at fair value through profit or loss		94,791	–
Other assets	21	30,709	23,151
Term deposits	37(b)	300,079	315,141
Cash and cash equivalents	37(b)	55,652	134,018
		688,204	764,339
Total assets		1,555,091	1,608,773
EQUITY			
Share capital	28	587	587
Share premium	37(c)	1,418,618	1,418,525
Treasury shares	28	(75,027)	(5,789)
Reserves	37(c)	5,914,907	5,910,403
Accumulated losses	37(c)	(5,706,953)	(5,718,177)
Total equity		1,552,132	1,605,549
LIABILITIES			
Current liabilities			
Trade payables		134	398
Amount due to subsidiaries		2,825	2,826
Total liabilities		2,959	3,224
Total equity and liabilities		1,555,091	1,608,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

37. NOTES TO THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investment in a subsidiary

	2025 RMB'000	2024 RMB'000
Investment in a subsidiary	7,342,391	7,342,391
Less: allowance for impairment of investment in a subsidiary (i)	(6,833,731)	(6,827,847)
	508,660	514,544
Deemed investments arising from equity settled share-based payment (ii)	257,591	238,229
	766,251	752,773

(i) As at 31 December 2025, the Company recognised impairment of approximately RMB6,833,731 on investment in subsidiaries based on the recoverable amount of the investment in subsidiaries. The recoverable amount was determined based on the higher of fair value less cost of disposal and value-in-use calculations which use cash flow projections based on financial budgets.

(ii) The amount represents equity settled share-based payments arising from the grant of restricted share units ("RSUs") of the Company to eligible individuals of the subsidiaries (Note 38) in exchange for their services provided to these subsidiaries, which were deemed to be investments made by the Company into these subsidiaries pursuant to the accounting policies as set out in Note 2.17.

(b) Cash and cash equivalents and term deposits

	2025 RMB'000	2024 RMB'000
Cash at bank and on hand	355,731	449,159
Less: Term deposit with original maturity of more than three months	(300,079)	(315,141)
Cash and cash equivalents	55,652	134,018

Cash at bank was denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	391	483
USD	347,184	428,752
HKD	8,156	19,924
	355,731	449,159

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

37. NOTES TO THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (continued)

(c) Share premium, reserve and accumulated losses of the Company

	Accumulated losses RMB'000	Exchange reserve RMB'000	Share premium and other reserves RMB'000	Share-based compensation reserve RMB'000	Total reserves RMB'000
Balance at 1 January 2024	(1,682,945)	297,227	6,763,285	185,368	5,562,935
Equity settled share-based payments	–	–	–	51,332	51,332
Loss for the year	(4,035,232)	–	–	–	(4,035,232)
Currency translation differences	–	31,635	–	–	31,635
Issuance of shares in connection with vesting of restricted share units	–	–	81	–	81
Balance at 31 December 2024	(5,718,177)	328,862	6,763,366	236,700	1,610,751
Balance at 1 January 2025	(5,718,177)	328,862	6,763,366	236,700	1,610,751
Equity settled share-based payments	–	–	–	19,379	19,379
Profit for the year	11,224	–	–	–	11,224
Currency translation differences	–	(14,875)	–	–	(14,875)
Issuance of shares in connection with vesting of restricted share units	–	–	93	–	93
Balance at 31 December 2025	(5,706,953)	313,987	6,763,459	256,079	1,626,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

38. EQUITY SETTLED SHARE-BASED PAYMENTS

2021 Share Incentive Plan of the Company (the “2021 Share Incentive Plan”)

On 10 December 2021, the Company adopted the 2021 Share Incentive Plan, pursuant to which the maximum number of shares in respect of which awards may be granted shall not exceed 5,790,000 shares. On the same day, the board of directors of the Company passed a resolution, pursuant to which an aggregate of 1,542,500 ordinary shares were issued to ARK Trust (Hong Kong) Limited, a trustee for the administration of the 2021 Share Incentive Plan. Meanwhile, the Company granted 1,542,500 RSUs to eligible participants (the “**Grantees**”), representing ordinary shares of par value USD0.0001 each in the share capital of the Company.

On 4 March 2022, the board of directors of the Company passed a resolution, pursuant to which an aggregate of 4,247,500 ordinary shares of the Company were issued to Lightstone Trust (Hong Kong) Limited, a trustee for the administration of the 2021 Share Incentive Plan. On the same day, 3,594,750 RSUs had been granted to the Grantees. On 20 December 2022, 652,750 RSUs had been granted to the Grantees.

The aforementioned RSUs awarded on 10 December 2021, 4 March 2022 and 20 December 2022 are subject to a vesting scale in tranches from the grant date over certain period of employment with the Group or period of service to the Group, on the condition that employees remain employed and suppliers continue to provide services to the Group without any performance requirements. Once the vesting conditions underlying the respective RSUs are met and the RSUs are released, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

Details of RSUs are as follows:

Grant date	Number of RSUs*	Vesting condition
10 December 2021	9,975,000	25% are to be vested 6 months from the Listing Date 25% are to be vested 18 months from the Listing Date 25% are to be vested 30 months from the Listing Date 25% are to be vested 42 months from the Listing Date
4 March 2022	23,325,000	25% are to be vested 6 months from the Listing Date 25% are to be vested 18 months from the Listing Date 25% are to be vested 30 months from the Listing Date 25% are to be vested 42 months from the Listing Date
20 December 2022	4,200,000	25% are to be vested 6 months from the Listing Date 25% are to be vested 18 months from the Listing Date 25% are to be vested 30 months from the Listing Date 25% are to be vested 42 months from the Listing Date

HKD0.01544 per share will be paid by the Grantees upon the vesting and settlement of each of the RSUs.

* Considering the effect of share capitalisation issue in 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

38. EQUITY SETTLED SHARE-BASED PAYMENTS (continued)

2021 Share Incentive Plan of the Company (the "2021 Share Incentive Plan") (continued)

The share-based compensation expenses recognised during the years ended 31 December 2025 and 2024 were summarised in the following table:

	2025 RMB'000	2024 RMB'000
Share-based compensation expenses for eligible individuals	20,149	51,332

Expected retention rate

The Group has to estimate the expected percentage of Grantees that will stay within the Group at the end of the vesting periods (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income.

Movements in the number of RSUs granted and the respective weighted average grant date fair value per RSU are as follows:

	Number of RSUs	Weighted average grant date fair value per RSU (RMB)
As at 1 January 2024	28,125,000	7.23
Vested and transferred	(9,375,000)	7.23
As at 31 December 2024 and as at 1 January 2025	18,750,000	7.23
Vested and transferred	(8,836,875)	7.23
Forfeit	(1,076,250)	7.23
Outstanding as at 31 December 2025	8,836,875	7.23

The fair value of each RSUs was calculated based on the market price of the Company's shares at the respective grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

38. EQUITY SETTLED SHARE-BASED PAYMENTS (continued)

2021 Share Incentive Plan of the Company (the “2021 Share Incentive Plan”) (continued)

The Group applied the discounted cash flow method to determine the underlying equity value of the Company on the date of grant. The fair value of each RSU at the grant date is determined with reference to the fair value of the underlying ordinary shares on the date of grant. Key assumptions are set as below:

	As at 10 December 2021 RMB'000	As at 4 March 2022 RMB'000	As at 20 December 2022 RMB'000
Discount rate	12.00%	12.00%	12.50%
Discount for lack of control	25.10%	24.00%	24.00%

In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of RSUs on the grant date.

39. SUBSIDIARIES

The Company's major subsidiaries as at 31 December 2025 and 2024 are set out below. Unless otherwise stated, they have capital consisting solely of ordinary shares that are held directly by the Group. The place of establishment/incorporation is also their principal place of business.

Name of subsidiary	Place and date of incorporation/ establishment and nature of legal entity	Principal activities and place of operation	Issued and paid in capital/registered capital	Effective interest held by the Group as at 31 December	
				2025 %	2024 %
YH Entertainment Group (BVI) Limited	The BVI; 22 June 2021; limited liability company	Investment holding; The BVI	-/USD1	100.00%	100.00%
YH Entertainment Group (HK) Limited	Hong Kong; 6 July 2021; limited liability company	Investment holding; Hong Kong	-/HKD10,000	100.00%	100.00%
Tianjin Yuehua Investment Co., Ltd. (天津樂華管理諮詢有限公司)	PRC; 24 September 2021; wholly foreign owned	Investment holding; The PRC	-/RMB5,000,000	100.00%	100.00%
Tianjin Yihua Management Consulting Co., Ltd. (天津壹華管理諮詢有限責任公司)	PRC; 22 February 2019; limited liability company	Investment holding; The PRC	RMB30,000,000/ RMB30,000,000	100.00%	100.00%
Yue Hua Hong Kong Entertainment Company Limited (樂華娛樂香港有限公司)	Hong Kong; 13 January 2015; limited liability company	IP commercialization business; Hong Kong	USD77,352/ USD77,352	100.00%	100.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

39. SUBSIDIARIES (continued)

Name of subsidiary	Place and date of incorporation/ establishment and nature of legal entity	Principal activities and place of operation	Issued and paid in capital/registered capital	Effective interest held by the Group as at 31 December	
				2025 %	2024 %
Tianjin Chufa Culture Technology Co., Ltd. (天津觸發文化科技有限公司)	The PRC; 17 April 2014; Limited liability company	IP commercialization business; The PRC	RMB1,000,000/ RMB1,000,000	100.00%	100.00%
YH Entertainment Co., Ltd.	Korea; 28 August 2014; limited liability company	Training center for artist management; Korea	KRW5,875,000,000/ KRW5,875,000,000	85.00%	85.00%
Yuehua Limited	The PRC; 3 July 2009; limited liability company	Artist management, music IP production and operation and IP commercialization business; The PRC	RMB110,000,000/ RMB110,000,000	100.00%	100.00%
Tianjin Yuehua Music and Culture Communication Co., Ltd. (天津樂華音樂文化傳播有限公司)	The PRC; 1 August 2011; limited liability company	Artist management, music IP production and operation and IP commercialization business; The PRC	RMB10,000,000/ RMB10,000,000	100.00%	100.00%
Tibet Yuehua Culture Communication Co., Ltd. (西藏樂華文化傳播有限公司)	The PRC; 25 December 2011; limited liability company	Artist management, music IP production and operation and IP commercialization business; The PRC	RMB10,000,000/ RMB10,000,000	100.00%	100.00%
Beijing Huayi Shuxiang Culture Communication Co., Ltd. (華熠書香(北京)文化傳播有限公司)	The PRC; 2 August 2024; limited liability company	Artist management; The PRC	RMB500,000/ RMB10,000,000	51.00%	100.00%
Beijing Lemei Xinhe Culture Communication Co., Ltd. (北京樂美信和文化傳播有限公司)	The PRC; 26 August 2024; limited liability company	Artist management; The PRC	–/RMB5,000,000	100.00%	100.00%
Beijing Yuhua Tongxing Culture Development Co., Ltd. (與華同行(北京)文化發展有限公司)	The PRC; 31 December 2024; limited liability company	Artist management; The PRC	–/RMB3,921,600	53.45%	51.00%
Beijing Lejing Huayi Culture Communication Co., Ltd. (北京樂璟華藝文化傳播有限公司)	The PRC; 9 December 2024; limited liability company	Artist management; The PRC	RMB1,000,000/ RMB1,000,000	70.00%	70.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

39. SUBSIDIARIES (continued)

Name of subsidiary	Place and date of incorporation/ establishment and nature of legal entity	Principal activities and place of operation	Issued and paid in capital/registered capital	Effective interest held by the Group as at 31 December	
				2025 %	2024 %
Hangzhou Yidong Xingchen Culture Communication Co., Ltd. (杭州藝動星辰文化傳播有限公司)	The PRC; 26 March 2025; Limited liability company	IP commercialization business	RMB200,000/ RMB5,000,000	100.00%	–
Shanghai Huanying Qimeng Enterprise Management Partnership (Limited Partnership). (上海幻影奇夢企業管理合夥企業(有限合夥))	The PRC; 8 September 2025; Limited liability company	Investment holding; The PRC	RMB35,004/ RMB35,004	75.80%	–
Jiangsu Xingyao Shiji Culture Media Co., Ltd. (江蘇星耀世紀文化傳媒有限公司)	The PRC; 26 June 2025; Limited liability company	Artist management and IP commercialization business; The PRC	RMB2,000,000/ RMB10,000,000	51.00%	–

40. CONTINGENT LIABILITIES

The Group had no material contingent liabilities outstanding as at 31 December 2025 and 2024.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of our Group for the last five financial years, is set out below:

	For the year ended December 31,				
	2025	2024	2023	2022	2021
	(RMB in thousands, except for percentages)				
Revenues	906,972	764,538	755,681	980,254	1,290,449
Cost of revenue	(683,782)	(608,487)	(580,646)	(617,168)	(688,490)
Gross profit	223,190	156,051	175,035	363,086	601,959
Selling and marketing expenses	(61,495)	(59,039)	(38,550)	(37,611)	(34,523)
General and administrative expenses	(82,504)	(94,147)	(134,214)	(119,494)	(71,530)
Net impairment losses reversal/(provision) on financial assets	(6,958)	2,814	(8,678)	(7,715)	(3,296)
Other income	3,098	19,920	22,811	3,901	18,420
Other gains/(losses), net	9,139	29,042	14,707	10,044	(5,889)
Operating profit	84,470	54,641	31,111	212,211	505,141
Finance income	20,552	29,406	35,511	6,597	5,215
Finance costs	(2,991)	(11,760)	(3,997)	(6,306)	(42,749)
Finance income/(costs), net	17,561	17,646	31,514	291	(37,534)
Share of losses of investments accounted for using the equity method	(5,978)	(2,044)	(7,171)	(3,062)	(6,568)
Fair value changes of convertible preferred shares	–	–	(160,524)	1,581,992	–
Profit/(loss) before income tax	96,053	70,243	(105,070)	1,791,432	461,039
Income tax expense	(24,212)	(25,926)	(37,518)	(66,247)	(125,707)
Profit/(loss) for the year	71,841	44,317	(142,588)	1,725,185	335,332
Profit/(loss) attributable to:					
Owners of our Company	64,168	46,942	(140,837)	1,724,470	336,684
Non-controlling interests	7,673	(2,625)	(1,751)	715	(1,352)
	71,841	44,317	(142,588)	1,725,185	335,332
Non-IFRS measures*:					
Adjusted net profit	81,629	100,046	105,218	266,553	394,571
Adjusted net profit margin	9.0%	13.1%	13.9%	27.2%	30.6%

* We define adjusted net profit/(loss) (a non-IFRS measure) as net profit/(loss) for the period adjusted for (i) equity settled share-based payments, (ii) fair value changes of convertible preferred shares (where applicable), (iii) listing expenses (where applicable), (iv) interest expenses on redemption liabilities, (v) fair value changes of financial instrument and (vi) net losses/gains on deregistration/disposal of associates. Shareholders and potential investors of the Company should note that the adjusted net profit is not a measure required by, or presented in accordance with, the IFRS.

	As at December 31,				
	2025	2024	2023	2022	2021
	(RMB in thousands)				
Total assets	1,996,549	2,049,126	2,044,926	1,322,271	1,678,897
Total liabilities	574,825	654,558	721,781	1,439,124	1,359,339
Total equity/(deficit)	1,421,724	1,394,568	1,323,145	(116,853)	319,558

DEFINITIONS AND GLOSSARY

“AGM”	the annual general meeting of the Company
“Articles of Association”	the articles of association of the Company adopted on December 26, 2022, which became effective on the Listing Date and as amended from time to time
“Audit Committee”	The audit committee of the Board
“Board”	The board of Directors of the Company
“Capitalization Issue”	the issue of 634,210,000 Shares upon the capitalization of the relevant sum standing to the credit of the share premium account of the Company, details of which are set out in “Appendix V – Statutory and General Information – A. Further Information of our Group – 3. Resolutions of our Shareholders” in the Prospectus
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairlady”	The chairlady of the Board
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references herein to “China,” “Chinese Mainland” and the “PRC” do not apply to Hong Kong, Macau and Taiwan
“Company” or “YH Entertainment”	YH Entertainment Group (乐华娱乐集团), an exempted company incorporated in Cayman Islands with limited liability on June 10, 2021
“Directors”	director(s) of the Company
“Fund”	A1 Orient Investments Limited, a British Virgin Islands business company incorporated
“Global Offering”	has the meaning ascribed to it in the Prospectus
“Group,” “our Group,” “the Group,” “we,” “us,” or “our”	our Company and our subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“Hainan Yuehua”	Hainan YueHua Culture Communication Co., Ltd. (海南樂華文化傳播有限公司), a limited liability company established in the PRC on April 30, 2021 and a wholly-owned subsidiary of Yuehua Limited
“HK\$” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Yueying”	Hunan Yueying Huayi Entertainment Co., Ltd. (湖南樂影華億文化傳播有限公司), a limited liability company established in the PRC on December 5, 2023, a wholly owned subsidiary of Horgos Yuehua
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board

DEFINITIONS AND GLOSSARY (continued)

“Independent Third Party(ies)”	party or parties that, to the best of our Directors’ knowledge, information and belief, is or are not a connected person(s) of our Company within the meaning of the Listing Rules
“IP”	intellectual properties such as existing musical works, variety programs, movies, drama series or other literary or artistic works, concepts, stories and expressions that can be used or considered, entirely or partially, to create and/or produce new musical works, variety programs, drama series or movies
“Korea”	the Republic of Korea
“KRW”	Korean Republic won, the lawful currency of Korea
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on January 19, 2023
“Listing Date”	the date, namely January 19, 2023, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nice Future”	Nice Future (Beijing) Culture Communication Co., Ltd.* (尼斯未來(北京)文化傳播有限公司), a limited liability company established in the PRC on July 7, 2021
“Nomination Committee”	The nomination committee of the Board
“Over-allotment Option”	has the meaning ascribed to it in the Prospectus
“Pre-IPO Share Incentive Plan”	the pre-IPO share incentive plan that our Company adopted on December 10, 2021
“Prospectus”	the prospectus of the Company published on December 30, 2022
“Remuneration Committee”	The remuneration committee of the Board
“Reporting Period”	the financial year ended December 31, 2025
“RMB” or “Renminbi”	the lawful currency of the PRC
“RSU(s)”	a restricted share unit award to be granted to a participant under the Pre-IPO Share Incentive Plan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Shares

DEFINITIONS AND GLOSSARY (continued)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement entered into between the Company and the Fund dated December 23, 2024 in relation to the Subscription
“Tianjin Chufa”	Tianjin ChuFa Culture Technology Co., Ltd. (天津觸發文化科技有限公司) (formerly known as Shanghai Chufa Culture Technology Co., Ltd. (上海觸發文化科技有限公司) and Shanghai Chufa Culture Communication Co., Ltd. (上海觸發文化傳播有限公司)), a limited company established in the PRC on April 17, 2014 and a wholly-owned subsidiary of Yuehua Limited
“Tianjin Yihua”	Tianjin Yihua Management Consulting Co., Ltd. (天津壹華管理諮詢有限責任公司), a limited company established in the PRC on February 22, 2019 and a wholly-owned subsidiary of Yuehua Limited
“Tianjin Yuehua”	Tianjin Yuehua Music and Culture Communication Co., Ltd. (天津樂華音樂文化傳播有限公司), a limited liability company established in the PRC on August 1, 2011 and a wholly-owned subsidiary of Yuehua Limited
“Tibet Yuehua”	Tibet Yuehua Culture Communication Co., Ltd. (西藏樂華文化傳播有限公司), a limited company established in the PRC on December 25, 2011 and a wholly-owned subsidiary of Yuehua Limited
“US\$” or “USD”	United States dollars, the lawful currency for the time being of the United States
“YUE HUA HONG KONG”	YUE HUA HONG KONG ENTERTAINMENT COMPANY LIMITED (樂華娛樂香港有限公司), a limited company established in Hong Kong on January 13, 2015 and a wholly-owned subsidiary of Yuehua Limited
“Yuehua HK”	YH Entertainment Group (HK) Limited, a limited company established in Hong Kong on July 6, 2021 and an indirect wholly-owned subsidiary of our Company in Hong Kong
“Yuehua Investment”	Tianjin Yuehua Management Consulting Co., Ltd. (天津樂華管理諮詢有限公司), formerly known as Tianjin Yuehua Investment Co., Ltd. (天津樂華投資有限公司), a limited liability company established in the PRC on September 24, 2021 and an indirect wholly-owned subsidiary of our Company in the PRC
“Yuehua Korea”	YH ENTERTAINMENT CO., LTD., a company incorporated in the Republic of Korea on August 28, 2014 and a non-wholly owned subsidiary of Yuehua Limited
“Yuehua Limited”	YueHua Entertainment Co., Ltd. (北京樂華圓娛文化傳播有限公司), a limited liability company established in the PRC on July 3, 2009 and a non-wholly owned subsidiary of Yuehua Investment
“%”	percentage

* the English translation of the Chinese name is for information purpose only and should not be regarded as the official English translation of such Chinese name.

In this report, the terms “affiliate,” “associate,” “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules unless the context otherwise requires. Certain English titles of films, drama series, artistic works, publications and variety programs referenced in this report are derived from publicly available sources and are provided for reference only. The official titles shall be as expressed in their respective original languages.